



ROSENSTEIN, FIST & RINGOLD

RED BANNER UPDATE

Date: May 9, 2024

Re: HB 3388

Signed: May 6, 2024

Effective: May 6, 2024

Topic: Oklahoma Parental Choice Tax Credit Act

Summary: This bill amends existing law (70 O.S. § 28-101) concerning the Oklahoma Parental Choice Tax Credit Act (the “Act”). RFR recommends clients review the signed bill as the full extent of the changes are not detailed within this brief alert. Highlights from the bill are detailed below.

- Tax credits received pursuant to the Act shall be exempt from taxable income for the 2024 tax year and subsequent tax years;
- “Eligible student” now includes a student who is *expected to enroll* in a private school in the state;
- Excepted from being considered a qualified expense are tuition and fees paid with any scholarship or tuition and fees discounted or otherwise reduced by the school;
- For determining the annual maximum credit amount available, the law now requires consideration of the *combined adjusted gross income of the parents or legal guardians*;
- Specifically addressed in the amendments are tax credits for students attending a school that exclusively serves students experiencing homelessness or financially disadvantaged students;
- Act credits cannot be used to offset specified other tax liabilities;
- For the period 1/1/25 through 6/30/2025 the total amount of authorized credits will not exceed \$100,000,000 and \$250,000,000 for fiscal year 2026 and subsequent fiscal years;
- SNAP, TANF or SoonerCare, or other income-based government beneficiaries are not required to provide additional income verification;
- Specified are timeframes for applying, approval notification and payments receipt;



- Notification requirement for changes in a student's status such as high school graduation or enrollment in a public school;
- Credits for taxpayers ceasing participation in the tax credit program will be reallocated to the next eligible taxpayer;
- OTC website posting of information including the total amount of credits claimed each year, the total number of applications denied, etc.; and
- Credits received pursuant to the Act shall not constitute taxable income to a taxpayer who receives the credit.

Legal counsel at the firm is currently reviewing this legislation and will be advising clients as to any recommended changes to existing district policies.