

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 736

6 By: Deevers

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax; creating the Health
9 Care Sharing Ministry Tax Parity Act; providing short
10 title; defining terms; providing income tax
11 deduction; providing procedure for claiming deduction
12 on certain payments; requiring Oklahoma Tax
13 Commission to prescribe forms and guidelines; making
14 certain income nontaxable; providing Oklahoma Tax
15 Commission with administrative oversight; providing
16 penalties for fraudulent claims; providing for
17 noncodification; providing for codification; and
18 providing an effective date.

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

20 SECTION 1. NEW LAW A new section of law not to be
21 codified in the Oklahoma Statutes reads as follows:

22 This act shall be known and may be cited as the "Health Care
23 Sharing Ministry Tax Parity Act".

24 SECTION 2. NEW LAW A new section of law not to be
25 codified in the Oklahoma Statutes reads as follows:

26 The Legislature finds and declares that:

1 1. Health care sharing ministries (HCSMs) play a significant
2 role in addressing medical needs for individuals and families,
3 providing financial and emotional support outside of health
4 insurance;

5 2. HCSMs enable their members to share health care costs in a
6 voluntary and community-focused manner consistent with their ethical
7 and religious beliefs;

8 3. Despite their critical function, HCSM contributions and
9 payments are not currently afforded the same tax treatment as health
10 insurance premiums under state law; and

11 4. To ensure fairness and eliminate financial discrimination,
12 this act allows HCSM members to deduct qualifying expenses and
13 contributions on their state income tax returns, achieving tax
14 parity with health insurance plans.

15 SECTION 3. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 2358.111 of Title 68, unless
17 there is created a duplication in numbering, reads as follows:

18 A. As used in this act:

19 1. "Health care sharing ministry" (HCSM) means a not-for-profit
20 organization that is tax-exempt under Section 501(c)(3) of the
21 Internal Revenue Code of 1986, as amended, and:

22 a. limits its members to those who share a common set of
23 ethical or religious beliefs,

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- b. facilitates sharing of medical expenses between members in accordance with its ethical or religious beliefs,
- c. requires regular contributions from members with no assumption of risk or promise to pay for medical expenses,
- d. provides a quarterly report to members detailing the amount of needs shared and contributions received,
- e. conducts annual independent audits that are publicly available, and
- f. provides a disclaimer stating that it is not an insurance company and participation is voluntary;

2. "Qualified health care sharing expenses" means amounts paid by a qualified individual as a member of an HCSM; and

3. "Qualified individual" means any resident of Oklahoma who has been an active member of an HCSM for at least one (1) month during the applicable tax year.

B. 1. For tax year 2026 and subsequent tax years, the total amount of qualified health care sharing expenses paid by a qualified individual during the tax year may be deducted from Oklahoma adjusted gross income.

2. The deduction allowed under this section shall be applicable to:

- 1 a. self-employed individuals, in the same manner as
2 deductions for health insurance premiums,
3 b. employer contributions toward HCSM membership for
4 employees, which shall be treated as nontaxable fringe
5 benefits, and
6 c. individuals paying amounts for HCSM membership for
7 themselves or their dependents.

8 C. 1. To claim the deduction, a qualified individual shall:

- 9 a. submit documentation of membership and contributions
10 to an HCSM, including any records issued by the
11 ministry, and
12 b. file any additional forms or information required by
13 the Oklahoma Tax Commission to verify eligibility.

14 2. The Oklahoma Tax Commission shall develop forms, guidelines,
15 and procedures for the implementation of this section.

16 D. For tax year 2026 and subsequent tax years, funds received
17 by a qualified individual from HCSM members to assist with medical
18 expenses shall not be considered taxable income.

19 E. The Oklahoma Tax Commission shall administer the provisions
20 of this act. The Tax Commission shall electronically submit an
21 annual report to the Legislature detailing the number of deductions
22 claimed, the total revenue impact, and any other relevant data.

1 F. Any individual who knowingly submits false documentation to
2 claim the deductions or exemptions under this act shall be subject
3 to:

4 1. Repayment of any income tax amount attributable to
5 improperly claimed deductions;

6 2. A civil penalty of Five Hundred Dollars (\$500.00) per
7 offense; and

8 3. Ineligibility to claim deductions under this act for a
9 period of three (3) years.

10 SECTION 4. This act shall become effective November 1, 2025.

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