



1 taxpayer who makes a contribution to an eligible scholarship-  
2 granting organization. The credit shall be equal to fifty percent  
3 (50%) of the total amount of contributions made during a taxable  
4 year, not to exceed One Thousand Dollars (\$1,000.00) for single  
5 individuals, Two Thousand Dollars (\$2,000.00) for married  
6 individuals filing jointly, or One Hundred Thousand Dollars  
7 (\$100,000.00) for any taxpayer which is a legal business entity  
8 including limited and general partnerships, corporations, subchapter  
9 S corporations and limited liability companies; provided, if total  
10 credits claimed pursuant to this paragraph exceed the caps  
11 established pursuant to paragraph 1 of subsection D of this section,  
12 the credit shall be equal to the taxpayer's proportionate share of  
13 the cap for the taxable year, as determined pursuant to subsection H  
14 of this section.

15 2. For any taxpayer who makes a contribution to an eligible  
16 scholarship-granting organization and makes a written commitment to  
17 contribute the same amount for ~~two (2)~~ an additional ~~consecutive~~  
18 ~~years~~ year, the credit for the first year and the additional year  
19 shall be equal to seventy-five percent (75%) of the total amount of  
20 the contribution ~~established in paragraph 1 of this subsection~~ made  
21 during a taxable year, not to exceed the amounts established in  
22 paragraph 1 of this subsection for the taxable year in which the  
23 credit provided in this subsection is claimed. The taxpayer shall  
24

1 provide evidence of the written commitment to the Oklahoma Tax  
2 Commission at the time of filing the refund claim.

3 3. The credits authorized pursuant to the provisions of this  
4 subsection shall be allocable to the partners, shareholders, members  
5 or other equity owners of a taxpayer that is authorized to be  
6 treated as a partnership for purposes of federal income tax  
7 reporting for the taxable year for which the tax credits authorized  
8 by this subsection are claimed on the applicable return, together  
9 with required schedules, forms or reports of the partners,  
10 shareholders, members or other equity owners of the taxpayer. Tax  
11 credits which are allocated to such equity owners shall only be  
12 limited in amount for the income tax return of a natural person or  
13 persons based upon the limitation of the total credit amount to the  
14 entity from which the tax credits have been allocated and shall not  
15 be limited to One Thousand Dollars (\$1,000.00) for single  
16 individuals or limited to Two Thousand Dollars (\$2,000.00) for  
17 married persons filing a joint return.

18 4. On or before December 31, 2017, and once every four (4)  
19 years thereafter, such scholarship-granting organization and  
20 educational improvement granting organization shall submit to the  
21 Governor, President Pro Tempore of the Senate and the Speaker of the  
22 House of Representatives, an audited financial statement for the  
23 organization along with information detailing the benefits,  
24 successes or failures of the program.

1 C. 1. Except as provided in subsection F of this section,  
2 after August 26, 2011, there shall be allowed a credit for any  
3 taxpayer who makes a contribution to an eligible educational  
4 improvement grant organization. The credit shall be equal to fifty  
5 percent (50%) of the total amount of contributions made during a  
6 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for  
7 single individuals, Two Thousand Dollars (\$2,000.00) for married  
8 individuals filing jointly, or One Hundred Thousand Dollars  
9 (\$100,000.00) for any taxpayer which is a legal business entity  
10 including limited and general partnerships, corporations, subchapter  
11 S corporations and limited liability companies; provided, if total  
12 credits claimed pursuant to this paragraph exceed the cap  
13 established pursuant to paragraph 2 of subsection D of this section,  
14 the credit shall be equal to the taxpayer's proportionate share of  
15 the cap for the taxable year, as determined pursuant to subsection H  
16 of this section.

