

1 STATE OF OKLAHOMA

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

3 SENATE BILL 104

By: Coleman

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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;

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

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

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

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

13 a. performs classroom services for a licensed child care
14 facility,

15 b. is enrolled in Oklahoma's Professional Development
16 Ladder (PDL), and

17 c. has earned a minimum of twelve (12) credit hours.

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

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

23 2. Thirty percent (30%) of the amount expended by an employer
24 for the cost of operating or contracting to operate a child care
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1 facility primarily used by dependents of the employees of the
2 employer or group of employers, minus any payments made by the
3 employees to the employer for those child care services; or

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

7 C. For tax years 2026 through 2030, there shall be allowed a
8 credit against the tax imposed pursuant to Section 2355 of Title 68
9 of the Oklahoma Statutes in the amount of One Thousand Dollars
10 (\$1,000.00) for a qualified child care worker. The credit
11 authorized pursuant to this subsection shall be refundable.

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

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

18 F. If the amount of the credit allowed pursuant to subsection B
19 of this section exceeds the income tax liability, the amount of
20 credit not used in any tax year may be carried forward, in order, to
21 each of the five (5) subsequent tax years.

22 G. For tax year 2028 and subsequent tax years, the total amount
23 of credits authorized pursuant to subsection B of this section shall
24 be adjusted annually to limit the annual amount of credits to Five

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

12 H. For tax year 2028 and subsequent tax years, the total amount
13 of credits authorized pursuant to subsection B of this section shall
14 be adjusted annually to limit the annual amount of credits to
15 Fourteen Million Dollars (\$14,000,000.00). The Tax Commission shall
16 annually calculate and publish a percentage by which the credits
17 authorized by this section shall be reduced so the total amount of
18 credits used to offset tax does not exceed the annual limit. The
19 formula to be used for the percentage adjustment shall be Fourteen
20 Million Dollars (\$14,000,000.00) divided by the amount of credit
21 claimed in the second preceding tax year. In the event the total
22 tax credits authorized by this section exceed the annual limit in
23 any tax year, the Tax Commission shall permit any excess but shall
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1 factor such excess into the percentage adjustment formula for
2 subsequent tax years.

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

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