TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 50. INCOME

RULEMAKING ACTION: Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:

Subchapter 3. Returns and Reports
Part 1. GENERAL INFORMATION
710:50-3-4. Extension of time for filing returns [AMENDED]
710:50-3-6. Amended returns for individuals [AMENDED]
Part 5. FILING STATUS; ELECTIONS; ACCOUNTING PERIODS AND METHODS
710:50-3-47. Pass-Through Entity Tax Equity Act of 2019 [AMENDED]
Part 9. "INNOCENT SPOUSE" RELIEF PROCEDURE
710:50-3-60. Relief of spouse from Oklahoma income tax liability on joint Oklahoma income tax return [AMENDED]
710:50-3-62. Initial review, determination of recommendation [AMENDED]
710:50-3-64. Presentation of relief request to Commission [AMENDED]
Subchapter 15. Oklahoma Taxable Income
Part 5. OTHER ADJUSTMENTS TO INCOME
710:50-15-50. Deductions [AMENDED]
710:50-15-69.2. Deduction for necessary modifications to compensate for a qualifying disability [NEW]
Part 7. CREDITS AGAINST TAX
710:50-15-81. Credit for qualified clean-burning motor vehicle fuel property [AMENDED]
710:50-15-113. Qualified independent biomedical research institute or qualified cancer research center credit [AMENDED]
710:50-15-114. Credit for contributions to a scholarship-granting organization [AMENDED]
710:50-15-115. Credit for contributions to an educational improvement grant organization [AMENDED]
710:50-15-115.1. Credit for contributions to a public school foundation or public school district [AMENDED]
710:50-15-117. Credit for qualified software or cybersecurity employee [AMENDED]
710:50-15-120. Caring for Caregivers Credit [AMENDED]
Part 9. OKLAHOMA PARENTAL CHOICE TAX CREDIT
710:50-15-172. Private school tax credit [AMENDED]
710:50-15-174. Credit for students attending an accredited private school exclusively serving students experiencing homelessness [AMENDED]
710:50-15-175. Credit for students attending an accredited private school primarily serving financially disadvantaged students [AMENDED]
Subchapter 17. Oklahoma Taxable Income for Corporations
Part 7. APPORTIONMENT AND ALLOCATION OF CORPORATE INCOME AND EXPENSE
710:50-17-70. Unitary income; unitary business [AMENDED]

SUMMARY:

As part of the Tax Commission's ongoing review of its rules, numerous proposed amendments to existing rules have been developed to implement recent legislation. All legislative references are to the Second Regular Session of the 60th Legislature (2026) unless otherwise indicated.

The proposed amendment to Section 710:50-3-4 clarifies existing policy by separating the extension of the due date from whether an Oklahoma liability is owed.

The proposed amendment to Section 710:50-3-6 clarifies existing policy regarding what documentation is required when filing an amended Oklahoma individual income tax return.

The proposed amendment to Section 710:50-3-47 clarifies existing policy regarding when an electing entity loses its statutory eligibility, and that a PTE election belongs to the electing taxpayer and does not automatically transfer to a subsequent taxpayer. [68:2355.1P-4]

The proposed amendments to Sections 710:50-3-60, 710:50-3-62, and 710:50-3-64 clarify existing policies and procedures for how an innocent spouse may request relief from Oklahoma income tax liability on a joint Oklahoma income tax return.

The proposed amendment to Section 710:50-15-50 implements the provisions of HB 4432 which exempt wagering losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of $17,000, effective tax year 2027.

The proposed promulgation of new Section 710:50-15-69.2 provides a list of combinations of common disabilities and modifications which may be presumed to qualify for the disability deduction and also prescribes necessary requirements for verification. [68:2358(E)(4)]

The proposed amendment to Section 710:50-15-81 implements the provisions of HB 1427 which allow the credit to be used against the bank privilege tax under 68 O.S. § 2370. [68:2357.22]

The proposed amendments to Sections 710:50-15-113, 710:50-15-115, and 710:50-15-115.1 clarify that a contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation.

The proposed amendment to Section 710:50-15-114 clarifies that a contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation and implements the provisions of HB 3704 which requires Oklahoma to participate in the Federal Scholarship Tax Credit program.

[68:2357.901]

The proposed amendment to Section 710:50-15-117, relating to the credit for qualified software or cybersecurity employees, clarifies the certificate and degree requirements for a qualified applicant and removes the provision allowing an employer to request a letter ruling from the Oklahoma Tax Commission requesting a determination as to whether they meet the definition of "qualified employer" under the statute.

The proposed amendment to Section 710:50-15-120 implements the provisions of HB 4118 which expands the Caring for Caregivers Tax Credit. [68:2357.801]

The proposed amendment to Section 710:50-15-172 implements HB 3705, raising the annual FY cap from $250 million to $275 million beginning in FY 2027. It also removes obsolete language; requires applicants to submit additional documentation upon request; requires tuition and fee changes by December 31 of the school year; requires participating schools to provide their location and grade levels and verify they will operate for the full school year; and allows the Oklahoma Tax Commission to recapture credits if a school did not operate for the entire year. [70:28-102]

The proposed amendments to Sections 710:50-15-174 and 710:50-15-175 make the following changes. First, if a student transfers to a private school that does not exclusively serve students experiencing homelessness, the taxpayer must provide adjusted gross income information as set forth in 710:50-15-172 so the maximum credit amount can be determined. Second, a school claiming to serve exclusively students experiencing homelessness must submit its Oklahoma location and the grade levels for which it is accredited, along with documentation of that exclusive focus, including its most recently filed Federal Form 990 and a copy of its mission statement. It must also verify that it currently operates as a private school and will remain in operation for the applicable school year. Third, the amendments allow the Oklahoma Tax Commission to recapture credits if a school did not operate for the entire year. [70:28-102]

The proposed amendment to Section 710:50-17-70 corrects a typographical error.

Other sections may be amended to clarify policy, improve readability, correct clerical errors, remove obsolete language, update or correct citations, update contact information, and ensure accurate internal cross-references, which do not change the interpretation or intent of the rules.

AUTHORITY: 68 O.S. §§ 203, 2357.22, and 2357.801; 70 O.S. § 28-102; Oklahoma Tax Commission

COMMENT PERIOD: Persons wishing to present their views in writing may do so by 4:30 p.m., January 5, 2027, at the following address: Oklahoma Tax Commission, Tax Policy and Research Division, Oklahoma City, Oklahoma 73194, Attention: Corey Jager, or by email to OTCadminrules@tax.ok.gov.

PUBLIC HEARING: A public hearing is scheduled for 9 a.m., on Tuesday, January 5, 2027, at the Oklahoma Tax Commission, in Conference Room 5, located on the 28th Floor, 123 Robert S. Kerr Ave, Oklahoma City, Oklahoma.

To gain access to the hearing, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES: Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts if possible, the increase in the level of direct costs such as fees, and indirect costs such as reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed rule.

COPIES OF PROPOSED RULES: Copies of the proposed rules may be obtained from the below listed contact person. The proposed rules may also be viewed on the agency's website at tax.ok.gov.

RULE IMPACT STATEMENT: Pursuant to 75 O.S. § 303(D), a Rule Impact Statement is available from the below listed contact person. The Rule Impact Statement may also be viewed on the agency's website at tax.ok.gov.

CONTACT PERSON: Corey Jager, Agency Liaison, Tax Policy Division, Oklahoma Tax Commission, Oklahoma City, Oklahoma 73194; Telephone number: (405) 521-4155; Email: corey.jager@tax.ok.gov

CHAPTER 50. INCOME

SUBCHAPTER 3. RETURNS AND REPORTS

PART 1. GENERAL INFORMATION

710:50-3-4. Extension of time for filing returns

A valid extension of time in which to file a federal income tax return automatically extends the due date of the Oklahoma income tax return ~~unless an Oklahoma liability is owed~~. A copy of the federal extension must be attached to the Oklahoma return. If the due date for filing the federal return is not extended ~~or if an Oklahoma liability is owed,~~ an extension of time to file the Oklahoma return may be granted only by filing OTC Form 504. Ninety percent (90%) of the tax liability must be paid by the original due date of the return to ~~obtain a valid extension of time to file and~~ avoid penalty charges for late payment. Interest will be charged from the original due date of the return.

710:50-3-6. Amended returns for individuals

(a) If a resident taxpayer is required or elects to file an individual amended Oklahoma income tax return for tax years prior to 2013, OTC Form 511X must be submitted. For tax years 2013 and subsequent, if a resident taxpayer is required or elects to amend an individual Oklahoma income tax return, OTC Form 511 must be used and the appropriate box indicating that the return is an amended return must be marked.

(b) Part-year residents and nonresidents must use OTC Form 511NR and indicate the return is an amended return by marking the appropriate box.

(c) Whenever an individual Oklahoma income tax return is amended, ~~items listed in (1) through (3) of this subsection should be attached or an explanation if the item is not applicable~~ taxpayer may be required to provide the following items:

(1) A copy of the amended federal income tax return, or a copy of the Federal Form 1040X, or Federal Form 1045,

(2) Proof that Internal Revenue Service has accepted the claim, such as a copy of the statement of adjustment, any correspondence from Internal Revenue Service, or a copy of the deposit slip of the federal refund,

(3) Supporting documents for any adjustments to federal adjusted gross income to support each **final** adjusted amount.

(d) When an individual taxpayer wishes to file or is required to file amended returns for more than one year, an amended return must be completed for each year an amendment is made. No amended return may encompass more than one single year. [**See:** 68 O.S. § 2368]

PART 5. FILING STATUS; ELECTIONS; ACCOUNTING PERIODS AND METHODS

710:50-3-47. Pass-Through Entity Tax Equity Act of 2019

(a) An entity that is required to file either an Oklahoma partnership income tax return or an Oklahoma Subchapter S corporate income tax return may elect to pay income tax at the entity level, effective for tax year 2019 and subsequent tax years. To remain an electing pass-through entity, the entity must continue to qualify as a pass-through entity under 68 O.S. § 2355.1P-2 and be required to file either an Oklahoma partnership income tax return or an Oklahoma Subchapter S corporation income tax return for the applicable taxable period. [68 O.S. § ~~2355.IP-1~~ 2355.1P-1 et seq.]

(b) The election to pay income tax at the entity level may be made either by filing OTC Form 586 as a stand-alone form or by filing OTC Form 586 with the pass-through entity's (PTE) income tax return. The Tax Commission will send an acknowledgement letter to each PTE that files a pass-through entity election. Each electing PTE must provide its shareholders, partners, or members, with a copy of the Tax Commission acknowledgment letter.

(1) **Election made by filing OTC Form 586 as a stand-alone form.** A PTE election may be made by a qualifying PTE at any time during the preceding tax year or ~~two (2)~~ 2 months and ~~fifteen (15)~~ 15 days after the beginning of the current tax year by filing OTC Form 586 as a stand-alone form. Each year, the shareholder, partner, or member of the electing PTE must include a copy of the Tax Commission acknowledgement letter with the Oklahoma income tax return of the shareholder, partner or member.

