

CHAPTER 50. INCOME

SUBCHAPTER 15. OKLAHOMA TAXABLE INCOME

PART 9. OKLAHOMA PARENTAL CHOICE TAX CREDIT

710:50-15-171. Definitions

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

"Accredited private school" means a private school that provides the opportunity for in-person instruction to enrolled students at a physical location in Oklahoma, and that physical location is accredited by the State Board of Education or another an accrediting association that meets the requirements set forth in 70 O.S. § 28-101(A). The physical location must have the capability to receive tax credit payments by mail and allow taxpayers to appear in person to collect the checks.

"Curriculum" means *a complete course of study for a particular content area or grade level.* [70 O.S. § 28-101(2)(A)]

"Education service provider" means *a person, business, public school district, public charter school, magnet school, or organization that provides educational goods and/or services to eligible students in this state.* [70 O.S. § 28-101(4)(A)]

"Eligible student" means a resident of Oklahoma who is eligible to enroll in a public school within the state at educational levels of pre-kindergarten (beginning at age 4) through 12th grade. Eligible student shall include:

- (A) A student who is enrolled in and attends or is expected to enroll in and attend an accredited private school.
- (B) A student who is educated pursuant to the other means of education exception provided for in 70 O.S. § 10-105(A), (hereafter referred to as "homeschool").
- (C) A student who attends is enrolled in and attends or is expected to enroll in and attend an accredited private school that exclusively serves students experiencing homelessness.
- (D) A student who attends is enrolled in and attends or is expected to enroll in and attend an accredited private school that primarily serves financially disadvantaged students.

"Fiscal year" means the 12-month period from July 1 through June 30.

"Homeschool" means the full-time education of a student in the home, but does not include:

- (A) Education of a student in the home who is enrolled in a virtual charter school or virtual private school.
- (B) Tutoring or supplemental education of a student in the home who is also enrolled in public or private school.
- (C) Periods when the student is on break from a public or private school, such as during summer.

"Homeschool tax credit" means credits authorized pursuant to 70 O.S. § 28-101(C)(2).

"Oklahoma taxpayer" means:

- (A) Any person, resident or non-resident, owing or liable to pay any Oklahoma tax;
- (B) Any person, resident or non-resident, required to file a report, a return, or remit any tax required by the provisions of any Oklahoma tax law; or
- (C) Any person, resident or non-resident, required to obtain a license or a permit or to keep any records under the provisions of any Oklahoma tax law. [See: 68 O.S. § 202]

"Priority consideration" means an application will be reviewed and considered for approval before other applications received by the Tax Commission, regardless of whether the other applications were submitted on an earlier date and time.

"Private school tax credit" means credits authorized pursuant to 70 O.S. § 28-101(C)(1).

"School year" means two semesters, fall and spring, during which schools are in session and students are attending classes. The school year occurs within the fiscal year.

"Second preceding tax year" means the tax year occurring two taxable years prior to the year for which the tax credit application is submitted. For example, tax credit applications submitted in 2025 for the ~~2025/2026~~ 2025-2026 school year will utilize the federal adjusted gross income (AGI) from the 2023 income tax return.

"Taxpayer" means an Oklahoma taxpayer who is a biological or adoptive parent, grandparent, aunt, uncle, legal guardian, custodian, or other person with legal authority to act on behalf of an eligible student.

- (A) A foster parent, or the foster parents, shall be included within the meaning of other person with legal authority to act on behalf of an eligible student.
- (B) Taxpayer shall not include a parent or the parents of an eligible student whose parental rights over the eligible student have been legally terminated.

"Tax year" means the 12-month period from January 1 through December 31.

"Warrant" means an order for payment directing the State Treasurer to disburse funds to a designated payee. A warrant operates like a paper check.

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, ~~as stated on the enrollment verification form, 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 total amount of private school tax credits authorized by 70 O.S. § 28-101(C)(1) is subject to the following caps:
 - (A) For tax year 2024, the total amount of credits shall not exceed \$150,000,000.
 - (B) For the period of January 1, 2025, through June 30, 2025, the total amount of credits shall not exceed \$100,000,000.
 - (C) For fiscal year ending June 30, 2026, and subsequent fiscal years ending June 30, the total amount of credits shall not exceed \$250,000,000, 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(F)(1).

(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 designated semester(s) and 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 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 710:50-15-172(e)(7).

