

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 4147

6 By: Schreiber

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; providing
9 income tax credit for certain expenses related to
10 provision of childcare services; defining terms;
11 specifying credit amount; prescribing limit on credit
12 amounts; prohibiting reduction of income tax
13 liability to less than zero; providing for carryover;
14 providing for termination of credit authorization;
15 providing income tax credit for certain expenses
16 related to provision of childcare services;
17 specifying credit amount; prescribing limit on credit
18 amounts; providing for refundability of tax credit;
19 providing for termination of credit authorization;
20 providing for codification; and providing an
21 effective date.

22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

23 SECTION 1. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 2357.231 of Title 68, unless
there is created a duplication in numbering, reads as follows:

25 A. As used in this section:

26 1. "Child" means an individual who is five (5) years of age or
27 less;

1 2. "Childcare and education provider" means a person who owns
2 or operates an eligible program;

3 3. "Childcare expense" means the cost of locating safe and
4 dependable services for the care of a minor child of an employee;

5 4. "Eligible program" means an applicable childcare and early
6 childhood education program that has applied to participate in the
7 quality rating and improvement system and has been assigned a
8 quality scale rating;

9 5. "Eligible staff member" means an individual who is employed
10 with, or who is a self-employed individual providing childcare and
11 early childhood education for, an eligible program for at least six
12 (6) months of the taxable year. Eligible staff member does not
13 include certificated teaching and administrative staff employed by
14 programs established pursuant to applicable provisions of law;

15 6. "Employee" means a person to whom wages or other
16 compensation is paid by an employer;

17 7. "Employer" means any sole proprietor or lawfully recognized
18 business entity engaged in lawful business activity;

19 8. "Licensed childcare facility" means a person or entity
20 lawfully authorized to provide childcare services within the state
21 and which is enrolled in Oklahoma's Quality Rating and Improvement
22 System (QRIS);

23 9. "Qualified childcare worker" means a person employed for at
24 least eight (8) consecutive months during the calendar year

1 corresponding to the income tax year for which the credit authorized
2 by this section is claimed and who performs classroom services for a
3 licensed childcare facility and who is enrolled in Oklahoma's
4 Professional Development Ladder (PDL); and

5 10. "Quality scale rating" means the rating of an eligible
6 program under which the rating is expressed in terms of stars.

7 B. For taxable years beginning on or after January 1, 2025, and
8 ending not later than December 31, 2029, subject to the limitations
9 prescribed by this subsection and subsection D of this section,
10 there shall be allowed as a credit against the tax imposed pursuant
11 to Section 2355 of Title 68 of the Oklahoma Statutes, an amount
12 equal to:

13 1. Thirty percent (30%) of the amount expended by an employer
14 for assistance provided by the employer to an employee for the
15 employee's direct expenses of childcare;

16 2. Thirty percent (30%) of the amount expended by an employer
17 for the cost of operating or contracting to operate a childcare
18 facility primarily used by dependents of the employees of such
19 employer or group of employees in the area, excluding any payments
20 made by the parent or guardian of such dependent such as tuition or
21 fees; or

22 3. Thirty percent (30%) of the amount expended by an employer
23 to contract with a childcare facility to reserving spots for its
24 employees.

1 C. The total credit amount which may be claimed by an employer
2 pursuant to the provisions of this section shall not exceed Thirty
3 Thousand Dollars (\$30,000.00) for credits claimed pursuant to
4 subsection B of this section for any taxable year.

5 D. The credits authorized pursuant to the provisions of this
6 section shall not be used to reduce the income tax liability of the
7 taxpayer to less than zero (0).

8 E. To the extent not used the credits authorized by this
9 section may be carried over, in order, to each of the succeeding
10 five (5) tax years.

11 F. The total amount of credits authorized to be used to reduce
12 income tax liabilities pursuant to the provisions of this section
13 shall not exceed Five Million Dollars (\$5,000,000.00) each fiscal
14 year.

15 G. The provisions of this section shall cease to have the force
16 and effect of law on January 1, 2030.

17 SECTION 2. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 2357.232 of Title 68, unless
19 there is created a duplication in numbering, reads as follows:

20 A. As used in this section:

21 1. "Child" means a person less than five (5) years of age;

22 2. "Licensed childcare facility" means a person or entity
23 lawfully authorized to provide childcare services within the state
24

1 and which is enrolled in Oklahoma's Quality Rating and Improvement
2 System (QRIS); and

3 3. "Qualified childcare worker" means a person employed for at
4 least eight (8) consecutive months during the calendar year
5 corresponding to the income tax year for which the credit authorized
6 by this section is claimed and who performs classroom services for a
7 licensed childcare facility and who is enrolled in Oklahoma's
8 Professional Development Ladder (PDL) and has earned a minimum of
9 twelve (12) credit hours.

10 B. For taxable years beginning January 1, 2025, and ending not
11 later than December 31, 2029, there shall be allowed a credit
12 against the tax imposed pursuant to Section 2355 of Title 68 of the
13 Oklahoma Statutes in the amount of One Thousand Dollars (\$1,000.00)
14 for a qualified childcare worker.

15 C. The credit authorized by this section shall be refundable.
16 The credit shall first be applied to income tax liability, if any,
17 for the income tax year for which the credit is claimed and the
18 balance shall be refunded to the taxpayer.

19 D. The total amount of credits authorized to be used to reduce
20 income tax liabilities pursuant to the provisions of this section
21 shall not exceed Fourteen Million Dollars (\$14,000,000.00) each
22 fiscal year.

23 E. The provisions of this section shall cease to have the force
24 and effect of law on January 1, 2030.

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SECTION 3. This act shall become effective January 1, 2025.

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