(2) **Election made on the qualifying PTE's Oklahoma income tax return.** Beginning with tax year 2024, an election may be made by a qualifying PTE on the Oklahoma income tax return of the qualifying PTE prior to but not later than the due date of the applicable income tax return, including any extension. Each qualifying PTE making the election on their Oklahoma income tax return must include OTC Form 586 with the return. For the tax year the election is made, the shareholder, partner or member of the electing PTE must include a copy of OTC Form 586 of the electing PTE which has been signed by a partner, member, or corporate officer who is authorized to sign and file the electing PTE income tax return. Returns of shareholders, partners or members filed in subsequent years must include a copy of the Tax Commission acknowledgement letter.

(c) For income distributed to estates, trusts or individuals, electing entities are taxed at the highest marginal individual income tax rate. For income distributed to corporations, electing entities are taxed at the corporate income tax rate. [68 O.S. § 2355]

(d) Oklahoma income or losses the electing PTE included in computing its tax will not be used to calculate the Oklahoma taxable income of the partners, members or shareholders of the electing entity.
(e) For tax years beginning on or after January 1, 2020, estimated tax payments shall be required of an electing PTE as provided in 68 O.S. § 2385.9.
(f) A PTE election is binding until revoked by the electing PTE ~~or by the Oklahoma Tax Commission~~, subject to the continuing eligibility requirements in subsection (g) of this Section.

~~(1)~~ An electing PTE may voluntarily revoke the election by filing OTC Form 586 in the manner prescribed by the Tax Commission. The effective date of a ~~PTE's~~ revocation ~~of an election~~ made within ~~two (2)~~ 2 months and ~~fifteen (15)~~ 15 days of the beginning of the electing PTE's taxable year shall be the first day of ~~such~~ that taxable year. ~~If the~~ A revocation ~~is~~ made after ~~this~~ that time ~~period, the revocation is~~ shall be effective on the first day of the following taxable year.

~~(2) If the amount of tax required to be paid by an electing PTE is not paid when due, the Oklahoma Tax Commission may, in its discretion, revoke the PTE's election effective for the first year for which the tax is not paid.~~

(g) A PTE election remains binding until revoked as provided in subsection (f) of this Section; however, PTE treatment shall cease if there is any taxable period for which the entity no longer qualifies as a pass-through entity under 68 O.S. § 2355.1P-2. If PTE treatment ceases under this subsection because an entity no longer satisfies the eligibility requirements, PTE treatment shall not automatically resume if the entity later satisfies those eligibility requirements.
(h) A PTE election shall not transfer to or become binding upon another PTE that is treated as a different taxpayer for federal income tax purposes as a result of a merger, consolidation, division, reorganization, conversion, acquisition, change in ownership, or other transaction. Such PTE must independently make an election in accordance with subsection (b) of this Section.
(i) The treatment of unused Oklahoma net entity losses attributable to an electing PTE year following loss of eligibility for PTE treatment or revocation of a PTE election is as follows:

(1) The loss of eligibility for PTE treatment or revocation of a PTE election does not cause an unused Oklahoma net entity loss attributable to an electing PTE year to pass through or be distributed to the entity's partners, members, or shareholders.
(2) An unused Oklahoma net entity loss attributable to an electing PTE year may be used only as authorized by 68 O.S. § 2355.1P-4 and other applicable law in a taxable year for which the same entity has a valid PTE election.

PART 9. "INNOCENT SPOUSE" RELIEF PROCEDURE

710:50-3-60. Relief of spouse from Oklahoma income tax liability on joint Oklahoma income tax return

(a) If a joint Oklahoma income tax return was filed on which there is, or there is subsequently determined to be, a liability attributable to income or activity for one spouse, the other spouse may be relieved of the liability for the Oklahoma income tax, including interest and penalty, if the spouse requesting relief can establish, by a preponderance of the evidence, that:

(1) The liability is attributable to the income or business activity of the non-requesting spouse; and
(2) It would be inequitable to hold the requesting spouse liable for the tax liability. Factors, not all-inclusive, which may be considered in determining whether it would be inequitable to hold the requesting spouse liable are:
(A) Whether the requesting spouse received a benefit, such as a lavish gift, increased standard of living or additional money from the nonpayment of tax;
(B) Whether the spouse requesting relief has been deserted, divorced, separated, or widowed;
(C) Business background or education of the requesting spouse;
(D) Involvement of the requesting spouse in the financial affairs of the family; and
(E) Involvement of the requesting spouse in the business or transaction giving rise to the tax liability.

(b) An applicant must submit a completed Request for Innocent Spouse Relief (Form L-21) as well as any supporting documentation to the Income Tax Accounts Division. Separate requests for innocent spouse relief must be submitted for joint-filed periods involving different non-requesting spouses.

710:50-3-62. Initial review, determination of recommendation

(a) The Income Tax Accounts Division will review all requests for relief and the supporting documentation and will make a recommendation that the Tax Commission grant the requested relief if the documentation has established that the liability is attributable to the income or business activity of the non-requesting spouse and that to hold the requesting spouse liable for the deficiency for the tax year involved would be inequitable.
(b) The Income Tax Accounts Division may reject an innocent spouse relief request for the following reasons, which is not intended to be an exhaustive list:

(1) The requesting spouse has not adequately completed and/or supported the request;
(2) The requesting spouse has delinquent returns for any periods for which returns are required to be filed;
(3) The requesting spouse has outstanding, overdue balances on any period which is not included in the request for relief;
(4) The requesting spouse has an active protest for any period included in the request; or
(5) The request is submitted by an unauthorized individual.

(c) If the request for innocent spouse relief is rejected, the requesting spouse will be notified of the rejection in writing.
(d) Upon rejection of the request for innocent spouse relief, the requesting spouse may submit a new request for relief with all required supporting documentation.

(e) The requesting spouse may withdraw an innocent spouse relief request at any point during the process. The request must be made in writing and submitted to the Division.

710:50-3-64. Presentation of relief request to Commission

(a) All requests for relief, whether recommended or not, shall be presented to the Commission at a regularly scheduled meeting. The Income Tax Accounts Division shall set forth the facts in writing, have the request placed on the Commission's docket, and notify the applicant of the day the request will be heard by the Commission. The applicant may request to appear before the Commission and present documentary evidence and testimony in the form of affidavit(s).

(b) No hearing other than the appearance at a regularly scheduled meeting of the Commission will be held. No transcript of the appearance before the Commission will be prepared.

(c) Should the applicant desire a transcription or recording of taxpayer's appearance before the Commission, the applicant will need to contact a certified court reporter, and make the necessary arrangements for the presence of the reporter at the Commission meeting, and the cost thereof. The cost of transcribing will be borne by the applicant, who must furnish the original of the transcript to the Commission.

(d) Requests for reconsideration of the Commission's decision must be made in writing to the Income Tax Accounts Division within 90 days of the Division's notice of the decision of the Commission, and include new information related to the request or an explanation as to why the applicant disagrees with the decision of the Commission.

SUBCHAPTER 15. OKLAHOMA TAXABLE INCOME

PART 5. OTHER ADJUSTMENTS TO INCOME

710:50-15-50. Deductions

(a) In the event federal itemized deductions are used on the federal return, federal itemized deductions must be used on the Oklahoma return. Oklahoma itemized deductions to income will be the same as federal itemized deductions, subject to the limitations in (i) of this Section. In the event the standard deduction is used on the federal return, the Oklahoma standard deduction must be used on the Oklahoma return.

(b) For tax year 2005 and prior, the standard deduction for Oklahoma is the larger of $1,000.00 or 15% of Oklahoma ~~Adjusted Gross Income~~ adjusted gross income not to exceed $2,000.00 (if married filing separately, the larger of $500.00 or 15% not to exceed $1,000.00).

(c) For tax year 2006, taxpayers filing as married joint, head of household or surviving spouse will have a standard deduction for Oklahoma of $3,000.00. Taxpayers filing as single or married separate will have a standard deduction for Oklahoma of $2,000.00.

(d) For tax year 2007, taxpayers filing as married joint or surviving spouse will have a standard deduction for Oklahoma of $5,500.00. Taxpayers filing as single or married separate will have a standard deduction for Oklahoma of $2,750.00. Taxpayers filing as head of household will have a standard deduction for Oklahoma of $4,125.00.

(e) For tax year 2008, taxpayers filing as married joint, or surviving spouse will have a standard deduction for Oklahoma of $6,500.00. Taxpayers filing as single or married separate will have a standard deduction for Oklahoma of $3,250.00. Taxpayers filing as head of household will have a standard deduction for Oklahoma of $4,875.00.

(f) For tax year 2009, taxpayers filing as married joint, or surviving spouse will have a standard deduction for Oklahoma of $8,500.00. Taxpayers filing as single or married separate will have a standard deduction for Oklahoma of $4,250.00. Taxpayers filing as head of household will have a standard deduction for Oklahoma of $6,375.00.

(g) For tax year 2010 through tax year 2016, taxpayers will have a standard deduction for Oklahoma equal to the standard deduction allowed by the Internal Revenue Code of 1986 based upon the amount and filing status prescribed by the Code for purposes of filing federal individual income tax returns.

(h) For tax year 2017 and subsequent tax years, taxpayers filing as married joint or qualifying widow will have a standard deduction for Oklahoma of $12,700.00. Taxpayers filing as single or married separate will have a standard deduction for Oklahoma of $6,350.00. Taxpayers filing as head of household will have a standard deduction for Oklahoma of $9,350.00.

(i) Oklahoma itemized deductions to income will be the same as federal itemized deductions, subject to the following limitations:

(1) For tax year 2016 and subsequent tax years, taxpayers shall add back state and local sales or income taxes which were allowed as an itemized deduction on the federal income tax return.

(2) For tax year 2017 and subsequent tax years, state and local sales or income taxes which were not allowed as an Oklahoma itemized deduction but were required to be recaptured on the federal income tax return will not be included in Oklahoma taxable income.

(3) For tax year 2018 and subsequent tax years, Oklahoma itemized deductions may not exceed ~~$17,000.00~~ $17,000 provided charitable contributions and medical expenses deductible for federal income tax purposes are excluded from the ~~$17,000.00~~ $17,000 cap. For tax year 2027 and subsequent tax years, wagering losses deductible for federal income tax purposes are excluded from the itemized deduction cap of $17,000.

710:50-15-69.2. Deduction for necessary modifications to compensate for a qualifying disability

(a) A resident individual with a physical disability constituting a substantial handicap to employment may deduct from Oklahoma adjusted gross income the expenditures paid during the taxable year to modify a motor vehicle, home, or workplace that are necessary and reasonable to compensate for the handicap.

(b) The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) **"Expenditures"** means amounts paid by the taxpayer during the taxable year on or after the onset date. Expenditures qualify regardless of whether they were paid before or after the date the disability was established under subsection (c).

(2) "**Onset date"** means the date on which the physical disability constituting a substantial handicap to employment began, as established under subsection (c).

(3) **"Physical disability"** means a condition that substantially limits a person's physical functioning and affects their ability to perform everyday activities.

(4) **"Substantial handicap to employment"** means a significant impairment of the ability to prepare for, obtain, or keep employment in an occupation consistent with a person's abilities, aptitudes, and interests.

(c) A physical disability constituting a substantial handicap to employment, and its onset date, shall be established by providing any of the following:

(1) Documentation from Oklahoma Department of Rehabilitation Services, Oklahoma Workers' Compensation Commission, or equivalent agencies in another state;

(2) Documentation establishing eligibility to receive benefits through the Social Security Disability Insurance program;

(3) Documentation establishing a service-connected disability as recognized by the U.S. Department of Veterans' Affairs; or

(4) A written statement from a licensed physician which includes the onset date and a determination that taxpayer has a physical disability constituting a substantial handicap to employment. Medical records supporting the physician's determination are not required to be submitted with the tax return but must be retained and be available upon request by the Oklahoma Tax Commission.