(3) **Application period-opening date.** Beginning with For the 2025-2026 school year and subsequent school years, 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 for the 2025-2026 school year, processable applications must be submitted no later than July 15. If February 15 falls on a Saturday, Sunday or official State of Oklahoma holiday, the application process will open on the next day that is not a Saturday, Sunday or official State of Oklahoma holiday.

(A) Beginning with the 2026-2027 school year and subsequent school years, 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) For First priority is given to those applications for any eligible student whose parents or legal guardians have a combined federal AGI that does not exceed \$150,000, processable applications must be submitted to the Tax Commission on or before the sixtieth (60th) calendar day following the opening of the application period to receive priority consideration as authorized by 70 O.S. § 28-101(E) as long as the application was submitted within the first 60 days of the application period.

(B) Priority Second priority will be given to eligible students of taxpayers who received the credit in the prior year and whose parents or legal guardians have a combined federal AGI that does not exceed \$150,000 those 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, a letter will be mailed an email will be sent to the applicant, stating the reason for denial.

(6) **Application for review hearing.** If a taxpayer's application for the credit is denied, the taxpayer may request a hearing by filing OTC Form L-26, Application for Commission Hearing pursuant to the provisions of 68 O.S. § 207(e).

(A) The following supporting information and documentation must be included with the request:

- (i) A description of the tax credit applied for and the amount in controversy;
- (ii) A clear explanation of the alleged error(s) committed by the Tax Commission;
- (iii) The legal authority the taxpayer intends to rely upon at hearing;
- (iv) A statement of the relief requested; and
- (v) A list of witnesses, including names and addresses, and the request to subpoena witnesses if so desired.

(B) The application for hearing and supporting documentation may be submitted either online or by mail to the address indicated on the form.

(C) The application for hearing and documentation will be reviewed. If the matter cannot be resolved without a hearing, the application for hearing will be forwarded to the Oklahoma Tax Commission's Office of the Administrative Law Judges and set for hearing pursuant to the rules set forth in OAC 710:1-5-21 through 710:1-5-49.

(7)(6) **Installment payments. Payment of the credit.** For eligible students enrolled in a full school year, For school year 2025-2026, the approved credit will be paid in two payments. Each payment will be half of the total approved credit and will be disbursed on or before August 30 and January 15 of the applicable school year. Beginning with school year 2026-2027, and for subsequent school years, the full credit will be paid in two installments, one per school semester by August

30 of the applicable school year. Each payment will be no more than half of the total approved credit. For processible applications filed on or before July 15, payments will be issued no later than August 30 and January 15.

(A) Payments of the credit will be made by the Tax Commission with individual warrants made payable to the taxpayer and mailed to the private school ~~where the eligible student is enrolled or expected to enroll 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 checks, 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 at some point 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 beginning July 1 immediately prior to the start of the applicable school year and ending on December 31 immediately following the start of the applicable school year.~~

(C) ~~Adjustment requests are only available once 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 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.~~

(8) **Spring 2025 credit payment.** A taxpayer who applied for and received a private school tax credit in tax year 2024 is not required to reapply for a credit payable for the period of January 1, 2025, through June 30, 2025. The amount of the credit payable for the spring 2025 semester will be the amount of the 2024 fall semester installment payment.

(9) **Reconciliation.** No later than June 15 of each year, each participating private school shall provide reconciliation information to confirm student enrollment and tuition for each ~~semester school year~~. For the reconciliation due no later than June 15, 2025, the participating private school shall provide student enrollment and tuition information for the spring 2025 semester. For all subsequent reconciliations, beginning June 15, 2026, the participating private school shall provide ~~student enrollment and tuition required information for the fall and spring semester of the 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 ~~shall~~ ~~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 per semester;~~

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

(iv) ~~The amount of tuition and fees paid on behalf of the eligible student for the applicable year (the initial amount of tuition and fees, less any scholarship or discount);~~

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

(vi) ~~The name, grade level, address, and date of birth of the eligible student Student information; and~~

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

(10) **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.

(11) **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.

(12) **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 from the State Board of Education or another accrediting association; and

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

(13) **Notification of non-use.** Taxpayers that claimed the credit shall notify the Tax Commission electronically no later than thirty (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.

(14) **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 ~~a~~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 taxpayer receives excess funds when the combined amount of the approved credit and scholarships awarded to the student exceeds the total tuition and fees charged by the accredited private school. Any such excess amount, limited to the total approved credit, is subject to recapture. This ensures that the total financial assistance does not exceed the actual cost of tuition and fees.

