

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 971

By: Bullard

AS INTRODUCED

An Act relating to income tax credit; providing credit for certain educational choice expenses and qualifying educational expenses of dependents; providing qualifications for certain credit; limiting amount of credit claimed; making credit refundable under certain circumstance; prohibiting itemized deductions of expenses claimed as credit; defining terms; authorizing Oklahoma Tax Commission to require certain documentation; requiring promulgation of rules; prohibiting requirement that certain schools or organizations provide documents; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.43A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For tax year 2024 and subsequent tax years, there shall be allowed for any taxpayer a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for educational choice expenses incurred during the tax year for taxpayers with a child who:

1. Is eligible to be enrolled in a public school in this state;

1           2. Qualifies as the taxpayer's dependent for federal tax  
2 purposes; and

3           3. Is enrolled in a public, charter, private school, or private  
4 educational program that can be used to satisfy the state's  
5 compulsory school attendance requirements that is not affiliated  
6 with the student's resident district, as determined by Section 1-113  
7 of Title 70 of the Oklahoma Statutes.

8           B. For tax year 2024 and subsequent tax years, there shall be  
9 allowed a credit against the tax imposed by Section 2355 of Title 68  
10 of the Oklahoma Statutes for qualifying educational expenses  
11 incurred during the tax year for any taxpayer that has a child who  
12 qualifies as the taxpayer's dependent for federal tax purposes and  
13 is eligible to be enrolled in a public school in this state.

14           C. The maximum tax credit allowable for each taxable year, as  
15 provided for in subsections A and B of this subsection, shall be  
16 Three Thousand Five Hundred Dollars (\$3,500.00) for each qualifying  
17 dependent. If the credit provided for in subsection B and this  
18 subsection exceeds the tax imposed by Section 2355 of this title and  
19 the taxpayer qualifies for the Oklahoma Earned Income Tax Credit  
20 pursuant to Section 2357.43 of Title 68 of the Oklahoma Statutes,  
21 the excess amount shall be refunded to the taxpayer.

22           D. Amounts claimed under subsections A and B of this section  
23 shall not be itemized as deductions for the same tax year when  
24 computing Oklahoma taxable income.

1 E. As used in this section:

2 1. "Academic instruction" means instruction in reading,  
3 writing, mathematics, science, history, art, music, geography,  
4 civics, economics, literature, philosophy, religion, foreign  
5 languages, and related subjects;

6 2. "Educational choice expenses" means tuition and fees for  
7 enrollment of the child in a school or a private educational program  
8 not affiliated with the public school district in which the  
9 taxpayer's primary residence is located; and

10 3. "Qualifying educational expenses" include:

11 a. costs associated with activities at a school including  
12 the cost of fees, clothing, and equipment required to  
13 participate in athletic teams, musical groups, clubs,  
14 or similar school activities for a student being  
15 educated by other means, as provided in subsection A  
16 of Section 10-105 of Title 70 of the Oklahoma  
17 Statutes, in prekindergarten through grade twelve  
18 directed by the parent or guardian, and

19 b. costs associated with the provision of instruction by  
20 other means in prekindergarten through grade twelve  
21 directed by the parent or guardian including the cost  
22 of computer equipment, software, online instruction,  
23 cooperative educational programs, textbooks,

1                   workbooks, curricula, and other written materials used  
2                   primarily for academic instruction.

3           F. The Oklahoma Tax Commission may require the taxpayer to  
4 submit with the tax return copies of receipts or similar financial  
5 documentation as may be necessary to confirm the taxpayer's  
6 statement of the allowable credit provided in subsections A and B of  
7 this section.

8           G. The Tax Commission shall promulgate rules and develop tax  
9 forms, directions, and worksheets as necessary to effectuate the  
10 provisions of this section. The rules shall modify the state tax  
11 forms, directions, and worksheets to provide a reasonably convenient  
12 way for taxpayers to claim a credit.

13           H. The Tax Commission shall not require any school or other  
14 organization to provide documentation or otherwise act to verify  
15 claims for a credit provided in subsections A and B of this section.

16           SECTION 2. This act shall become effective November 1, 2023.

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