(d) The following disabilities and modifications are presumed to be eligible for the qualifying disability deduction:

(1) If a taxpayer utilizes a wheelchair, the following modifications are presumed eligible:

(A) Moving control switches, such as light switches, to within reach ranges;

(B) Adjustments to exterior site walking surfaces including any necessary grading;

(C) Creation of an accessible parking space;

(D) Installation of access ramps;

(E) Widening of existing doorways for ease of access;

(F) Installation of accessible door hardware;

(G) Installation or adjustment of storage shelving and closet rods to within reach ranges;

(H) Installation of accessible toilet, bathroom sink, or kitchen sink plumbing fixtures;

(I) Installation of bathroom mirrors or medicine cabinets within lines of sight or reach ranges;

(J) Installation of grab bars at plumbing fixtures;

(K) Installation of roll-in showers;

(L) Installation of transfer seats in showers;

(M) Installation of a lift;

(N) Installation of height adjustment of work counters in kitchen; and

(O) Installation of front-controlled cooking appliances.

(2) If a taxpayer utilizes a walker, the following modifications are presumed eligible:

(A) Changes to flooring to mitigate tripping hazards;

(B) Installation of grab bars at plumbing fixtures; and

(C) Installation of tub seats;

(3) If a taxpayer is visually or hearing impaired, the installation of an alarm device or doorbell is presumed eligible.

(e) If the modifications are not presumed eligible as set out in subsection (d), a licensed medical professional with knowledge of the person's qualifying physical disability must determine and certify that they meet this standard.

PART 7. CREDITS AGAINST TAX

710:50-15-81. Credit for qualified clean-burning motor vehicle fuel property

(a) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) "**Motor vehicle**" means *a motor vehicle originally designed by the manufacturer to operate lawfully and principally on streets and highways*. [**See:** 68 O.S. § 2357.22(C)] "Vehicle" shall not mean conveyor belts, forklifts, riding mowers, tractors, or other similar items.

(2) "**Qualified clean-burning motor vehicle fuel property**" means as defined in Section 2357.22(B) of Title 68 of the Oklahoma Statutes.

(b) **General provisions.** For tax years 2028 and before, there shall be allowed a one-time nonrefundable ~~income tax~~ credit for investments in qualified clean-burning motor vehicle fuel property placed in service on or after January 1, 1991, or with respect to a hydrogen fuel cell, on or after July 1, 2023. Property on which the credit has previously been claimed is ineligible for the credit.

(c) **Leased property and equipment.** An entity that converts property to qualified clean-burning motor vehicle fuel property may lease such property and retain the right to claim the credit. An entity that invests in and owns equipment that qualifies as qualified clean-burning motor vehicle fuel property may claim the credit even if a different entity owns the remainder of the motor vehicle property and leases the conversion equipment from the owner of the equipment. As used herein, a "different entity" includes, but is not limited to, the United States government, the State of Oklahoma, and any political subdivision of this state.

(d) **Amount of credit**.

(1) **Motor vehicle credit.**

(A) For the qualified clean-burning motor vehicle fuel property defined in 68 O.S. § 2357.22 (B)(1), (2) or (5), the maximum amount of the credit shall be as follows based upon gross vehicle weight of the qualified vehicle:

(i) For vehicles up to or below 6,000 pounds, the credit shall be a maximum amount of $5,500;

(ii) For vehicles between 6,001 pounds to 10,000 pounds, the credit shall be a maximum amount of $9,000;

(iii) For vehicles of 10,001 pounds, but not in excess of 26,500 pounds, the credit shall be a maximum amount of $26,000; and

(iv) For vehicles equal to or in excess of 26,501 pounds, the credit shall be a maximum amount of $100,000.

(B) For qualified clean-burning motor vehicle fuel property defined in 68 O.S. § 2357.22(B)(1), the amount of the credit is limited to the lesser of the cost of the conversion equipment installed, which includes parts and installation service, or the amount in subparagraph (A) of this paragraph.

(C) For qualified clean-burning motor vehicle fuel property defined in 68 O.S. § 2357.22(B)(2) and (5), the amount of the credit is:

(i) Limited to the lesser of the portion of the basis of the motor vehicle that is attributable to the storage of such fuel, the delivery to the engine of such fuel, and the exhaust of gases from combustion of such fuel, or the amount in subparagraph (A) of this paragraph; or

(ii) The lesser of 10% of the cost of the motor vehicle or $1,500.

(2) **Infrastructure credit.**

(A) For qualified clean-burning motor vehicle fuel property defined in 68 O.S. § 2357.22(B)(3), a per-location credit of 45% of the cost of the qualified clean-burning motor vehicle fuel property.

(B) For qualified clean-burning motor vehicle fuel property defined in 68 O.S. § 2357.22(B)(4), a per-location credit of the lesser of 50% of the cost of the qualified clean-burning motor vehicle fuel property or $2,500.

(e) **Carryforward.** Any credit claimed, but not used, may be carried over, in order, to each of the five (5) subsequent taxable years.

(f) **Limitations of eligibility.** No qualified establishment, nor its contractors or subcontractors, that has received or is receiving an incentive payment pursuant to Section 3601 et seq. of the Oklahoma Statutes, (Oklahoma Quality Jobs Program Act), or Section 3901 et seq. of the Oklahoma Statutes, (Small Employer Quality Jobs Incentive Act), shall be eligible to receive the credit for qualified clean-burning motor vehicle fuel property provided by 68 O.S. § 2357.22, in connection with the activity and establishment for which incentive payments have been or are being received. [**See:** 68 O.S. §§ 3607, 3909]

(g) **Sunset date.** This credit will only be available through tax years beginning before December 31, 2028.

(h) **Tax credit limitation.**

(1) For tax years 2020 through 2022, the total amount of credits used to offset tax shall be adjusted annually to limit the annual amount of credits to $20,000,000.

(2) For tax years 2023 through 2028, the total amount of credits used to offset tax shall be adjusted annually to limit the annual amount of credits to:

(A) $10,000,000 for qualified clean burning fuel property propelled by compressed natural gas, liquefied natural gas, or liquefied petroleum gas, property related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, and property directly related to the compression and delivery of natural gas;

(B) $10,000,000 for property originally equipped so that the vehicle may be propelled by a hydrogen fuel cell electric fueling system and property directly related to the delivery of hydrogen; and

(C) $10,000,000 for property which is a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity.

(D) Beginning with tax year 2024, if one of the tax credit pools listed in paragraph (2) of this subsection is not fully utilized for the applicable tax year, the remaining balance of that pool shall be allocated to each of the two remaining tax credit pools in equal amounts. If two of the tax credit pools listed in paragraph (2) are not fully utilized for the applicable tax year, the remaining balances in both pools shall be added together and the sum of those amounts shall be allocated to the remaining tax credit pool.

(3) The Tax Commission shall annually calculate and publish by the first day of the affected taxable year a percentage by which the credits shall be reduced so the total amount of credits used to offset tax does not exceed each of the limits provided in subsection (h). Provided, no credit shall be reduced unless the total amount of credits used to offset tax exceeds $30,000,000.

(A) If the total amount of credits used to offset tax from all three tax credit pools exceeds $30,000,000 and the remaining balance of one pool is allocated to the remaining tax credit pools, the Tax Commission shall calculate the percentage adjustments as follows:

(i) There shall be no percentage adjustment for the tax credit pool from which the remaining balance was allocated to the other two pools.

(ii) The formula to be used for the other two pools shall be $10,000,000 plus the amount allocated from the other pool divided by the credits claimed in the second preceding year from the respective pool.

(iii) For example, assume that $4,000,000 from Pool C is allocated in equal amounts to Pool A and Pool B:

(I) For Pool A, $12,000,000 shall be divided by the credits claimed in the second preceding year from Pool A.

(II) For Pool B, $12,000,000 shall be divided by the credits claimed in the second preceding year from Pool B.

(III) As the credits claimed from Pool C did not exceed $10,000,000, no calculation formula is needed.

(B) If the total amount of credits used to offset tax from all three tax credit pools exceeds $30,000,000 and the remaining balances of two pools are allocated to the remaining tax credit pool, the Tax Commission shall calculate the percentage adjustments as follows:

(i) There shall be no percentage adjustment for the two tax credit pools from which the remaining balances were allocated to the remaining pool.

(ii) The formula to be used for the remaining pool shall be $10,000,000 plus the amount allocated from the other pools divided by the credits claimed in the second preceding year from the remaining pool.

(iii) For example, assume that $4,000,000 from Pool B and $4,000,000 from Pool C are allocated to Pool A:

(I) For Pool A, $18,000,000 shall be divided by the credits claimed in the second preceding year from Pool A.

(II) As the credits claimed from Pool B did not exceed $10,000,000, no calculation formula is needed.

(III) As the credits claimed from Pool C did not exceed $10,000,000, no calculation formula is needed.

(C) If the total amount of credits used to offset tax from all three tax credit pools exceeds $30,000,000 and the amount of credits used to offset tax in each individual pool exceeds $10,000,000, the Tax Commission shall calculate the percentage adjustments as follows:

(i) For Pool A, $10,000,000 shall be divided by the credits claimed in the second preceding year from Pool A.

(ii) For Pool B, $10,000,000 shall be divided by the credits claimed in the second preceding year from Pool B.

(iii) For Pool C, $10,000,000 shall be divided by the credits claimed in the second preceding year from Pool C.

710:50-15-113. Qualified independent biomedical research institute or qualified cancer research center credit

(a) **General provisions.** For tax years beginning after December 31, 2004, there is allowed a credit against the tax imposed by 68 O.S. Section 2355 to any taxpayer who makes a donation to a qualified independent biomedical research institute. For tax years beginning after December 31, 2010, any taxpayer who makes a donation to a qualified cancer research institute is also eligible for the credit. Both qualified cancer research institutes and qualified independent biomedical research institutes must provide donors with written acknowledgment of the donation and the credit amount and must report this information to the Oklahoma Tax Commission.

(b) **Definitions.**

(1) **"Qualified cancer research institute"** *means an organization which is exempt from taxation pursuant to the Internal Revenue Code whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education. The organization must be either an independent research institute or a program that is part of a state university which is a member of the Oklahoma State System of Higher Education and must receive at least $4,000,000 in National Cancer Institute funding per year.*

(2) **"Qualified independent biomedical research institute"***means an organization which is exempt from taxation under the Internal Revenue Code section 501(c)(3) whose primary focus is conducting peer-reviewed basic biomedical research. The organization shall have a board of directors, be able to accept grants in its own name, be an identifiable institute that has its own employees and administrative staff, and receive at least $20,000,000 in National Institutes of Health funding each year.*

(c) **Qualification.** In order to qualify for the credit, taxpayers must make a donation to either a qualified independent biomedical research institute or a qualified cancer research institute

(d) **Computation of credit and limitations.**

(1) **Tax years 2007 through 2025.** The credit is 50% of the amount donated, but may not exceed $1,000 ($2,000 for a married filing joint return) for each taxpayer for each type of donation. Taxpayers may not claim more than one credit for a donation to a qualified independent biomedical research institute and one credit for a donation to a qualified cancer research institute.

