

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 816

By: Boren

AS INTRODUCED

An Act relating to income tax; defining terms; providing credit for certain employer child care expenditures; providing refundable credit for qualified child care worker; providing credit limit; prohibiting refundability for certain credit; allowing credit to be carried forward for certain period; providing annual limit for certain tax years; prescribing procedures to enforce annual limit; 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 to be codified in the Oklahoma Statutes as Section 2357.27A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

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

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  
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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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