

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 1160

By: Worthen

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7 COMMITTEE SUBSTITUTE

8 [revenue and taxation - income tax credit -
9 educational expenses - rules - cabinet secretary -
10 report - codification - effective date]

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

15 SECTION 1. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 2357.207 of Title 68, unless
17 there is created a duplication in numbering, reads as follows:

18 A. For tax years beginning after December 31, 2020, there shall
19 be allowed for any taxpayer a credit against the tax imposed by
20 Section 2355 of Title 68 of the Oklahoma Statutes for qualifying
21 educational expenses incurred during the tax year for any family
22 with a child who is eligible to be enrolled in a public school in
23 this state free of charge and who qualifies as the taxpayer's
24 dependent for federal tax purposes.

1 B. The maximum education expenses tax credit allowable for each
2 taxable year, including carryover credits allowed by subsection C of
3 this section, shall be Two Thousand Five Hundred Dollars
4 (\$2,500.00).

5 C. If the amount of the allowable credit pursuant to subsection
6 A of this section exceeds the maximum allowable credit pursuant to
7 subsection B of this section, such excess may be carried over, in
8 order, to each of the two (2) subsequent taxable years.

9 D. Amounts claimed under this section shall not also be
10 itemized as deductions for the same tax year when computing Oklahoma
11 taxable income.

12 E. As used in this section:

13 1. "Academic instruction" means instruction in reading,
14 writing, mathematics, science, history, art, music, geography,
15 civics, economics, literature, philosophy, religion, foreign
16 languages and related subjects;

17 2. "Close relatives" refers to a person's children,
18 grandchildren, mother, father, brothers, sisters, aunts or uncles
19 whether by blood, marriage or adoption;

20 3. "Qualifying educational expenses" include:

21 a. tuition and fees for concurrent enrollment as
22 described in Section 628.13 of Title 70 of the
23 Oklahoma Statutes for a student who meets the
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1 requirements set forth in subsection C of that
2 section,

3 b. tuition and other instructional fees charged by a
4 qualified school,

5 c. costs associated with activities at a qualified
6 school, including the cost of fees, clothing and
7 equipment required to participate in athletic teams,
8 musical groups, clubs or similar school activities,

9 d. tuition and other instructional fees charged for
10 tutoring, private instruction or remedial education
11 services for the purposes of academic instruction and
12 not provided by a close relative,

13 e. costs associated with the provision of instruction by
14 other means in prekindergarten through grade twelve
15 directed by the parent or guardian including the cost
16 of computer equipment, software, online instruction,
17 cooperative educational programs, textbooks,
18 workbooks, curricula and other written materials used
19 primarily for academic instruction, and

20 f. costs associated with activities comparable to those
21 defined in subparagraph c of this paragraph for a
22 student being educated by other means in
23 prekindergarten through grade twelve directed by the
24 parent or guardian; and

1 4. "Qualified school" means either a public elementary or
2 secondary school or a private educational program that can be used
3 to satisfy the state's compulsory school attendance requirements.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 2357.208 of Title 68, unless
6 there is created a duplication in numbering, reads as follows:

7 A. The Oklahoma Tax Commission is authorized to require the
8 taxpayer to submit with the tax return copies of such receipts or
9 similar financial documentation as may be necessary to confirm the
10 taxpayer's statement of the allowable credit.

11 B. The Oklahoma Tax Commission shall promulgate rules and
12 develop tax forms, directions and worksheets as necessary to
13 effectuate the intent of this act. The rules shall modify the state
14 tax forms, directions and worksheets to provide a convenient way for
15 taxpayers to claim a credit under this act.

16 C. Regardless of what documentation the Oklahoma Tax Commission
17 may require for purposes of allowing credit for payments of
18 qualifying expenses, no school or other organization shall be
19 required to provide such documentation or otherwise act to
20 facilitate taxpayers' access to credits under this act.

21 SECTION 3. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2357.209 of Title 68, unless
23 there is created a duplication in numbering, reads as follows:

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1 The intent of the Legislature is that tax credits authorized
2 pursuant to this act not result in any additional regulation of
3 public or private schools or of parents' education decisions,
4 including educating their children by other means.

5 SECTION 4. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 2357.210 of Title 68, unless
7 there is created a duplication in numbering, reads as follows:

8 A. The Oklahoma Tax Commission shall determine annually by
9 credit type the total amount of credits claimed under this act on
10 all state income tax returns and shall report the same to the
11 cabinet secretary with applicable authority.

12 B. Within sixty (60) days prior to the start of each
13 legislative session, the cabinet secretary with applicable authority
14 shall present a report to the Chair of the Senate Finance Committee
15 and the Chair of the House Appropriations and Budget Committee
16 projecting the total dollar amount of credits expected to be claimed
17 under this act on returns for the current tax year and the following
18 tax year as of the date of the report.

19 SECTION 5. This act shall become effective November 1, 2019.

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