(2) **Tax year 2026 and subsequent tax years.**

(A) **Donations to a qualified independent biomedical research institute.** The credit is 50% of the amount donated but may not exceed $1,000 for taxpayers filing as single or $2,000 for taxpayers filing as married joint, head of household or surviving spouse, or $25,000 for any taxpayer which is a legal business entity that is not treated as a disregarded entity for federal income tax purposes, for each taxpayer for each type of donation. A contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation.

(B) **Donations to a qualified cancer research institute.** The credit is 50% of the amount donated but may not exceed $1,000 for taxpayers filing as single or $2,000 for taxpayers filing as married joint, head of household, surviving spouse, or any taxpayer which is a legal business entity that is not treated as a disregarded entity for federal income tax purposes, for each taxpayer for each type of donation. A contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation.

(e) **Annual limitations.**

(1) **Tax years 2012 through 2025.** If the total tax credits authorized by this Section exceed $1,000,000 in a tax year for donations to either a cancer research institute or an independent biomedical research institute, the Tax Commission shall permit any excess over $1,000,000 but will factor such excess into the percentage adjustment formula for subsequent tax years for each type of credit.

(2) **Tax year 2026 and subsequent tax years.**

(A) **Donations to a qualified independent biomedical research institute.** If the total tax credits authorized exceed $1,500,000 for donations to a qualified independent biomedical research institute, the Tax Commission shall permit any excess over $1,500,000 but will factor such excess into the percentage adjustment formula for subsequent tax years. The adjusted percentage allowable will be determined by multiplying 50% times $1,500,000, then dividing the result by the credits allowed in the preceding tax year.

(B) **Donations to a qualified cancer research institute.** If the total tax credits authorized exceed $500,000 for donations to a qualified cancer research institute, the Tax Commission shall permit any excess over $500,000 but will factor such excess into the percentage adjustment formula for subsequent tax years. The adjusted percentage allowable will be determined by multiplying 50% times $500,000, then dividing the result by the credits allowed in the preceding tax year.

(f) **Credit non-refundable, nontransferable; carryover provision.** This credit may not be taken as a refund; nor may it be transferred. If the credit exceeds a taxpayer's liability, unused credits may be carried over for 4 years.

710:50-15-114. Credit for contributions to a scholarship-granting organization

(a) **General provisions.** An income tax credit is available for contributions to an eligible scholarship-granting organization. [68 O.S. § 2357.206]

(b) **Credit.** The credit is generally ~~fifty percent (50%)~~ 50% of the total amount of contributions made during a taxable year, not to exceed ~~One Thousand Dollars ($1,000)~~ $1,000 for each taxpayer or ~~Two Thousand Dollars ($2,000)~~ $2,000 for married taxpayers filing jointly, or ~~One Hundred Thousand Dollars ($100,000)~~ $100,000 for any taxpayer which is a legal business entity that is not treated as a disregarded entity for federal income tax purposes, subject to the limitation in (e) of this Section. A contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation. Tax credits which are allocated by a pass-through entity to equity owners are only limited in amount for the income tax return of a natural person based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated, and not limited to ~~One Thousand Dollars ($1,000.00)~~ $1,000 for single individuals or limited to ~~Two Thousand Dollars ($2,000.00)~~ $2,000 for married persons filing a joint return.

(c) **Additional year commitment.** For a taxpayer who makes an eligible contribution and makes a written commitment to contribute the same amount for an additional year, the credit shall be ~~seventy-five percent (75%)~~ 75% of the total amount of the contribution made during the taxable year. The taxpayer shall provide evidence of the written commitment to the Tax Commission when the tax return claiming the credit is filed the first year.

(d) **~~Registration~~Application.** An eligible scholarship-granting organization is required to ~~register~~ submit an application with the Tax Commission annually on a form prescribed by the Tax Commission. Effective for tax year 2027, a scholarship-granting organization may apply to participate in the Federal Scholarship Tax Credit program in addition to the State program on the application form. Those that would like to participate in the federal program must provide all documentation listed on the form in order for the Oklahoma Tax Commission to verify compliance with the federal requirements. The application and supporting documentation must be provided and approved prior to the date on which the state is required to submit the list of approved SGOs to the IRS.

(e) **Limitation of credit.**

(1) If total credits claimed exceed the caps established pursuant to 68 O.S. §2357.206(E), the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year. [**See**: 68 O.S. §2357.206(I)]

(2) At least once each taxable year, the eligible scholarship-granting organization shall notify each contributor that Oklahoma law provides for a total statewide cap on the amount of income tax credits allowed annually.

(f) **Annual notification.**

(1) By January 10 each year, the scholarship-granting organization shall provide electronically to the Tax Commission:

(A) The scholarship-granting organization's account number;

(B) The name of each contributor and sufficient other information to accurately determine the identity of each contributor;

(C) The date and amount of each contribution; and

(D) Whether the taxpayer made a written commitment to contribute the same amount for two (2) additional consecutive years.

(2) By February 15 each year, the Tax Commission shall publish the percentage of the contribution which may be claimed as a credit on the Tax Commission's website. The scholarship-granting organizations shall notify contributors of that amount annually.

(g) **Annual report.** In order to maintain registration, a scholarship granting organization shall file an annual report with the Oklahoma Tax Commission on or before September 1 of each year. [See 68 O.S. § 2357.206(M)(1)]

(h) **Ninety percent (90%) requirement.** Effective January 1, 2014, a credit will not be allowed by the Tax Commission for contributions made to an eligible scholarship-granting organization if the organization's percentage of funds actually awarded is less than ~~ninety percent (90%)~~90%. In order to determine this amount, the total amount of funds actually awarded over the most recent ~~twenty-four (24)~~ 24 months shall be divided by the total amount available to award over the most recent ~~twenty-four (24)~~ 24 months.

(i) **Limitations.**

(1) The credit will not reduce the tax liability of the taxpayer to less than zero ~~(0)~~ and any credit allowed but not used may be carried over, in order, to each of the ~~three (3)~~ 3 subsequent taxable years.

(2) The credit is not transferable.

(3) For tax year 2016 and subsequent tax years, credits earned but not allowed due to the application of statewide caps will be considered suspended and authorized to be used in the next immediate tax year and applied to the next year's statewide cap.

710:50-15-115. Credit for contributions to an educational improvement grant organization

(a) **General provisions.** An income tax credit is available for contributions to an eligible educational improvement grant organization. [68 O.S. § 2357.206]

(b) **Application.** An educational improvement grant organization shall submit an application to the Tax Commission. The Tax Commission shall review and approve or disapprove the application, in consultation with the State Department of Education.

(c) **Credit.** The credit is generally ~~fifty percent (50%)~~ 50% of the total amount of contributions made during a taxable year, not to exceed ~~One Thousand Dollars ($1,000)~~ $1,000 for each taxpayer or ~~Two Thousand Dollars ($2,000)~~ $2,000 for married taxpayers filing jointly, or ~~One Hundred Thousand Dollars ($100,000)~~ $100,000 for any taxpayer which is a legal business entity that is not treated as a disregarded entity for federal income tax purposes, subject to the limitation in (e) of this Section. A contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation. Tax credits which are allocated by a pass-through entity to equity owners are only limited in amount for the income tax return of a natural person based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated, and not limited to ~~One Thousand Dollars ($1,000.00)~~ $1,000 for single individuals or limited to ~~Two Thousand Dollars ($2,000.00)~~ $2,000 for married persons filing a joint return.

(d) **Additional year commitment.** For a taxpayer who makes an eligible contribution and makes a written commitment to contribute the same amount for an additional year, the credit shall be ~~seventy-five percent (75%)~~ 75% of the total amount of the contribution made during the taxable year. The taxpayer shall provide evidence of the written commitment to the Tax Commission when the tax return claiming the credit is filed the first year.

(e) **Limitation of credit.**

(1) If total credits claimed exceed the caps established pursuant to 68 O.S. §2357.206(E), the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year. [**See**: 68 O.S. §2357.206(I)]

(2) At least once each taxable year, the educational improvement grant organization shall notify each contributor that Oklahoma law provides for a total statewide cap on the amount of income tax credits allowed annually.

(f) **Annual notification.**

(1) By January 10 each year, the educational improvement grant organization shall provide electronically to the Tax Commission:

(A) The educational improvement grant organization's account number;

(B) The name of each contributor and sufficient other information to accurately determine the identity of each contributor;

(C) The date and amount of each contribution; and

(D) Whether the taxpayer made a written commitment to contribute the same amount for two (2) additional consecutive years.

(2) By February 15 each year, the Tax Commission shall publish the percentage of the contribution which may be claimed as a credit on the Tax Commission's website. The educational improvement grant organization shall notify contributors of that amount annually.

(g) **Annual report.** In order to maintain eligibility, an educational improvement grant organization shall file an annual report with the Tax Commission, on or before September 1 of each year [See 68 O.S. § 2357.206(L)(3)]

(h) **Ninety percent (90%) requirement.** Effective January 1, 2014, a credit will not be allowed by the Tax Commission for contributions made to an eligible educational improvement grant organization if the organization's percentage of funds actually awarded is less than ~~ninety percent (90%)~~ 90%. In order to determine this amount, the total amount of funds actually awarded over the most recent ~~twenty-four (24)~~ 24 months shall be divided by the total amount available to award over the most recent ~~twenty-four (24)~~ 24 months.

(i) **Limitations.**

(1) The credit will not reduce the tax liability of the taxpayer to less than zero ~~(0)~~ and any credit allowed but not used may be carried over, in order, to each of the ~~three (3)~~ 3 subsequent taxable years.

(2) The credit is not transferable.

(3) For tax year 2016 and subsequent tax years, credits earned but not allowed due to the application of statewide caps will be considered suspended and authorized to be used in the next immediate tax year and applied to the next year's statewide cap.

710:50-15-115.1. Credit for contributions to a public school foundation or public school district

(a) **General provisions.** For contributions made on or after January 1, 2022, an income tax credit is available for contributions to an eligible public school foundation or public school district. [68 O.S. § 2357.206]

(b) **Application.** An eligible public school foundation or public school district shall submit an application to the Oklahoma Tax Commission. The Tax Commission shall review and approve or disapprove the application, in consultation with the State Department of Education.

(c) **Credit.** The credit is generally ~~fifty percent (50%)~~ 50% of the total amount of contributions made during a taxable year, not to exceed ~~One Thousand Dollars ($1,000)~~ $1,000 for each taxpayer or ~~Two Thousand Dollars ($2,000)~~ $2,000 for married taxpayers filing jointly, or ~~One Hundred Thousand Dollars ($100,000)~~ $100,000 for any taxpayer which is a legal business entity that is not treated as a disregarded entity for federal income tax purposes, subject to the limitation in (e) of this Section. A contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation. Tax credits which are allocated by a pass-through entity to equity owners are only limited in amount for the income tax return of a natural person based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated, and not limited to ~~One Thousand Dollars ($1,000.00)~~ $1,000 for single individuals or limited to ~~Two Thousand Dollars ($2,000.00)~~ $2,000 for married persons filing a joint return.

(d) **Additional year commitment.** For a taxpayer who makes an eligible contribution and makes a written commitment to contribute the same amount for an additional year, the credit shall be ~~seventy-five percent (75%)~~ 75% of the total amount of the contribution made during the taxable year. The taxpayer shall provide evidence of the written commitment to the Tax Commission when the tax return claiming the credit is filed the first year.