17 2. For any taxpayer who makes a contribution to an eligible  
18 educational improvement grant organization and makes a written  
19 commitment to contribute the same amount for ~~two (2)~~ an additional  
20 ~~consecutive years~~ year, the credit for the first year and the  
21 additional year shall be equal to seventy-five percent (75%) of the  
22 total amount of the contribution ~~established in paragraph 1 of this~~  
23 ~~subsection~~ made during a taxable year, not to exceed the amounts  
24 established in paragraph 1 of this subsection for the taxable year

1 in which the credit provided in this subsection is claimed;  
2 provided, if total credits claimed pursuant to this paragraph exceed  
3 the cap established pursuant to paragraph 3 of this subsection, the  
4 credit shall be equal to the taxpayer's proportionate share of the  
5 cap for the taxable year, as determined pursuant to subsection H of  
6 this section. The taxpayer shall provide evidence of the written  
7 commitment to the Oklahoma Tax Commission at the time of filing the  
8 refund claim.

9 3. The credits authorized pursuant to the provisions of this  
10 subsection shall be allocable to the partners, shareholders, members  
11 or other equity owners of a taxpayer that is authorized to be  
12 treated as a partnership for purposes of federal income tax  
13 reporting for the taxable year for which the tax credits authorized  
14 by this subsection are claimed on the applicable return, together  
15 with required schedules, forms or reports of the partners,  
16 shareholders, members or other equity owners of the taxpayer. Tax  
17 credits which are allocated to such equity owners shall only be  
18 limited in amount for the income tax return of a natural person or  
19 persons based upon the limitation of the total credit amount to the  
20 entity from which the tax credits have been allocated and shall not  
21 be limited to One Thousand Dollars (\$1,000.00) for single  
22 individuals or limited to Two Thousand Dollars (\$2,000.00) for  
23 married persons filing a joint return.

24

1 D. 1. The total credits authorized pursuant to subsection B of  
2 this section for all taxpayers shall not exceed Three Million Five  
3 Hundred Thousand Dollars (\$3,500,000.00) annually.

4 2. The total credits authorized pursuant to subsection C of  
5 this section for all taxpayers shall not exceed One Million Five  
6 Hundred Thousand Dollars (\$1,500,000.00) annually.

7 3. The cap on total credits provided for in this subsection  
8 shall be allocated by the Tax Commission as provided in subsection H  
9 of this section.

10 E. For credits claimed for eligible contributions made during  
11 tax year 2014 and thereafter, a credit shall not be allowed by the  
12 Oklahoma Tax Commission for contributions made to a scholarship-  
13 granting organization or an educational improvement grant  
14 organization if that organization's percentage of funds actually  
15 awarded is less than ninety percent (90%). For purposes of this  
16 section, the "percentage of funds actually awarded" shall be  
17 determined by dividing the total amount of funds actually awarded as  
18 educational scholarships or educational improvement grants over the  
19 most recent twenty-four (24) months by the total amount available to  
20 award as educational scholarships or educational improvement grants  
21 over the most recent twenty-four (24) months.

22 F. Any tax credits which are earned by a taxpayer pursuant to  
23 this section during the time period beginning on the effective date  
24 of this act through December 31, 2012, may not be claimed for any

1 period prior to the taxable year beginning January 1, 2013. No  
2 credits which accrue during the time period beginning on the  
3 effective date of this act through December 31, 2012, may be used to  
4 file an amended tax return for any taxable year prior to the taxable  
5 year beginning January 1, 2013.

6 G. As used in this section:

7 1. "Eligible student" means a child of school age who is  
8 lawfully present in the United States and who is a member of a  
9 household in which the total annual income during the preceding tax  
10 year does not exceed an amount equal to three hundred percent (300%)  
11 of the income standard used to qualify for a free or reduced school  
12 lunch or who, during the immediately preceding school year, attended  
13 or, by virtue of the location of such student's place of residence,  
14 was eligible to attend a public school in this state which has been  
15 identified for school improvement as determined by the State Board  
16 of Education pursuant to the requirements of the No Child Left  
17 Behind Act of 2001, P.L. No. 107-110. Once a student has received  
18 an educational scholarship, as defined in paragraph 3 of this  
19 subsection, the student and any siblings who are members of the same  
20 household shall remain eligible until they graduate from high school  
21 or reach twenty-one (21) years of age, whichever occurs first;