710:50-15-173. Homeschool tax credit

(a) **General provisions.** Beginning with tax year 2024, an income tax credit is allowed for qualified expenses paid by an Oklahoma taxpayer for the homeschool education of an eligible student. The amount of the credit is 100% of qualified expenses, not to exceed \$1,000 per eligible student per calendar year.

(b) **Claiming the credit.**

- (1) The homeschool tax credit may be claimed on the applicable tax year's Oklahoma income tax return and must include legible copies of receipts of eligible expenses.
- (2) The credit can be claimed only for the tax year the qualified expenses are incurred and paid. Where qualified expenses are incurred in excess of the allowable credit for any given tax year, the excess of qualified expenses shall not be used in claiming the credit for any other tax year.
- (3) The credit cannot be claimed for eligible homeschool expenses incurred during any semester when the student was enrolled in a public or private school.
- (4) The credit cannot be claimed for expenses incurred during summer or winter breaks between semesters when the student is enrolled in a public or private school.

(c) **Qualified homeschool expenses.**

(1) Qualified expenses for the homeschool tax credit include the following expenditures:

(A) Tuition and fees for nonpublic learning programs, which may be online or in-person.

(B) Academic tutoring services, which are provided by an individual or a private academic tutoring facility.

(C) Textbooks, curriculum, or other instructional materials including, but not limited to, supplemental materials or associated online instruction required by an education service provider. Instructional materials mean all materials that are designed for use by students and their teachers as a learning resource and help students to acquire facts, skills, or opinions or to develop cognitive processes.

(D) Costs or fees for nationally standardized assessments including, but not limited to college admission assessments and advanced placement examinations, as well as the tuition and fees for tutoring or preparatory courses for the assessments or examinations.

(2) Qualified expenses for the homeschool credit do not include the following, which is not intended to be an exhaustive list:

(A) internet Internet access, laptops, computers, tablets, screens, or any other device that provides internet access or is required to make use of instructional materials, tutoring, or learning programs;

(B) Out-of-state field trips.

(3) Each eligible homeschool expense can be claimed only once, even if a taxpayer is claiming the credit for multiple students. For example, the parent of two homeschool students may claim only once the cost of an online learning program subscription even though both students have access to the subscription.

(d) **Annual cap and limitation of credit.** For tax year 2025, and subsequent tax years, the total amount of credits shall not exceed \$5,000,000 annually. The total amount of credits allowed may be reduced pursuant to the provisions 70 O.S. § 28-101~~(J)~~(I).

(e) **Recapture.** The Tax Commission will recapture credits if an audit shows the credits were not claimed for a qualified homeschool expense, the student was enrolled in public or private school for two semesters in that year, or the taxpayer fails to comply with the applicable statutes and regulations.

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~~(J)~~(I).

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

(1) ~~For school year 2025-2026, the approved credit will be paid in two payments. Each payment will be half of the total approved credit and will be disbursed on or before August 30 and January 15 of the applicable school year. Beginning with school year 2026-2027, and for subsequent school years, For eligible students enrolled in a full school year, the full credit will be paid in two installments, one per school semester by August 30 of the applicable school year. Each payment will be no more than half of the total approved credit. For processible applications filed on or before July 15, payments will be issued no later than August 30 and January 15.~~

(2) Payments will be issued by the Tax Commission with individual warrants made payable to the taxpayer and mailed to the private school ~~where the eligible student is enrolled or expected to enroll 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.~~

(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, ~~a letter will also be sent an email will be sent~~ to the applicant, stating the reason for denial and how to dispute the determination.

(f) **Denial of application.** If a taxpayer's application for the credit is denied, the taxpayer may request a hearing by filing OTC Form L-26, Application for Commission Hearing pursuant to the provisions of 68 O.S. § 207(c). The application for hearing and supporting documentation may be submitted either online or by mail to the address indicated on the form.

(1) The following information and documentation must be included with the request:

(A) A description of the tax credit applied for and the amount in controversy;

(B) A clear explanation of the alleged error(s) committed by the Tax Commission;

(C) The legal authority the taxpayer intends to rely upon at hearing;

(D) A statement of the relief requested; and

(E) A list of witnesses, including names and addresses, and the request to subpoena witnesses if so desired.

(2) The application for hearing and documentation will be reviewed. If the matter cannot be resolved without a hearing, the application for hearing will be forwarded to the Oklahoma Tax Commission's Office of the Administrative Law Judges and set for hearing pursuant to the rules set forth in OAC 710:1-5-21 through 710:1-5-49.