(e) **Limitation of credit.**

(1) If total credits claimed exceed the caps established pursuant to 68 O.S. § 2357.206(E), the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year. [**See**: 68 O.S. § 2357.206(I)]

(2) At least once each taxable year, the public school foundation or public school district shall notify each contributor that Oklahoma law provides for a total statewide cap on the amount of income tax credits allowed annually.

(f) **Annual notification.**

(1) By January 10 each year, the public school foundation or public school district shall provide electronically to the Tax Commission:

(A) The public school foundation or public school district's federal employer identification number;

(B) The name of each contributor and sufficient other information to accurately determine the identity of each contributor;

(C) The date and amount of each contribution; and

(D) Whether the taxpayer made a written commitment to contribute the same amount for ~~two (2)~~ 2 additional consecutive years.

(2) By February 15 each year, the Tax Commission shall publish the percentage of the contribution which may be claimed as a credit on the Tax Commission's website. The public school foundation or public school district shall notify contributors of that amount annually.

(g) **Annual report.** In order to maintain eligibility, the public school foundation or public school district shall submit an annual report to the Tax Commission, on or before September 1 of each year. [See 68 O.S. § 2357.206(L)(3)]

(h) **Limitations.**

(1) The credit will not reduce the tax liability of the taxpayer to less than zero ~~(0)~~ and any credit allowed but not used may be carried over, in order, to each of the ~~three (3)~~ 3 subsequent taxable years.
(2) The credit is not transferable.
(3) Credits earned but not allowed due to the application of statewide caps will be considered suspended and authorized to be used in the next immediate tax year and applied to the next year's statewide cap.

710:50-15-117. Credit for qualified software or cybersecurity employee

(a) **General provisions.** For tax years beginning on or after January 1, 2020, and ending before January 1, 2030, a qualified software or cybersecurity employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68, subject to the provisions of (d) of this Section.

(b) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) **"Qualified software or cybersecurity employee".**

(A) A qualified employee is any person newly employed in Oklahoma by a qualified employer in a qualifying industry on or after November 1, 2019.

(B) The qualified employee must: ~~have been awarded a degree in an accredited program from~~

(i) have earned an undergraduate or graduate degree in cybersecurity, information technology, computer science, or computer engineering from a degree-producing institution ~~as defined in 68 O.S. § 2357.405(A)(1), or has been awarded a certificate or credential in an accredited program from a technology center.~~, with the program accredited by the Computing Accreditation Commission (CAC) or the Engineering Accreditation Commission (EAC) of the Accreditation Board for Engineering and Technology (ABET); or

(ii) hold a certificate or credential from a technology center in software, cybersecurity, programming, software programming, coding, application development, computer science, or information technology, requiring more than 800 hours of class time.

(C) The qualified employee must be employed in a qualifying industry by a qualified employer who pays its qualified employees a qualifying compensation for the county in which the qualified employer has its primary Oklahoma address.

(2) **"Accredited program", "Degree-producing institution", "Qualified employer", "Qualified industry", "Qualifying compensation",** and **"Technology center"** shall have the same meaning as the terms are defined in Section 2357.405 of Title 68 of the Oklahoma Statutes.

(c) **Credit.**

(1) The credit is ~~Two Thousand Two Hundred Dollars ($2,200.00)~~ $2,200 for a qualified software or cybersecurity employee who has been awarded a bachelor's or higher degree from an accredited program at a degree-producing institution, and ~~One Thousand Eight Hundred Dollars ($1,800.00)~~ $1,800 for a qualified software or cybersecurity employee who has been awarded an associate's degree from an accredited program at a degree-producing institution or a credential or certificate from an accredited program at a technology center.

(2) The credit may be claimed for a period of time not to exceed ~~seven (7)~~ 7 years.

(3) The credit authorized by this Section shall not be used to reduce the tax liability of the taxpayer to less than zero ~~(0)~~.

(d) **Limitation of credit.** Effective for tax years beginning on or after January 1, 2022, no more than ~~Five Million Dollars ($5,000,000.00)~~ $5,000,000 of credits may be allowed as an offset in a taxable year. The Tax Commission shall annually determine by the first day of the affected year a percentage by which the credits authorized shall be reduced so the total amount of credits used to offset tax does not exceed ~~Five Million Dollars ($5,000,000.00)~~ $5,000,000 per year.

~~(e) **Letter ruling.** An employer may request a letter ruling to determine whether an employer meets the definition of a "qualified employer". The requesting party must provide sufficient information to demonstrate that the employer meets the following requirements for a qualified employer:~~

~~(1) Employer is a sole proprietor, general partnership, limited partnership, limited liability company, corporation or other legally recognized business entity, or governmental entity;~~
~~(2) Employer has at least fifteen full-time employees;~~
~~(3) Employer's activities are in a "qualified industry", defined or classified in the most recent North American Industry Classification System (NAICS) manual under U.S. Sector Nos. 21, 22, 31-33, 48, 51, 52, 54, 55, 62 and 92;~~
~~(4) Employer pays its employees a qualifying compensation for the county in which the qualified employer has its primary Oklahoma address.~~

710:50-15-120. Caring for Caregivers Credit

(a) **General provisions**. For tax years beginning on or after January 1, 2024, a nonrefundable income tax credit is allowed in the amount of 50% for eligible expenditures incurred by a family caregiver for the care and support of an eligible family member.

(b) **Amount of credit.**

(1) For tax years 2024 and 2025, ~~The~~the amount of the credit is 50% of the eligible expenditures not to exceed $2,000 per eligible family member per calendar year. If the eligible family member is a veteran or has a diagnosis of dementia from a

health care professional, the amount of the credit cannot exceed $3,000.

(2) For tax year 2026 and subsequent tax years, the amount of the credit is 50% of the eligible expenditures not to exceed $3,000 per eligible family member.

~~(b)~~(c) **Definitions.** For purposes of this Section, "**activities of daily living**", "**eligible expenditure**", "**eligible family member**", and "**family caregiver**" mean the same as these terms are defined in 68 O.S. ~~2023,~~ § 2357.801(A).

~~(c)~~(d) **Multiple caregivers**. If two or more family caregivers claim the tax credit for the same eligible family member, the maximum allowable credit shall be allocated in equal amounts between each of the family caregivers.

~~(d)~~(e) **Verification.** OTC Form 592 must be filed with each claimant's tax return, along with any other information or documentation the Tax Commission may require, such as receipts to support the claimed expenses~~, proof of veteran status and/or documentation to support a diagnosis of dementia for the eligible family member~~.

~~(e)~~(f) **Limitation of credit**. The total credits authorized shall not exceed $1,500,000 annually. The Oklahoma Tax Commission shall calculate and publish, by the first day of the affected year, a percentage by which the credits shall be reduced so the total amount of credits used to offset tax does not exceed $1,500,000 per year.

PART 9. OKLAHOMA PARENTAL CHOICE TAX CREDIT

710:50-15-172. Private school tax credit

(a) **General provisions.** For tax year 2024, and fiscal year ending June 30, 2026, and subsequent fiscal years ending June 30, an income tax credit is allowed for qualified expenses paid for an eligible student to attend an accredited private school.

(b) **Qualified expenses.** Qualified expenses for the private school tax credit include tuition and fees at an accredited private school. Fees may, but are not limited to, include enrollment, registration, or application fees; textbook fees; technology fees; activity fees; testing and assessment fees; and fees paid for school uniforms, if paid directly to the school. Qualified expenses for the private school tax credit do not include tuition and fees paid with a scholarship or otherwise reduced or discounted by the school.

(c) **Amount of credit**. For an eligible student who attends or will attend an accredited private school, the credit amount is equal to the amount of tuition and fees charged to or will be paid by the taxpayer for attending the accredited private school for the full school year, less any scholarships or discounts provided by the school, subject to the following limitations:

(1) The maximum credit amount allowed is $7,500 if the combined adjusted federal AGI of the parents or legal guardians of the eligible student during the second preceding tax year does not exceed $75,000;

(2) The maximum credit amount allowed is $7,000 if the combined adjusted federal AGI of the parents or legal guardians of the eligible student during the second preceding tax year is more than $75,000 but does not exceed $150,000;

(3) The maximum credit amount allowed is $6,500 if the combined adjusted federal AGI of the parents or legal guardians of the eligible student during the second preceding tax year is more than $150,000 but does not exceed $225,000;

(4) The maximum credit amount allowed is $6,000 if the combined adjusted federal AGI of the parents or legal guardians of the eligible student during the second preceding tax year is more than $225,000 but does not exceed $250,000; or

(5) The maximum credit amount allowed is $5,000 if the combined adjusted federal AGI of the parents or legal guardians of the eligible student during the second preceding tax year is more than $250,000.

(6) The maximum credit amount allowed is $7,500 for taxpayers who receive income-based government benefits, including the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or SoonerCare/SoonerSelect, as of the date of the tax credit application.

(d) **Annual cap and limitation of credit.**

(1) ~~The~~ For fiscal year 2027 and subsequent fiscal years, the total amount of private school tax credits authorized by 70 O.S. § 28-101(C)(1) shall not exceed ~~$250,000,000~~ $275 million, unless there is an amount carried forward from the immediately preceding fiscal year wherein the cap was not met pursuant to 70 O.S. § 28-101(D)(3).

(2) The total amount of credits allowed may be reduced pursuant to the provisions 70 O.S. § 28-101(I).

(e) **Claiming the private school tax credit**.

(1) **Application.** If an Oklahoma taxpayer incurs or will incur a qualified expense on behalf of an eligible student during the school year, the taxpayer may be eligible to claim the private school tax credit. To apply for the credit, the taxpayer shall complete and submit an online application for each eligible student and include the following documentation and information with the application:

(A) The name, address, and social security number or individual taxpayer identification number (ITIN) of the taxpayer.

(B) The name, address, date of birth, and social security number or ITIN of the eligible student.

(C) If the taxpayer is not the parent or legal guardian of the eligible student, the taxpayer shall provide a signed parental consent form to allow the taxpayer to apply for the credit on behalf of the eligible student.

(D) Income verification of the parents or legal guardian of the eligible student, according to one of the following:

(i) Verification of federal AGI for the second preceding tax year of the parents or legal guardians of the eligible student, which may include providing copies of the applicable Oklahoma income tax return(s) or federal income tax return(s). If, at the time of submission of the tax credit application, the taxpayer has not filed the second preceding years' tax return, but had a filing requirement, and therefore AGI cannot be verified, the tax credit application will be denied and must be resubmitted once the second

preceding tax year return is filed and received by the Oklahoma Tax Commission. The resubmission date and time of a complete application will determine the applicant's place in line.

(ii) If the parents or legal guardians had no tax filing requirement for the second preceding tax year, the taxpayer shall attest within the application they did not have a tax filing requirement.

(iii) If a taxpayer is a recipient of income-based government benefits including the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or SoonerCare/SoonerSelect, the taxpayer shall not be required to provide additional income verification. The taxpayer must attach documentation that shows he or she is a current recipient of the above-listed government benefits at the time of the tax credit application. Failure to attach the required documentation, without any other income verification documentation, may result in denial of the application. The resubmission date and time of a complete application will determine the applicant's place in line.