22 2. "Eligible special needs student" means a child who has been  
23 provided services under an Individual Family Service Plan through  
24 the SoonerStart program and during transition was evaluated and

1 determined to be eligible for school district services, a child of  
2 school age who has attended public school in our state with an  
3 individualized education program pursuant to the Individuals With  
4 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a  
5 child who has been diagnosed by a clinical professional as having a  
6 significant disability that will affect learning and who has been  
7 approved by the board of a scholarship-granting organization;

8 3. "Educational scholarships" means:

9 a. scholarships to an eligible student of up to Five  
10 Thousand Dollars (\$5,000.00) or eighty percent (80%)  
11 of the statewide annual average per-pupil expenditure  
12 as determined by the National Center for Education  
13 Statistics, U.S. Department of Education, whichever is  
14 greater, to cover all or part of the tuition, fees and  
15 transportation costs of a qualified school which is  
16 accredited by the State Board of Education or an  
17 accrediting association approved by the Board pursuant  
18 to Section 3-104 of Title 70 of the Oklahoma Statutes,  
19 ~~or~~

20 b. scholarships to an eligible student of up to Five  
21 Thousand Dollars (\$5,000.00) or eighty percent (80%)  
22 of the statewide annual average per-pupil expenditure  
23 as determined by the National Center for Education  
24 Statistics, U.S. Department of Education, whichever is



1 greater, to cover the educational costs of a qualified  
2 school which does not charge tuition, which enrolls  
3 special populations of students and which is  
4 accredited by the State Board of Education or an  
5 accrediting association approved by the Board pursuant  
6 to Section 3-104 of Title 70 of the Oklahoma Statutes,  
7 or

8 c. scholarships to an eligible special needs student of  
9 up to Twenty-five Thousand Dollars (\$25,000.00) to  
10 cover all or part of the tuition, fees and  
11 transportation costs of a qualified school for  
12 eligible special needs students which is accredited by  
13 the State Board of Education or an accrediting  
14 association approved by the Board pursuant to Section  
15 3-104 of Title 70 of the Oklahoma Statutes;

16 4. "Low-income eligible student" means an eligible student or  
17 eligible special needs student who qualifies for a free or reduced-  
18 price lunch;

19 5. "Qualified school" means an early childhood, elementary or  
20 secondary private school in this state, including schools which  
21 provide special educational programs for three-year-olds or  
22 prekindergarten educational programs for four-year-olds, which:  
23  
24

- 1 a. is accredited by the State Board of Education or an  
2 accrediting association approved by the Board pursuant  
3 to Section 3-104 of Title 70 of the Oklahoma Statutes,  
4 b. is in compliance with all applicable health and safety  
5 laws and codes,  
6 c. has a stated policy against discrimination in  
7 admissions on the basis of race, color, national  
8 origin or disability, and  
9 d. ensures academic accountability to parents and  
10 guardians of students through regular progress  
11 reports;

12 6. "Qualified school for eligible special needs students" means  
13 an early childhood, elementary or secondary private school in a  
14 county in this state, including schools which provide special  
15 educational programs for three-year-olds or prekindergarten  
16 educational programs for four-year-olds;

17 7. "Scholarship-granting organization" means an organization  
18 which:

- 19 a. is a nonprofit entity exempt from taxation pursuant to  
20 the provisions of the Internal Revenue Code, 26  
21 U.S.C., Section 501(c)(3),  
22 b. distributes periodic scholarship payments as checks  
23 made out to an eligible student's or eligible special  
24

