

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 736

By: Deevers

AS INTRODUCED

An Act relating to revenue and taxation; creating the Health Care Sharing Ministry Tax Parity Act; providing short title; defining terms; providing for income tax deduction; providing procedure for claiming deduction; requiring Oklahoma Tax Commission to create forms and guidelines; providing funds to be nontaxable; providing Oklahoma Tax Commission with administrative oversight; providing penalties for fraudulent claims; providing for severability; providing for noncodification; providing for codification; and providing an effective date.

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

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

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

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

The Legislature finds and declares that:

1. Health care sharing ministries (HCSMs) play a significant role in addressing medical needs for individuals and families,

1 providing financial and emotional support outside of traditional
2 health insurance;

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

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

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

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

16 A. As used in this act:

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

- 20 a. limits its members to those who share a common set of
21 ethical or religious beliefs,
22 b. facilitates sharing of medical expenses between
23 members in accordance with its published guidelines,
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- 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 contributions made by a qualified individual to a recognized HCSM for the purpose of sharing medical expenses or covering administrative fees; 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 years beginning on or after January 1, 2026, a qualified individual is entitled to deduct the total amount of qualified health care sharing expenses paid during the taxable year from his or her adjusted gross income (AGI) on their Oklahoma state income tax return.

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

- a. self-employed individuals, in the same manner as deductions for health insurance premiums,

1 b. employer contributions toward HCSM membership for
2 employees, which shall be treated as nontaxable fringe
3 benefits, and

4 c. individuals purchasing HCSM membership for themselves
5 or their dependents.

6 C. 1. To claim the deduction, a qualified individual must:

7 a. submit documentation of membership and contributions
8 to an HCSM, including any records issued by the
9 ministry, and

10 b. file any additional forms or information required by
11 the Oklahoma Tax Commission to verify eligibility.

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

14 D. Funds received by a qualified individual from HCSM members
15 to assist with medical expenses shall not be considered taxable
16 income under Oklahoma state law.

17 E. The Oklahoma Tax Commission shall be responsible for
18 administering the provisions of this act. The Tax Commission shall
19 issue an annual report to the Legislature detailing the number of
20 deductions claimed, the total fiscal impact, and any other relevant
21 data.

22 F. Any individual who knowingly submits false documentation to
23 claim the deductions or exemptions under this act shall be subject
24 to:

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1. Repayment of any income tax amount attributable to improperly claimed deductions;
2. A civil penalty of Five Hundred Dollars (\$500.00) per offense; and
3. Ineligibility to claim deductions under this act for a period of three (3) years.

G. If any provision of this act is found unconstitutional or invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

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

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