

1 STATE OF OKLAHOMA

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

3 SENATE BILL 816

By: Boren

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5
6 AS INTRODUCED

7 An Act relating to income tax; defining terms;
8 providing credit for certain employer child care
9 expenditures; providing refundable credit for
10 qualified child care worker; providing credit limit;
11 prohibiting refundability for certain credit;
12 allowing credit to be carried forward for certain
13 period; providing annual limit for certain tax years;
14 prescribing procedures to enforce annual limit;
15 providing for codification; and providing an
16 effective date.

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

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2357.27A of Title 68, unless
20 there is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Child" means an individual who is five (5) years of age or
23 younger;

24 2. "Child care expense" means the cost or tuition paid for
child care services from a licensed child care facility;

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

1 4. "Employer" means any sole proprietor or lawfully recognized
2 business entity engaged in lawful business activity;

3 5. "Licensed child care facility" means a person or entity
4 lawfully authorized to provide child care services in this state and
5 is enrolled in Oklahoma's Quality Rating and Improvement System
6 (QRIS); and

7 6. "Qualified child care worker" means a person employed for at
8 least eight (8) consecutive months during the calendar year
9 corresponding to the tax year for which the credit authorized by
10 this section is claimed and who:

- 11 a. performs classroom services for a licensed child care
12 facility,
- 13 b. is enrolled in Oklahoma's Professional Development
14 Ladder (PDL), and
- 15 c. has earned a minimum of twelve (12) credit hours.

16 B. For tax years 2026 through 2030, there shall be allowed as a
17 credit against the tax imposed pursuant to Section 2355 of Title 68
18 of the Oklahoma Statutes, an amount equal to:

19 1. Thirty percent (30%) of the amount expended by an employer
20 for an employee's child care expenses;

21 2. Fifty percent (50%) of the amount expended by an employer
22 for the cost of operating or contracting to operate a child care
23 facility primarily used by dependents of the employees of the
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1 employer or group of employers, minus any payments made by the
2 employees to the employer for those child care services;

3 3. Thirty percent (30%) of the amount expended by an employer
4 to contract with a child care facility to ensure a reservation for
5 its employees; or

6 4. Thirty percent (30%) of the amount expended by the employer
7 to construct, either through new construction or rehabilitation of a
8 structure, a facility located not more than two (2) miles from the
9 site at which employees perform primary work duties unless working
10 remotely, to provide child care services to the children of the
11 employees.

12 C. For tax years 2026 through 2030, there shall be allowed a
13 credit against the tax imposed pursuant to Section 2355 of Title 68
14 of the Oklahoma Statutes in the amount of One Thousand Dollars
15 (\$1,000.00) for a qualified child care worker. The credit
16 authorized pursuant to this subsection shall be refundable.

17 D. The total credit amount claimed by an employer pursuant to
18 the provisions of subsection B of this section shall not exceed
19 Thirty Thousand Dollars (\$30,000.00) for any tax year.

20 E. The credit authorized pursuant to the provisions of
21 subsection B of this section shall not be used to reduce the income
22 tax liability of the taxpayer to less than zero (0).

23 F. If the amount of the credit allowed pursuant to subsection B
24 of this section exceeds the income tax liability, the amount of

1 credit not used in any tax year may be carried forward, in order, to
2 each of the five (5) subsequent tax years.

3 G. For tax year 2028 and subsequent tax years, the total amount
4 of credits authorized pursuant to subsection B of this section shall
5 be adjusted annually to limit the annual amount of credits to Five
6 Million Dollars (\$5,000,000.00). The Oklahoma Tax Commission shall
7 annually calculate and publish a percentage by which the credits
8 authorized by this section shall be reduced so the total amount of
9 credits used to offset tax does not exceed the annual limit. The
10 formula to be used for the percentage adjustment shall be Five
11 Million Dollars (\$5,000,000.00) divided by the amount of credit
12 claimed in the second preceding tax year. In the event the total
13 tax credits authorized by this section exceed the annual limit in
14 any tax year, the Tax Commission shall permit any excess but shall
15 factor such excess into the percentage adjustment formula for
16 subsequent tax years.

17 H. For tax year 2028 and subsequent tax years, the total amount
18 of credits authorized pursuant to subsection B of this section shall
19 be adjusted annually to limit the annual amount of credits to
20 Fourteen Million Dollars (\$14,000,000.00). The Tax Commission shall
21 annually calculate and publish a percentage by which the credits
22 authorized by this section shall be reduced so the total amount of
23 credits used to offset tax does not exceed the annual limit. The
24 formula to be used for the percentage adjustment shall be Fourteen

1 Million Dollars (\$14,000,000.00) divided by the amount of credit
2 claimed in the second preceding tax year. In the event the total
3 tax credits authorized by this section exceed the annual limit in
4 any tax year, the Tax Commission shall permit any excess but shall
5 factor such excess into the percentage adjustment formula for
6 subsequent tax years.

7 SECTION 2. This act shall become effective November 1, 2025.

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