- 1 needs student's parent or guardian and mailed to the  
2 qualified school where the student is enrolled,
- 3 c. spends no more than ten percent (10%) of its annual  
4 revenue on expenditures other than educational  
5 scholarships as defined in paragraph 3 of this  
6 subsection,
- 7 d. spends each year a portion of its expenditures on  
8 educational scholarships for low-income eligible  
9 students, as defined in paragraph 4 of this  
10 subsection, in an amount equal to or greater than the  
11 percentage of low-income eligible students in the  
12 state,
- 13 e. ensures that scholarships are portable during the  
14 school year and can be used at any qualified school  
15 that accepts the eligible student or at any qualified  
16 school for special needs students that accepts the  
17 eligible special needs student,
- 18 f. registers with the Oklahoma Tax Commission as a  
19 scholarship-granting organization, and
- 20 g. has policies in place to:
- 21 (1) carry out criminal background checks on all  
22 employees and board members to ensure that no  
23 individual is involved with the organization who  
24

1 might reasonably pose a risk to the appropriate  
2 use of contributed funds, and

3 (2) maintain full and accurate records with respect  
4 to the receipt of contributions and expenditures  
5 of those contributions and supply such records  
6 and any other documentation required by the Tax  
7 Commission to demonstrate financial  
8 accountability;

9 8. "Annual revenue" means the total amount or value of  
10 contributions received by an organization from taxpayers awarded  
11 credits during the organization's fiscal year and all amounts earned  
12 from interest or investments;

13 9. "Public school" means public schools as defined in Section  
14 1-106 of Title 70 of the Oklahoma Statutes;

15 10. "Eligible school" means any public school that is not  
16 located within a ten-mile radius of a qualified school in this  
17 state, or any public school that is located within a ten-mile radius  
18 of a qualified school in this state but offers grade-level  
19 instruction different from the qualified school or any public school  
20 located within a public school district with fewer than four  
21 thousand five hundred (4,500) students;

22 11. "Early childhood education program" means a special  
23 educational program for eligible special needs students who are  
24 three (3) years of age or a prekindergarten educational program

1 provided to children who are at least four (4) years of age but not  
2 more than five (5) years of age on or before September 1;

3 12. "Innovative educational program" means an advanced academic  
4 or academic improvement program that is not part of the regular  
5 coursework of a public school but that enhances the curriculum or  
6 academic program of the school or provides early childhood education  
7 programs to students;

8 13. "Educational improvement grant" means a grant to an  
9 eligible public school to implement an innovative educational  
10 program for students, including the ability for multiple public  
11 schools to make an application and be awarded a grant to jointly  
12 provide an innovative educational program; and

13 14. "Educational improvement grant organization" means an  
14 organization which:

- 15 a. is a nonprofit entity exempt from taxation pursuant to  
16 the provisions of the Internal Revenue Code, 26  
17 U.S.C., Section 501(c)(3), and
- 18 b. contributes at least ninety percent (90%) of its  
19 annual receipts as grants to eligible schools for  
20 innovative educational programs. For purposes of this  
21 subparagraph, an educational improvement grant  
22 organization contributes its annual cash receipts when  
23 it expends or otherwise irrevocably encumbers those  
24 funds for expenditure during the then current fiscal

1 year of the organization or during the next succeeding  
2 fiscal year of the organization.

3 H. Total credits authorized by this section shall be allocated  
4 as follows:

5 1. By January 10 of the year immediately following each  
6 calendar year, a scholarship-granting organization or an educational  
7 improvement grant organization which accepts contributions pursuant  
8 to this section shall provide electronically to the Tax Commission  
9 information on each contribution accepted during such taxable year.  
10 At least once each taxable year, the scholarship-granting  
11 organization or the educational improvement grant organization shall  
12 notify each contributor that Oklahoma law provides for a total,  
13 statewide cap on the amount of income tax credits allowed annually;

14 2. a. If the Tax Commission determines the total combined  
15 credits claimed for contributions made to scholarship-  
16 granting organizations during the most recently  
17 completed calendar year by all taxpayers are in excess  
18 of the statewide caps provided in paragraph 1 of  
19 subsection D of this section, the Tax Commission shall  
20 determine the percentage of the contribution which  
21 establishes the proportionate share of the credit  
22 which may be claimed by any taxpayer so that the  
23 maximum credits authorized by this section are not  
24 exceeded.

