

**OKLAHOMA TAX COMMISSION**

**REVENUE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** February 23, 2023

**BILL NUMBER:** SB 987 **STATUS AND DATE OF BILL:** Introduced 1/19/2023

**AUTHORS:** House n/a Senate Garvin

**TAX TYPE(S):** Income Tax **SUBJECT:** Credit

**PROPOSAL:** New Law

SB 987 proposes to enact a new non-refundable income tax credit for eligible expenses incurred by entities providing building space, free of charge, for public schools to house pre-K programs effective for tax years 2024 and subsequent tax years.

**EFFECTIVE DATE:** November 1, 2023

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 24: Unknown decrease in income tax collections.

FY 25: Unknown decrease in income tax collections.

Feb 24, 2023  
DATE

Rick Miller  
DIVISION DIRECTOR

mk

2/24/2023  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/24/2023  
DATE

Joseph P Gappa  
FOR THE COMMISSION

***The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.***

**ATTACHMENT TO REVENUE IMPACT STATEMENT - SB 987 [Introduced]**  
**Prepared 2/23/2023**

SB 987 proposes to enact a new non-refundable income tax credit for eligible expenses incurred by entities providing building space, free of charge, for public schools to house pre-K programs<sup>1</sup> effective for tax years 2024 and subsequent tax years.

The proposed credit is 40% of eligible expenses which are defined as:

- Rent paid for the building where the pre-K programs<sup>2</sup> are provided, or a portion of rent that is based upon the proportion of the square feet dedicated to providing pre-K programs in relation to the entity's buildings' total square feet for each location where space is provided.
- Where space provided is owned by the entity, the eligible expense for the square feet dedicated to providing space for pre-K programs is \$13.00 per square foot multiplied by a fraction, the numerator of which is the amount of weeks when pre-K programs were conducted and the denominator is 52.

Unused credits may be carried over for 4 years. The Oklahoma Tax Commission may require the school district to provide information regarding the pre-K program in order to verify claims for the proposed credit.

Data from the Oklahoma State Department of Education<sup>3</sup> indicates there are 965 public elementary schools and 99% provide a public pre-K program. Seventy percent of 4 year olds are enrolled in a public pre-K program in Oklahoma.

It is unknown how many entities are or potentially will provide building space, free of charge, for public schools to house pre-K programs; the amount of the decrease in income tax collections is unknown. A reduction in estimated tax payments is expected; therefore, an unknown decrease in income tax collections would occur in FY24.

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<sup>1</sup>Pre K programs are not defined in this measure

<sup>2</sup>Rent paid in months where no space was provided for Pre-K programs are not considered an eligible expense

<sup>3</sup>Oklahoma Public School Fast Facts 2021-22; Oklahoma State Department of Education