(E) An enrollment verification form completed by the private school in which the eligible student is enrolled or is expected to enroll with the following information:

(i) The name, address and date of birth of eligible student;

(ii) The school year during which the qualified expenses will be paid;

(iii) The name and address of the private school;

(iv) The name and telephone number of a contact person(s) with the private school; and

(v) The amount of qualified tuition and fees to be charged the taxpayer for the eligible student during the school year, less any scholarship or tuition and fees discounted or otherwise reduced by the school.

(2) **Review and submission.** The applicant is responsible for reviewing the information contained within the enrollment verification form and verifying its accuracy.

(A) Once the enrollment verification form is submitted with an application, the information included within the enrollment verification form cannot be changed until after the application is approved or denied.

(B) In order to adjust any enrollment verification information after an application has been submitted, but before approval or denial, a taxpayer must withdraw their application, request a new enrollment verification form from the private school, and submit a new application. The date and time of the new application will be used to determine the applicant's place in line for the credit.

(C) To request adjustments to the enrollment verification information after an application has been approved, the taxpayer must request a tuition adjustment or school change as set forth in (7) of this subsection.

(3) **Application period.** ~~For the 2025-2026 school year, the application period will open on February 15, at 9:00 a.m. (CST), prior to the beginning of the applicable school year, and will close no later than December 31, 2025. To ensure payment of the credit by August 30, 2025, applications must be submitted no later than July 15, 2025.~~

~~(A) Beginning with the 2026-2027 school year and subsequent school years, the~~ The application period will begin on March 15 and close on June 15 prior to the beginning of the applicable school year.

~~(B)~~ If March 15 falls on a Saturday, Sunday or legal holiday, the application will open on the next day that is not a Saturday, Sunday or official State of Oklahoma holiday.

(4) **Priority consideration.** The priority period is the first 60 calendar days of the application period.

(A) First priority is given to applications for an eligible student whose parents or legal guardians have a combined federal AGI that does not exceed $150,000, as long as the application was submitted within the first 60 days of the application period.

(B) Second priority is given to applications for eligible students of taxpayers who received the credit in the prior year, as long as the application was submitted within the first 60 days of the application period.

(C) After all timely-filed applications entitled to priority consideration have been reviewed and processed, the Tax Commission will review and process remaining applications for the credit in the order received, provided the annual cap has not been reached.

(5) **Notification of approval or denial.** Notification of tax credit approval will be sent to the applicant by email once a determination has been made that the application is complete and qualifies for the credit. For those applications that are denied, an email will be sent to the applicant, stating the reason for denial.

(6) **Payment of the credit.** ~~For school year 2025-2026, the approved credit will be paid in two payments disbursed on or before August 30, 2025 and January 15, 2026. Beginning with school year 2026-2027, and for subsequent school years, the~~ The full credit will be paid by August 30 of the applicable school year.

(A) Payment of the credit will be made by the Tax Commission with an individual warrant made payable to the taxpayer and mailed to the private school identified on the application. The taxpayer may collect the check from the school or may choose to use all or part of the tax credit to pay their student's tuition and fees.

(B) In the event funds have to be recaptured, the taxpayer is responsible for repayment.

(C) If a student changes schools prior to the issuance of the check, the taxpayer must submit a school change notification via OkTAP to redirect the check to the new school. If a school change notification is not submitted prior to the issuance of the check, but a student changes schools, the taxpayer is responsible for collecting the check from the school identified in the approved application.

(7) **Tuition and fees adjustment.** Taxpayers may submit a request to adjust the amount of tuition and fees used to calculate the amount of their approved tax credit.

(A) Adjustment requests may be made in the following situations:

(i) Student is changing schools to another participating private school and the tuition/fees are higher or lower at the receiving school.

(ii) Student is not changing schools but the tuition/fees at their school increased or decreased after the application was approved.

(iii) Student received a scholarship or discount not otherwise included in the enrollment verification information provided by the school.

(B) Adjustment requests must be made via OkTAP and will be available from July 1 immediately preceding the applicable school year through December 31 immediately following the start of that school year.

(C) Adjustment requests are only available after an application has been approved.

(D) All adjustment requests must be accompanied by new enrollment verification information.

(i) If the student is changing schools, the receiving school must submit enrollment verification information for that student.

(ii) If the student is not changing schools, but still requesting an adjustment, the current school must edit the enrollment verification information previously submitted for that student.

(E) Adjustments that result in an increase of the approved credit amount may be reflected in the disbursement amount of the check or require the disbursement of an additional check. Adjustments that result in a decrease of the approved credit amount may be subject to repayment if there is a balance due.

(F) Adjustment requests will be processed in the order in which received. Those based upon an increase of the tuition and fees may be approved subject to the annual cap and maximum allowable credit amount.

(G) Additional documentation may be requested to verify any requested adjustments. Failure to provide requested documentation to verify the adjustment may result in a denial of the adjustment request.

(8) **Reconciliation.** No later than June 15 of each year, each participating private school shall provide required reconciliation information to confirm student enrollment and tuition for each just completed school year. Failure to provide all reconciliation information by the required date may result in removing the school from participating in the Parental Choice Tax Credit Program the following school year.

(A) Reconciliation information must be provided electronically.

(B) Participating private schools may be required to provide and/or verify the following information:

(i) The name and permanent physical address of the private school;

(ii) The total number of instructional days;

(iii) The total number of instructional days the eligible student was enrolled in the private school;

(iv) The amount of tuition and fees paid on behalf of the eligible student for the applicable year;

(v) Scholarships and discounts received by that student that were not included in the enrollment verification information provided by the school;

(vi) Student information; and

(vii) Any other information requested by the Tax Commission.

(C) Tuition and fee information may not be changed during the reconciliation process in order to ensure the annual cap requirements are met. Any tuition and fee changes must have been made prior to December 31 of the applicable school year using the tuition and fee adjustment process set forth in paragraph (7).

(9) **No carryover.** The credit can be claimed only for the school year for which the qualified expenses are incurred. Where qualified expenses are incurred in excess of the allowable credit for any given year, the excess of qualified expenses shall not be used in claiming the credit for any other year.

(10) **AGI determination.** The total federal AGI of an eligible student's parents or legal guardians shall be determined as follows:

(A) If the eligible student's parents or legal guardians have an income tax filing status of "married, filing jointly", the federal AGI reported on the parents' or legal guardians' second preceding year tax return will be used.

(B) If the eligible student's parents or legal guardians have an income tax filing status of "married, filing separately", the parents' or legal guardians' federal AGI reported on each tax return for the second preceding tax year will be added together to determine the federal AGI.

(11) **School registration.** Each accredited private school that intends to issue enrollment verification forms for the Oklahoma Parental Choice Tax Credit Program, shall annually complete an online registration with the Tax Commission. Registration shall include the following information:

(A) Name, mailing address, phone number, FEIN, and website of the private school;

(B) Permanent physical address of the school location in Oklahoma;

(C) Primary and secondary contact information for the private school, including proof of employment;

(D) Proof of accreditation of the Oklahoma school location, including the grade levels for which the school is accredited, from the State Board of Education or another accrediting association; ~~and~~

(E) Verification the school is currently operating as a private school or will be in operation for the applicable school year; and

(F) Other school identification information as requested by the Tax Commission.

(12) **Notification of non-use.** Taxpayers that claimed the credit shall notify the Tax Commission electronically no later than 30 days after the date on which the eligible student:

(A) Enrolls in a public school, including an open-enrollment charter school;

(B) Enrolls in a nonaccredited private school;

(C) Is no longer enrolled in an accredited private school;

(D) Graduates from high school; or

(E) Is no longer utilizing private school tax credits for any reason.

(13) **Recapture.** The Tax Commission shall recapture private school tax credits if:

(A) The credit was claimed for expenditures that were not qualified expenses;

(B) The taxpayer has claimed an eligible student who no longer attends an accredited private school or has enrolled in a public school for the period for which the credit was claimed; or

(C) Taxpayer fails to comply with the applicable Oklahoma statutes and regulations.

(D) The participating private school that was identified on the application was not in operation for the entire applicable school year.

710:50-15-174. Credit for students attending an accredited private school exclusively serving students experiencing homelessness

(a) **General provisions**. Beginning with the 2024-2025 school year, an Oklahoma taxpayer may claim an income tax credit for an eligible student who attends an accredited private school in Oklahoma that exclusively serves students experiencing homelessness.

(b) **Claiming the credit.** To apply for the credit, the taxpayer shall complete and submit an application for each eligible student and include the following documentation and information with the application:

(1) The name, address, and social security number or ITIN of the taxpayer.

(2) The name, address, date of birth, and social security number or ITIN of the eligible student.

(3) If the taxpayer is not the parent or legal guardian of the eligible student, the taxpayer shall provide a signed parent consent form to allow the taxpayer to apply for the credit on behalf of the eligible student.

(4) Documentation from the school that specifies the amount of the cost to educate the eligible student at the private school for the school year for which the application is submitted.

(c) **Amount of the credit.**

(1) The amount of the credit for students attending an accredited private school in Oklahoma that exclusively serves students experiencing homelessness shall be $7,500 or the amount of the cost to educate the eligible student at the private school per school year, whichever is less.

(2) The total amount of credits allowed may be reduced pursuant to the provisions of 70 O.S. § 28-101(I).

(d) **Payment of the credit.**

(1) ~~For school year 2025-2026, the approved credit will be paid in two payments disbursed on or before August 30, 2025, and January 15, 2026. Beginning with school year 2026-2027, and for subsequent school years, the~~ The full credit will be paid by August 30 of the applicable school year.

(2) Payments will be issued by the Tax Commission with an individual warrant made payable to the taxpayer and mailed to the private school identified on the application.

(3) If a student changes schools prior to the issuance of the check, a school change notification must be submitted online to redirect the check to the new school. If a school change notification is not submitted prior to the issuance of the check, but a student changes schools, the taxpayer is responsible for picking up the check from the school identified in the approved application.

(4) If a student changes schools to a private school that is not exclusively serving students experiencing homelessness, the taxpayer will be required to provide AGI information as set forth in 710:50-15-172 to determine the maximum amount of the credit they may be awarded.

(e) **Notification**. Notification of approval will be sent to the applicant by email once a determination has been made that the taxpayer qualifies for the credit. If the application is denied, an email will be sent to the applicant, stating the reason for denial and how to dispute the determination.

(f) **School registration**. Each participating accredited private school that exclusively serves students experiencing homelessness shall annually complete an online registration with the Tax Commission. Registration shall include the following information:

(1) Name, mailing address, phone number, FEIN, and website of the private school;

(2) Permanent physical address of the school location in Oklahoma;

(3) Primary and secondary contact information for the private school, including proof of employment;

(4) Proof of accreditation of the Oklahoma school location, including the grade levels for which the school is accredited, from the State Board of Education or another accrediting association; and

(5) ~~Attestation from the principal or head of the private school~~ Documentation that the private school exclusively serves students experiencing homelessness, including the most recently filed Federal Form 990 and a copy of the school's mission statement;

(6) The amount of the cost to educate an eligible student at the private school; ~~and~~

(7) Other school identification information as requested by the Tax Commission~~.~~; and

(8) Verification the school is currently operating as a private school and will be in operation for the applicable school year.