(g)(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;

(3)(4) Proof of accreditation from the State Board of Education or another accrediting association; and

(4)(5) Attestation from the principal or head of the private school that the private school exclusively serves students experiencing homelessness;

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

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

(f)(g) **Annual verification.** No later than June 15 of each year, each participating private school shall provide reconciliation information to confirm student enrollment for each semester. 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. For the reconciliation due no later than June 15, 2025, 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 fall and spring semester of the just completed school year:

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

(2) The total number of instructional days per semester;

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

(4) The name, grade level, address, and date of birth of the eligible student Student information; and

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

(f)(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.

(f)(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 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(f)(I).

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

(1) For school year 2025-2026, the approved credit will be paid in two payments. Each payment will be half of the total approved credit and will be disbursed on or before August 30 and January 15 of the applicable school year. Beginning with school year 2026-2027, and for subsequent school years, For eligible students enrolled in a full school year, the full credit will be paid in two installments, one per school semester by August 30 of the applicable school year. Each payment will be no more than half of the total approved credit. For processible applications filed on or before July 15, payments will be issued no later than August 30 and January 15.

(2) Payments shall be made by the Tax Commission with individual warrants made payable to the taxpayer and mailed to the private school where the eligible student is enrolled or expected to enrollIdentified 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.

(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, a letter will also be an email will be sent to the applicant, stating the reason for denial and how to dispute the determination.

(f) **Denial of application.** If a taxpayer's application for the credit is denied, the taxpayer may request a hearing by filing OTC Form L-26, Application for Commission Hearing pursuant to the provisions of 68 O.S. § 207(c). The application for hearing and

supporting documentation may be submitted either online or by mail to the address indicated on the form.

(f) The following information and documentation must be included with the request:

- (A) A description of the tax credit applied for and the amount in controversy;
- (B) A clear explanation of the alleged error(s) committed by the Tax Commission;
- (C) The legal authority the taxpayer intends to rely upon at hearing;
- (D) A statement of the relief requested; and
- (E) A list of witnesses, including names and addresses, and the request to subpoena witnesses if so desired.

(g) The application for hearing and documentation will be reviewed. If the matter cannot be resolved without a hearing, the application for hearing will be forwarded to the Oklahoma Tax Commission's Office of the Administrative Law Judges and set for hearing pursuant to the rules set forth in OAC 710:1-5-21 through 710:1-5-49.

(g)(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 from the State Board of Education or another accrediting association; and
- (5) Attestation from the principal or head of the private school 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;
- (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.

(h)(g) **Annual verification.** No later than June 15 of each year, each participating private school shall provide reconciliation information to confirm student enrollment for each semester. 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. For the reconciliation due no later than June 15, 2025, 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 fall and spring semester of the just completed school year:

- (1) The name and address of the private school;
- (2) The total number of instructional days per semester;
- (3) The total number of instructional days the eligible student was enrolled in the private school each semester;
- (4) The name, grade level, address, and date of birth of the eligible student Student information; and
- (5) Any other information requested by the Tax Commission.

(f)(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.

(f)(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.

710:50-15-176. Protest

(a) If a taxpayer is denied the Parental Choice Tax Credit set forth in 710:50-15-172, 710:50-15-174, or 710:50-15-175, the taxpayer may file a written protest using OTC Form L-27.

(b) Protests must be filed within 15 calendar days from the date of the denial email notification. Failure to submit a protest within the 15-day window will result in the denial becoming final in accordance with 68 O.S. § 221.

(c) The following supporting information and documentation must be included with the protest:

- (1) A clear explanation of the alleged error(s) committed by the Tax Commission;
- (2) The legal authority the taxpayer intends to rely upon at hearing; and
- (3) A statement of the relief requested.

(d) The protest may be submitted either online or by mail to the address indicated on the form.

(e) The taxpayer must indicate on OTC Form L-27 whether they would like a hearing in front of an Administrative Law Judge or have the matter decided without a hearing based upon the information submitted with the application and the protest.

(1) If a hearing is selected, it will be conducted pursuant to the rules set forth in OAC 710:1-5-21 through 710:1-5-49, but on an expedited schedule to comply with the statutory 60-day window to have a final resolution.

(2) If a taxpayer does not wish to have a hearing, the matter will be presented to the Administrative Law Judge to determine based on the application information, the information submitted with the protest, and any other information related to the matter.

