

Oklahoma Parental Choice Tax Credit Program

With the passing of any new legislation, there is a lot of information and a lot to understand. I have had a lot of questions and I have heard a lot of misinformation that is being shared. Below is a brief review of the facts and the time frame for implementation. *This information is from the government website, Oklahoma Watch and the Revenue Impact Statement from the Oklahoma Tax Commission.*

Brief Description

HB 1934 was approved for tax year 2024 and subsequent tax years. The Program provides a new, refundable income tax credit for an Oklahoma taxpayer who incurs a qualified expense on behalf of an eligible student. **HB 1934 goes into effect in January 2024.**

What Is a Refundable Tax Credit?

A [refundable tax credit](#) lets a taxpayer lower their tax burden by that full amount. Any amount beyond what is owed in state income taxes would be refunded to the taxpayer.

Who Qualifies

The money is allocated based on your adjusted gross income (AGI) based on the second previous year. For example, if you are applying in 2024, it will be based on your income in 2022. The student must attend a private school accredited by the State Board of Education or another accrediting association. (DCS is accredited by ACTS and it is recognized as fully accredited by the Oklahoma State Board of Education.)

You will receive either the amount designated for your income (AGI) or the amount of tuition and fees for the private school, whichever is less. As you can see, everyone qualifies for at least \$5,000.

The tiers for household income are as follows:

- Less than \$75,000 – a parent may receive up to a \$7,500 credit
- \$75,000-\$150,000 – a parent may receive up to a \$7,000 credit
- \$150,000-\$225,000 – a parent may receive up to a \$6,500 credit
- \$225,000-\$250,000 – a parent may receive up to a \$6,000 credit
- \$250,000 or more – a parent may receive up to a \$5,000 credit.

The total amount of credits for private school expenses are limited to:

- \$150 million for tax year 2024.
- \$200 million for tax year 2025.
- \$250 million for tax year 2026 and subsequent years

There are currently 207 private schools in Oklahoma serving 37,688 students. If you divide that number of students into the \$150 million for 2024, there is not enough funds to cover every student for the full amount allowed. That is why it is important to apply as early as possible.

Priority will be given to those households whose income (AGI) does not exceed \$150,000.

Application Process

The Oklahoma Tax Commission will oversee the application process. They will develop the application forms and set deadlines.

A taxpayer claiming the credit for private school expenses must submit to the OTC an affidavit from the private school in which the eligible student is enrolled or is expected to enroll with the tuition and fees to be charged the taxpayer for the applicable school year.

A taxpayer claiming the credit for private school expenses ***must submit an application prescribed by the OTC to receive the credit in two installments, each of which will be half of the expected amount of tuition and fees for the private school based on the private school affidavit submitted***, but in no event will an installment payment exceed half the amount of the credit.

Taxpayers claiming the credit must:

- Only claim the credit for qualified expenses for an eligible student enrolled in a private school
- Ensure no other person is claiming a credit for the eligible student
- Not claim a credit for an eligible student who is enrolled as a full-time student in a public school, public charter school, public virtual school or magnet school.
- Comply with rules and requirements established by OTC.
- Retain all receipts of qualified expenses as proof of the amounts paid each year and submit receipts to the OTC upon request.

Eligible students may accept a scholarship from the Lindsey Nicole Henry Scholarships for students with Disabilities Program (also for adoptive and foster parents) while participating in the Oklahoma Parental Choice Tax Credit Program.