(g) **Annual verification.** No later than June 15 of each year, each participating private school shall provide reconciliation information. Failure to provide all reconciliation by the required date may result in removing the school from participating in the Parental Choice Tax Credit Program the following school year. The participating private school shall provide student enrollment information for the just completed school year:

(1) The name and permanent physical address of the private school;

(2) The total number of instructional days;

(3) The total number of instructional days the eligible student was enrolled in the private school;

(4)Student information; and

(5) Any other information requested by the Tax Commission.

(h) **Recapture**. The Tax Commission shall recapture tax credits from the taxpayer if:

(1) The taxpayer has claimed an eligible student who did not or no longer attends the accredited private school that exclusively serves students experiencing homelessness;

(2) The private school no longer qualifies as a private school that exclusively serves students experiencing homelessness; ~~or~~

(3) The taxpayer fails to comply with the applicable statutes and regulations~~.~~; or

(4) The participating private school that was identified on the application was not in operation for the entire applicable school year.

(i) **Notification of non-use**. Taxpayers claiming the credit shall notify the Tax Commission electronically no later than 30 days after the date on which the eligible student no longer attends the accredited private school that exclusively serves students experiencing homelessness. The taxpayer is responsible for repayment of the portion of the tax credit attributable to the time in which the student was not enrolled in an accredited private school that exclusively serves students experiencing homelessness.

710:50-15-175. Credit for students attending an accredited private school primarily serving financially disadvantaged students

(a) **General provisions**. Beginning with the 2024-2025 school year, an income tax credit is allowed for an eligible student who attends an accredited private school in Oklahoma that primarily serves financially disadvantaged students.

(b) **Claiming the credit.** To apply for the credit, the taxpayer shall complete and submit an application for each eligible student and include the following documentation and information with the application:

(1) The name, address, and social security number or individual taxpayer identification number (ITIN) of the taxpayer.

(2) The name, address, date of birth, and social security number or ITIN of the eligible student.

(3) If the taxpayer is not the parent or legal guardian of the eligible student, the taxpayer shall provide a signed parent consent form to allow the taxpayer to apply for the credit on behalf of the eligible student.

(4) Documentation from the school that specifies the amount of the cost to educate the eligible student at the private school for the school year for which the application is submitted.

(c) **Amount of the credit.**

(1) The amount of the credit for students attending an accredited private school in Oklahoma that primarily serves financially disadvantaged students shall be $7,500 or the amount of the cost to educate the eligible student at the private school per school year, whichever is less.

(2) The total amount of credits allowed may be reduced pursuant to the provisions of 70 O.S. § 28-101(I).

(d) **Payment of the credit.**

(1) ~~For school year 2025-2026, the approved credit will be paid in two payments disbursed on or before August 30, 2025, and January 15, 2026. Beginning with school year 2026-2027, and for subsequent school years, the~~ The full credit will be paid by August 30 of the applicable school year.

(2) Payments shall be made by the Tax Commission with an individual warrant made payable to the taxpayer and mailed to the private school identified on the application.

(3) If a student changes schools prior to the issuance of the checks, a school change notification must be submitted online to redirect the check to the new school. If a school change notification is not submitted prior to the issuance of the check, but a student changes schools, the taxpayer is responsible for picking up the check from the school identified in the approved application.

(4) If a student changes schools to a private school that is not primarily serving financially disadvantaged students, the taxpayer will be required to provide AGI information as set forth in 710:50-15-172 to determine the maximum amount of the credit they may be awarded.

(e) **Notification**. Notification of approval will be sent to the applicant by email once a determination has been made that the taxpayer qualifies for the credit. If the application is denied, an email will be sent to the applicant, stating the reason for denial and how to dispute the determination.

(f) **School registration**. Each participating accredited private school that primarily serves financially disadvantaged students shall annually complete an online registration with the Tax Commission. Registration shall include the following information:

(1) Name, mailing address, phone number, FEIN, and website of the private school;

(2) Permanent physical address of the school location in Oklahoma;

(3) Primary and secondary contact information for the private school, including proof of employment;

(4) Proof of accreditation of the Oklahoma school location, including the grade levels for which the school is accredited, from the State Board of Education or another accrediting association; ~~and~~

(5) ~~Attestation from the principal or head of the private school~~ Documentation that 90% of the private school's admissions are based on enrolling students whose gross family income is 250% of the federal poverty threshold or below, as set forth below:~~;~~

(A) A copy of the private school's enrollment form for students to show that the gross family income is considered as criteria for enrollment; and

(B) A copy of the private school's enrollment policy that gives preference to students whose gross family income is 250% of the federal poverty threshold or below;

(6) The amount of the cost to educate an eligible student at the private school; ~~and~~

(7) Other school identification information as requested by the Tax Commission~~.~~; and

(8) Verification the school is currently operating as a private school and will be in operation for the applicable school year.

(g) **Annual verification.** No later than June 15 of each year, each participating private school shall provide reconciliation information. Failure to provide all reconciliation by the required date may result in removing the school from participating in the Parental Choice Tax Credit Program the following school year. The participating private school shall provide student enrollment information for the spring 2025 semester. For all subsequent reconciliations, beginning June 15, 2026, the participating private school shall provide student enrollment information for the just completed school year:

(1) The name and address of the private school;

(2) The total number of instructional days;

(3) The total number of instructional days the eligible student was enrolled in the private school;

(4) Student information; and

(5) Any other information requested by the Tax Commission.

(h) **Recapture**. The Tax Commission shall recapture tax credits from the taxpayer if:

(1) The taxpayer has claimed an eligible student who no longer attends the accredited private school that primarily serves financially disadvantaged students;

(2) The private school no longer qualifies as a private school that primarily serves financially disadvantaged students; ~~or~~

(3) Taxpayer fails to comply with the applicable statutes and regulations~~.~~; or

(4) The participating private school that was identified on the application was not in operation for the entire applicable school year.

(i) **Notification of non-use**. Taxpayers claiming the credit shall notify the Tax Commission electronically no later than thirty (30) days after the date on which the eligible student no longer attends the accredited private school that primarily serves financially disadvantaged students. The taxpayer is responsible for repayment of the portion of the tax credit attributable to the time in which the student was not enrolled in an accredited private school that primarily serves financially disadvantaged students.

SUBCHAPTER 17. OKLAHOMA TAXABLE INCOME FOR CORPORATIONS

PART 7. APPORTIONMENT AND ALLOCATION OF CORPORATE INCOME AND EXPENSE

710:50-17-70. Unitary income; unitary business

"Unitary income" means income derived from the conduct of each separate business in more than one state, all the factors ~~or~~ of which are essential to determining the ultimate gain derived from the business enterprise as a whole, and not from its component parts which are too closely connected and necessary to each other to justify division or separate allocation. Each corporation must calculate its own Oklahoma Taxable Income/Loss separately, even when included in a Consolidated Return.

TITLE 710. OKLAHOMA TAX COMMISSION

CHAPTER 50. Income

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 303(D), the Oklahoma Tax Commission provides the following Rule Impact Statement regarding the proposed amendments to Chapter 50 of Title 710 of the Oklahoma Administrative Code.

A. STATEMENT OF NEED AND LEGAL BASIS – 75 O.S. § 303(D)(3)(a)

Pursuant to 68 O.S. §§ 203 and 2357.22 and other applicable statutory provisions, the Oklahoma Tax Commission is authorized to promulgate and enforce rules necessary for the administration and collection of state taxes. Additional statutory authority for the proposed amendments is provided under 68 O.S. § 2357.801 and 70 O.S. § 28-102. The proposed amendments and new rule are necessary to clarify existing income tax policies and procedures, conform administrative rules to statutory changes enacted during the Second Regular Session of the 60th Legislature (2026), establish procedures for newly enacted tax deductions and credits, and update provisions governing income tax returns, elections, exemptions, and credits. The proposed rulemaking is intended to provide taxpayers, businesses, educational organizations, and other affected entities with clear guidance and promote consistent administration of Oklahoma income tax laws.

B. CLASSIFICATION OF RULE AND COST DETERMINATION – 75 O.S. § 303(D)(3)(a)

Classification: Nonmajor.

Estimated Annual Implementation and Compliance Costs: $0

Estimated Initial Five-Year Implementation and Compliance Costs: $0

Five-Year Cost to Businesses/Business Sectors: $0

Five-Year Cost to State Government: $0

Five-Year Cost to Local Government Units: $0

Five-Year Cost to Individuals: $0

Total Estimated Five-Year Cost: $0

FTE Impact: No additional FTE.

Cost Impact Information Received: None.

Classification Justification: The proposed amendments and new rule are classified as nonmajor rules. The amendments primarily implement legislation already enacted by the Oklahoma Legislature, and clarify existing law and administrative procedures. The proposed rulemaking does not establish new taxes or fees or create additional substantive statutory obligations.

The proposed amendments and new rule are not expected to generate additional implementation or compliance costs beyond existing agency operations. The associated work will be absorbed into the Commission's existing responsibilities and completed within its current budget, without the need for additional funding, staffing, or resources. Accordingly, implementation and compliance costs attributable to the proposed rulemaking are estimated at $0 annually and $0 over the initial five-year period.

The estimated implementation and compliance costs **will not exceed $1,000,000** over the initial five-year period.

C. DESCRIPTION AND FEDERAL MANDATE – 75 O.S. § 303(D)(3)(c)

Purpose and Description of Proposed Rule:

As part of the Tax Commission's ongoing review of its rules, numerous proposed amendments to existing rules have been developed to implement recent legislation. All legislative references are to the Second Regular Session of the 60th Legislature (2026) unless otherwise indicated.

The proposed amendment to Section 710:50-3-4 clarifies existing policy by separating the extension of the due date from whether an Oklahoma liability is owed.

The proposed amendment to Section 710:50-3-6 clarifies existing policy regarding what documentation is required when filing an amended Oklahoma individual income tax return.

The proposed amendment to Section 710:50-3-47 clarifies existing policy regarding when an electing entity loses its statutory eligibility, and that a PTE election belongs to the electing taxpayer and does not automatically transfer to a subsequent taxpayer. [68:2355.1P-4]

The proposed amendments to Sections 710:50-3-60, 710:50-3-62, and 710:50-3-64 clarify existing policies and procedures for how an innocent spouse may request relief from Oklahoma income tax liability on a joint Oklahoma income tax return.

The proposed amendment to Section 710:50-15-50 implements the provisions of HB 4432 which exempt wagering losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of $17,000, effective tax year 2027.

The proposed promulgation of new Section 710:50-15-69.2 provides a list of combinations of common disabilities and modifications which may be presumed to qualify for the disability deduction and also prescribes necessary requirements for verification. [68:2358(E)(4)]

The proposed amendment to Section 710:50-15-81 implements the provisions of HB 1427 which allow the credit to be used against the bank privilege tax under 68 O.S. § 2370. [68:2357.22]

The proposed amendments to Sections 710:50-15-113, 710:50-15-115, and 710:50-15-115.1 clarify that a contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation.

The proposed amendment to Section 710:50-15-114 clarifies that a contribution made by an entity that is disregarded as separate from its owner for federal income tax purposes shall be treated as made by the owner and aggregated with all other contributions made or treated as made by that owner for purposes of determining the applicable credit limitation and implements the provisions of HB 3704 which requires Oklahoma to participate in the Federal Scholarship Tax Credit program. [68:2357.901]

The proposed amendment to Section 710:50-15-117, relating to the credit for qualified software or cybersecurity employees, clarifies the certificate and degree requirements for a qualified applicant and removes the provision allowing an employer to request a letter ruling from the Oklahoma Tax Commission requesting a determination as to whether they meet the definition of "qualified employer" under the statute.

