

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 870

By: Monson

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. Supp. 2001, Section 2357.26, which relates to income tax credits; modifying tax years for which certain credit allowed; modifying definitions; modifying amounts qualifying for certain tax credit; limiting amounts; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 2357.26, is amended to read as follows:

Section 2357.26 A. For tax years beginning after ~~December 31, 1998, and ending before January 1, 2004~~ December 31, 2001, there shall be allowed a credit against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for employers incurring eligible expenses in connection with the provision of child care services ~~for children of their employees.~~

B. As used in this section:

1. "Eligible expenses" means amounts paid ~~by an employer to provide qualifying child care services for children of employees;~~ and

2. ~~"Qualifying child care services" means child care programs that are accredited by a national association recognized by the Department of Human Services~~ for:

a. the purchase of qualifying child care services that are actually provided to children of employees, at a program licensed by the Department of Human Services

with a rating of two stars or higher pursuant to rules promulgated by the Department, at a:

- (1) child care center, or
- (2) family child care home,
- b. planning, preparing a site and constructing a child care center,
- c. renovating or remodeling a structure to be used for a child care center,
- d. purchasing equipment necessary for use by a child care center,
- e. expanding a child care center,
- f. maintaining and operating a child care center, including paying direct administration and staff costs,
- g. purchasing child care slots actually provided or reserved for children of employees, or
- h. fees and grants provided to child care resource and referral organizations doing business within this state; and

2. "Employer" means a taxpayer who employs one or more full-time equivalent employees and whose primary source of income is from a business other than the business of providing child care services.

C. ~~The~~ In lieu of a deduction to taxable income, the credit allowed by subsection A of this section shall be twenty percent (20%) of the amount of eligible expenses. ~~Such credit shall not be allowed for any amounts for which the employee claims or receives an income tax credit, exemption or deduction.~~

D. The amount of eligible expenses upon which the credit will be based in any taxable year shall be limited to:

1. Three Thousand One Hundred Dollars (\$3,100.00) for expenses described in subparagraph a of paragraph 1 of subsection B of this section for each child of an employee receiving qualifying child care services;

2. Fifty Thousand Dollars (\$50,000.00) for expenses described in subparagraphs b through g of paragraph 1 of subsection B of this section; and

3. Five Thousand Dollars (\$5,000) for expenses described in subparagraph h of paragraph 1 of subsection B of this section.

E. Any credits allowed but not used in any tax year may be carried over in order to each of the four (4) tax years following the year of qualification.

~~E.~~ F. The Oklahoma Tax Commission, on or before January 31 of each year, shall submit a report regarding the credit authorized by this section to both houses of the Oklahoma Legislature. Such report shall summarize the total amount of credits claimed and likely to be claimed and allowed under this section.

SECTION 2. This act shall become effective November 1, 2002.

48-2-2157

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