1           b.    If the Tax Commission determines the total combined  
2                credits claimed for contributions made to educational  
3                improvement grant organizations during the most  
4                recently completed calendar year by all taxpayers are  
5                in excess of the statewide caps provided in paragraph  
6                2 of subsection D of this section, the Tax Commission  
7                shall determine the percentage of the contribution  
8                which establishes the proportionate share of the  
9                credit which may be claimed by any taxpayer so that  
10              the maximum credits authorized by this section are not  
11              exceeded; and

12           3.    The Tax Commission shall publish the percentage of the  
13                contribution which may be claimed as a credit by contributors for  
14                the most recently completed calendar year on the Tax Commission  
15                website no later than February 15 of each calendar year for  
16                contributions made the previous year. Each scholarship-granting  
17                organization or educational improvement grant organization shall  
18                notify contributors of that amount annually.

19           I.    The credit authorized by this section shall not be used to  
20                reduce the tax liability of the taxpayer to less than zero (0).

21           J.    Any credits allowed but not used in any tax year may be  
22                carried over, in order, to each of the three (3) years following the  
23                year of qualification.

1 K. 1. In order to qualify under this section, an educational  
2 improvement grant organization shall submit an application with  
3 information to the Oklahoma Tax Commission on a form prescribed by  
4 the Tax Commission that:

5 a. enables the Tax Commission to confirm that the  
6 organization is a nonprofit entity exempt from  
7 taxation pursuant to the provisions of the Internal  
8 Revenue Code, 26 U.S.C., Section 501(c)(3), and

9 b. describes the proposed innovative educational program  
10 or programs supported by the organization.

11 2. The Tax Commission shall review and approve or disapprove  
12 the application, in consultation with the State Department of  
13 Education.

14 3. In order to maintain eligibility under this section, an  
15 educational improvement grant organization shall annually report the  
16 following information to the Tax Commission by September 1 of each  
17 year:

18 a. the name of the innovative educational program or  
19 programs and the total amount of the grant or grants  
20 made to those programs during the immediately  
21 preceding school year,

22 b. a description of how each grant was utilized during  
23 the immediately preceding school year and a  
24



1 description of any demonstrated or expected innovative  
2 educational improvements,

3 c. the names of the public school and school districts  
4 where innovative educational programs that received  
5 grants during the immediately preceding school year  
6 were implemented,

7 d. where the organization collects information on a  
8 county-by-county basis, and

9 e. the total number and total amount of grants made  
10 during the immediately preceding school year for  
11 innovative educational programs at public school by  
12 each county in which the organization made grants.

13 4. The information required under paragraph 3 of this  
14 subsection shall be submitted on a form provided by the Tax  
15 Commission. No later than May 1 of each year, the Tax Commission  
16 shall annually distribute sample forms together with the forms on  
17 which the reports are required to be made to each approved  
18 organization.

19 5. The Tax Commission shall not require any other information  
20 be provided by an organization, except as expressly authorized in  
21 this section.

22 L. In consultation with the State Department of Education, the  
23 Tax Commission shall promulgate rules necessary to implement this  
24 act. The rules shall include procedures for the registration of a

1 scholarship-granting organization or an educational improvement  
2 grant organization for purposes of determining if the organization  
3 meets the requirements of this act or for the revocation of the  
4 registration of an organization, if applicable, and for notice as  
5 required in subsection H of this section.

6 SECTION 2. This act shall become effective January 1, 2016.

7  
8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
9 02/26/2015 - DO PASS, As Amended and Coauthored.  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24