OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 19, 2016

BILL NUMBER: SB 1313 **STATUS AND DATE OF BILL:** Introduced 1/21/16

AUTHORS: House n/a Senate Sparks

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

PROPOSAL: New and Amendatory

SB 1313 proposes to enact the *Oklahoma Common Education Savings Account Act*. This measure further amends 68 O.S. § 2358, relating to the calculation of Oklahoma taxable income, by authorizing an exemption based on amounts contributed to Oklahoma Common Education Savings Accounts.

EFFECTIVE DATE: July 1, 2016 - Emergency

REVENUE IMPACT:

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

FY 17: -0-
FY 18: Unknown decrease income tax collections

ADMINISTRATIVE IMPACT:

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

FY 17: -0-

Feb. 22, 2016 — DIVISION DIRECTOR — mck
DATE

2-22-16 — REECE WOMACK, ECONOMIST
DATE

2/22/16 — FOR THE COMMISSION
DATE

ATTACHMENT TO FISCAL IMPACT - SB 1313 [Introduced] Prepared February 19, 2016

SB 1313 proposes to enact the *Oklahoma Common Education Savings Account Act.* Also, this measure amends 68 O.S. § 2358, relating to the calculation of Oklahoma taxable income, by authorizing an exemption based on contributions to an Oklahoma Common Education Savings Account.

Sections 2 through 6 propose to enact the *Oklahoma Common Education Savings Account Act* and direct the Office of the State Treasurer to administer the program. Common education savings accounts are for qualified expenditures to support the education of qualified students in this state.

Qualified expenditures are defined as any expenditure that serves an educational purpose, including but not limited to:

- online curriculum,
- receiving educational services from a public school district, including a charter school, that is not the resident district for the student,
- co-curricular and extracurricular activities such as athletics, drama, music, student clubs and other such activities,
- textbooks,
- uniforms,
- tutoring,
- technology, including computers, computer hardware and other technological devices,
- education supplies, including but not limited to paper, pens or markers,
- college entrance examination fees,
- college tuition and fees for concurrent enrollment, and
- technology center school fees and tuition for concurrent enrollment

Contributions to a common education savings account will be limited to $2,000 per school fiscal year under this measure.

Section 7 proposes to exempt from income tax up to $2,000 of contributions to a common education savings account effective for tax year 2017 and subsequent tax years. It is unknown how many eligible common education savings accounts will be created. An unknown decrease to income tax collections is expected for tax year 2017. No change to withholding or estimated tax is anticipated so the full decrease to income tax collections should occur in FY18 when the 2017 income tax returns are filed.