(f) Assessments, corrections, or adjustments made to returns claiming the Parental Choice Tax Credit set forth in 710:50-15-173 may be protested under 68 O.S. § 221(C).

**TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 50. INCOME TAX**

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 253(B)(2), the Oklahoma Tax Commission provides the following rule impact statement with regard to proposed rule changes to Chapter 50 of Title 710 of the Oklahoma Administrative Code.

DESCRIPTION [75 O.S. § 253(B)(2)(b)(3)]: Amends 710:50-15-171 through 175 and adds new section 710:50-15-176. Changes clarify that a school must be physically located and accredited in Oklahoma, with an owned or leased building where taxpayers can pick up checks. Credit amount is net of scholarships/discounts, application period dates are specified, a new priority group is added (prior credit recipients), and a reallocation deadline is set. Participation in reconciliation is required, information requirements are clarified, and starting in 2026-2027, payments shift from two to one. Processes are also clarified with respect to tuition adjustments, school changes, and qualifying homeschool expenses. The new section establishes procedures for the expedited protest process reflected in HB 1279 (2025).

No federal mandate governs this rulemaking.

STATEMENT OF NEED AND LEGAL BASIS [75 O.S. § 253(B)(2)(b)(1)]: Pursuant to 68 O.S. § 203, the Commission is granted authority to promulgate and enforce all rules necessary for the administration and collection of state taxes. Additionally, 70 O.S. § 28-102 authorizes the Commission to promulgate rules to implement the provisions of SB 684 and HB 1279, as enacted by the First Regular Session of the 60th Legislature (2025). A compelling public interest supports the emergency implementation of these rules in order to administer the legislative changes made to the Parental Choice Tax Credit program, which were given immediate effect pursuant to emergency clauses.

CLASSIFICATION OF RULE [75 O.S. § 253(B)(2)(b)(2)]: Nonmajor. The rule is not anticipated to have implementation and compliance costs.

CLASSES AFFECTED [75 O.S. § 253(B)(2)(b)(4)]: Taxpayers and private schools with students eligible for the credits.

CLASSES BENEFITED [75 O.S. § 253(B)(2)(b)(5)]: All taxpayers and private schools affected by this rulemaking action may benefit from increased clarity of processes and conforming current rules with recently enacted legislation.

COMPREHENSIVE ECONOMIC IMPACT AND METHODOLOGY [75 O.S. §§ 253(B)(2)(b)(6)–(7)]:

The promulgation of this rule implements legislation and is not intended or expected to have any economic impact separate from the underlying statutory changes. The proposed rules are not anticipated to affect the full-time-employee count of the agency. Implementation can be managed with existing staff and resources.

The rulemaking action does not levy, implement, or increase any fees.

Because the rules primarily address administrative procedures necessary to implement legislation enacted by the Legislature, no direct compliance costs are expected for private schools, individual taxpayers, or state or local governments. Accordingly, no adverse effect on the state economy is anticipated.

The economic impact analysis was conducted by reviewing statutory requirements, assessing agency resource needs, and evaluating potential effects on affected parties. This review confirmed that the rules do not impose additional financial burdens and instead provide clarity and structure for program administration.

ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS [75 O.S. § 253(B)(2)(b)(8)]:

The promulgation of this rule implements legislation; the rule is not intended or expected to have any economic impact separate and apart from the underlying legislation.

SMALL BUSINESS IMPACT [75 O.S. § 253(B)(2)(b)(9)]: After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, it has been determined that the proposed rules will have no adverse impact on small businesses.

MEASURES TO MINIMIZE COSTS OF COMPLIANCE [75 O.S. § 253(B)(2)(b)(10)]:

There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of the proposed rules. No formalized compliance cost minimization measures have been pursued.

DETERMINATION OF THE EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT [75 O.S. § 253(B)(2)(b)(11)]:

The agency does not anticipate any impact on public health, safety, or environment as a result of implementation of the proposed rules at this time.

DETERMINATION OF THE DETRIMENTAL EFFECT WILL THERE BE ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT IF THE RULE CHANGE IS NOT IMPLEMENTED [75 O.S. § 253(B)(2)(b)(12)]: The agency does not anticipate any

detrimental effect on public health, safety, or environment as a result of failure to implement the proposed rules at this time.

DATE PREPARED [75 O.S. § 253(B)(2)(b)(13)]: August 11, 2025