The proposed amendment to Section 710:50-15-120 implements the provisions of HB 4118 which expands the Caring for Caregivers Tax Credit. [68:2357.801]

The proposed amendment to Section 710:50-15-172 implements HB 3705, raising the annual FY cap from $250 million to $275 million beginning in FY 2027. It also removes obsolete language; requires applicants to submit additional documentation upon request; requires tuition and fee changes by December 31 of the school year; requires participating schools to provide their location and grade levels and verify they will operate for the full school year; and allows the Oklahoma Tax Commission to recapture credits if a school did not operate for the entire year. [70:28-102]

The proposed amendments to Sections 710:50-15-174 and 710:50-15-175 make the following changes. First, if a student transfers to a private school that does not exclusively serve students experiencing homelessness, the taxpayer must provide adjusted gross income information as set forth in 710:50-15-172 so the maximum credit amount can be determined. Second, a school claiming to serve exclusively students experiencing homelessness must submit its Oklahoma location and the grade levels for which it is accredited, along with documentation of that exclusive focus, including its most recently filed Federal Form 990 and a copy of its mission statement. It must also verify that it currently operates as a private school and will remain in operation for the applicable school year. Third, the amendments allow the Oklahoma Tax Commission to recapture credits if a school did not operate for the entire year. [70:28-102]

The proposed amendment to Section 710:50-17-70 corrects a typographical error.

Other sections may be amended to clarify policy, improve readability, correct clerical errors, remove obsolete language, update or correct citations, update contact information, and ensure accurate internal cross-references, which do not change the interpretation or intent of the rules.

Federal Mandate:

The proposed amendment is not mandated by federal law and is not required for participation in or implementation of a federally subsidized or assisted program.

Federal Requirement Comparison:

The proposed new rules and amendments implement state statutory requirements and do not implement or exceed a federal requirement.

D. CLASSES AFFECTED – 75 O.S. § 303(D)(3)(d)

Affected Classes:

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Individual income taxpayers	Unknown	Positive/Neutral	Clarifies filing extensions, amended returns, deductions, and credit procedures	$0	$0

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Pass-through entities and their owners	Unknown	Positive/Neutral	Clarifies statutory eligibility and continuation of PTE elections	$0	$0
Taxpayers requesting innocent spouse relief	Unknown	Positive/Neutral	Clarifies application, review, and determination procedures	$0	$0
Taxpayers claiming the wagering loss deduction	Unknown	Positive	Implements the statutory deduction provisions of HB 4432	$0	$0
Taxpayers claiming the disability deduction	Unknown	Positive/Neutral	Establishes qualifying modification guidance and verification procedures	$0	$0
Taxpayers subject to the bank privilege tax	Unknown	Positive	Implements the expanded application of the clean-burning motor vehicle fuel property credit	$0	$0
Taxpayers claiming biomedical research, scholarship, educational improvement, or public school contribution credits	Unknown	Positive/Neutral	Clarifies contribution treatment and applicable credit limitations	$0	$0
Businesses claiming the qualified software or cybersecurity employee credit	Unknown	Positive/Neutral	Clarifies employee qualification requirements	$0	$0
Taxpayers claiming the Caring for Caregivers Credit	Unknown	Positive	Implements the expanded credit provisions of HB 4118	$0	$0
Applicants claiming the Oklahoma Parental Choice Tax Credit	Unknown	Positive/Neutral	Clarifies application, eligibility, and documentation requirements	$0	$0
Participating private schools	Unknown	Positive/Neutral	Clarifies school eligibility, documentation, operational verification, and credit recapture procedures	$0	$0
Corporations subject to unitary business provisions	Unknown	Neutral	Corrects a typographical error	$0	$0

E. CLASSES BENEFITED – 75 O.S. § 303(D)(3)(e)

Persons most likely to benefit from the proposed amendments and new rule include individual income taxpayers, pass-through entities and their owners, taxpayers subject to the

bank privilege tax, taxpayers claiming deductions for wagering losses or qualifying disability modifications, taxpayers claiming the Qualified Independent Biomedical Research Institute or Qualified Cancer Research Center Credit, taxpayers claiming credits for contributions to scholarship-granting organizations, educational improvement grant organizations, public school foundations, or public school districts, taxpayers claiming the Qualified Software or Cybersecurity Employee Credit, taxpayers claiming the Caring for Caregivers Tax Credit, and taxpayers claiming the Oklahoma Parental Choice Tax Credit, as well as participating private schools.

These classes will benefit from clearer guidance concerning Oklahoma income tax laws, eligibility requirements, filing procedures, documentation, and the administration of applicable deductions and credits. The proposed amendments will also benefit tax practitioners and other stakeholders by providing updated and consistent administrative guidance.

The Commission will benefit from improved clarity and consistency in administering Oklahoma income tax laws and implementing statutory changes.

F. COMPREHENSIVE ECONOMIC IMPACT – 75 O.S. § 303(D)(3)(f)

Agency Impact

Implementation Cost: $0

Ongoing Annual Cost: $0

Five-Year Cost: $0

FTE Impact: 0

The proposed amendments and new rule will be implemented using existing agency personnel, systems, and resources. The associated work will be absorbed into the Commission's existing mission and completed within its current budget without additional appropriations, staffing, or expenditures.

Economic Impact by Affected Sector/Class:

Affected Sector/Class	Annual Cost	Five-Year Cost	Anticipated Benefit
Businesses	$0	$0	Clarification of applicable income tax deductions and credits
Business sectors	$0	$0	Consistent administration of income tax laws
Public utility ratepayers	$0	$0	No anticipated impact
Individuals	$0	$0	Greater understanding of deductions, credits, and filing procedures
State government	$0	$0	Improved consistency in tax administration
Local government units	$0	$0	No anticipated impact
Other	$0	$0	Greater administrative clarity for participating organizations and schools

State Economy as a Whole:

No significant economic impact on the state economy is anticipated as a direct result of the proposed amendments and new rule. To the extent that the underlying legislation affects the

availability or amount of deductions and credits, any resulting economic effects are attributable to the legislation rather than the administrative rules.

Fees and Revenue.

Fee Changes: None.

Revenue Impact: $0 attributable to the proposed amendment.

Economic Impact and Summary.

Economic Impact: $0

Economic Impact Summary: The proposed amendments and new rule are not expected to impose additional implementation or compliance costs on businesses, individuals, or governmental entities. The proposed rulemaking implements statutory changes, clarifies existing policies and procedures, and corrects technical errors. The Commission will implement the proposed amendments and new rule using existing agency resources. Any economic or revenue impacts resulting directly from the underlying legislation are attributable to the legislation rather than the administrative rules.

G. METHODOLOGY AND ASSUMPTIONS – 75 O.S. § 303(D)(3)(g)

The analysis reviewed the proposed amendments and new rule to determine whether they create additional implementation or compliance costs for affected taxpayers, businesses, or governmental entities. The analysis considered the nature and scope of the proposed changes, including clarification of existing filing procedures, implementation of statutory deductions and credits, documentation and verification provisions, and administrative requirements for participating organizations and schools.

The estimates assume the proposed amendments and new rule will be implemented using existing Oklahoma Tax Commission personnel, systems, and resources without additional appropriations or FTE positions. No quantitative cost or revenue modeling was necessary because the proposed rulemaking does not impose additional fees or independent compliance obligations beyond the underlying statutory requirements. Implementation and compliance costs attributable to the proposed amendments and new rule are estimated at $0 annually and $0 over the initial five-year period.

Any economic or revenue impacts resulting directly from the underlying legislation are attributable to the legislation rather than the proposed administrative rules.

H. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS – 75 O.S. § 303(D)(3)(h)

Five-Year Projected Impact: $0

Administrative/FTE Impact: 0

Political Subdivisions Affected: 0

The proposed amendments and new rule are not expected to have an economic impact on political subdivisions or require their cooperation in implementing or enforcing the rules. The proposed rulemaking concerns the administration of state income tax laws and will be implemented by the Commission using existing agency resources.

I. SMALL BUSINESS IMPACT – 75 O.S. § 303(D)(3)(i)

After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, the proposed amendments and new rule are not expected to have an adverse economic effect on small businesses. The proposed rulemaking implements statutory changes, clarifies existing income tax policies and procedures, and does not impose additional compliance costs or requirements beyond the underlying legislation.

Estimated Annual Compliance Cost to Small Businesses: $0

Estimated Five-Year Compliance Cost to Small Businesses: $0

J. MEASURES TO MINIMIZE COSTS AND IMPACT – 75 O.S. § 303(D)(3)(j)

The proposed amendments and new rule implement existing statutory requirements and clarify administrative procedures without imposing additional fees or independent compliance obligations. The Commission will use existing agency personnel, systems, and resources to administer the proposed rules. No additional measures to minimize costs are anticipated to be necessary based on the estimated neutral economic impact of the proposed rulemaking.

K. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT – 75 O.S. § 303(D)(3)(k)

Anticipated Impact: None

The proposed rules have no anticipated effect on public health, safety, or the environment.

L. DETRIMENTAL EFFECT IF RULE IS NOT IMPLEMENTED – 75 O.S. § 303(D)(3)(l)

Anticipated Detrimental Effect: Uncertainty and inconsistent administration of Oklahoma income tax laws.

If the proposed amendments and new rule are not implemented, existing administrative rules may remain outdated or inconsistent with statutory changes enacted during the 2026 legislative session. Taxpayers, tax practitioners, businesses, and other affected entities may lack clear and current administrative guidance concerning filing requirements, deductions, tax credits, eligibility, and applicable procedures.

Failure to update the rules could also result in inconsistent administration of newly enacted or expanded tax incentives, reliance on outdated provisions, and uncertainty regarding the documentation and verification requirements applicable to participating organizations and schools. Adoption of the proposed amendments and new rule will provide an updated and consistent regulatory framework for administering Oklahoma income tax laws.

M. DATE PREPARED / DATE MODIFIED – 75 O.S. § 303(D)(3)(m)

Date Prepared: November 12, 2026

Date Modified: N/A

N. ANALYSIS OF ALTERNATIVES – 75 O.S. § 303(D)(3)(n)

The Commission considered maintaining the existing rules without amendment or addressing necessary changes through informal administrative guidance. Maintaining the existing rules would leave certain provisions outdated or inconsistent with statutory changes enacted during the 2026 legislative session and would not provide updated guidance concerning newly enacted or expanded deductions and credits.

Relying solely on informal guidance would not provide the same level of clarity, consistency, and formal notice as adopted administrative rules. The proposed amendments and new rule are necessary to implement applicable statutory changes, clarify existing policies and procedures, and provide taxpayers, tax practitioners, and other stakeholders with current information concerning Oklahoma income tax requirements. Accordingly, the Commission determined that adopting the proposed amendments and new rule is the most appropriate alternative.

O. RESOURCES USED TO DEVELOP THE RULE – 75 O.S. § 303(D)(3)(o)

Estimated State Employee Time: 72-100 hours

Estimated Other Resources: $0

The proposed new rules and amendments were developed using existing agency staff and resources. No outside consultants or additional expenditures were required.

P. EXISTING OR PROPOSED FEDERAL REGULATIONS – 75 O.S. § 303(D)(3)(p)

No applicable federal regulations have been identified that address the activities regulated by the proposed new rules and amendments.