OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 31, 2013

BILL NUMBER: HB 1027 **STATUS AND DATE OF BILL:** Introduced 1/3/13

AUTHORS: House Reynolds Senate n/a

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

PROPOSAL: New and Amendatory

HB 1027 proposes to enact the *Opportunity Scholarship Act*, which in part provides for one hundred percent (100%) of the scholarship to be exempt from Oklahoma taxable income.

EFFECTIVE DATE: July 1, 2013 - Emergency

REVENUE IMPACT:

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

FY 14: -0-
FY 15: -0-

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 14: No additional cost or savings are anticipated.

Jan. 31, 2013 Rick Miller mck
DATE DIVISION DIRECTOR

2-1-2013
DATE REECE WOMACK, ECONOMIST

2/1/13
DATE FOR THE COMMISSION

HB 1027 proposes to enact the *Opportunity Scholarship Act*. Section 10 amends 68 O.S. § 2358, providing for one hundred percent (100%) of the scholarship to be exempted from Oklahoma taxable income.

The *Opportunity Scholarship Act* provides scholarships for school-aged children to attend private school or to provide home schooling for the student. The student must be a resident of Oklahoma whose family's total income may not exceed 250% of the federal poverty guidelines[1], and the student must meet one of the following criteria:

- The student is entering kindergarten and has enrolled in his or her home public school district;
- The student was enrolled in a public school district during the most recent previous school year and the public school site in which the student was enrolled received a letter grade of "C", "D" or "F" for the most recent previous school year pursuant to the state accountability system; or
- The student received an opportunity scholarship the previous school year.

The maximum amount of an opportunity scholarship for each eligible student enrolled in a private school cannot exceed 80% of the average local and county revenue of the resident school district which is chargeable in the state aid formula, state-dedicated revenue, and state-appropriated funds per average daily membership generated by its students for the applicable year. The maximum amount of an opportunity scholarship for an eligible student enrolled being home schooled cannot exceed 40% of the average local and county revenue of the resident school district which is chargeable in the state aid formula, state-dedicated revenue, and state-appropriated funds per average daily membership generated by its students for the applicable year. The scholarship cannot exceed the amount of tuition and fees[2] for the private school.

The resident school district shall report to the State Department of Education all students who are participating in the opportunity scholarship program. After September 1 of each year, the State Department of Education shall calculate the amount necessary to fund all of the opportunity scholarships for the upcoming school year. The Department shall transfer the funds to a separate account for the opportunity scholarship program for disbursement to the parents of participating students.

Under current law, these types of opportunity scholarships do not exist and therefore are not in the current Oklahoma income tax base. Therefore, no fiscal impact is anticipated by exempting opportunity scholarships established in the *Opportunity Scholarship Act* from Oklahoma income tax.

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[1] U.S. Department of Health and Human Services, http://aspe.hhs.gov/poverty/figures-fed-reg.shtml

[2] Private school fees eligible to be paid with a scholarship are transportation fees, textbook fees, laboratory fees, meals, field trips, before- or after-school care, and other fees related to instruction.