

**BILL SUMMARY**  
1<sup>st</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1312</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>5416</b>
<b>Author:</b>	<b>Rep. Walke</b>
<b>Date:</b>	<b>2/15/2017</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Potential Revenue Decrease</b>

**FY-18: \$0**  
**FY-19: Unknown**

**Research Analysis**

HB1312, as introduced, establishes a nonrefundable tax credit for qualifying child care expenses incurred by a deployed military member.

Prepared By: Quyen Do

**Fiscal Analysis**

From the Tax Commission:

Under current law, all taxpayers are entitled to an Oklahoma income tax credit of twenty percent (20%) of the child care expenses credit allowed under the Internal Revenue Code of the United States or five percent (5%) of the child tax credit allowed under the Internal Revenue Code, whichever amount is greater.<sup>1</sup> Further, one hundred percent (100%) of the income received by any person from the United States as salary or compensation in any form as a member of any component of the Armed Forces of the United States is allowed as a deduction from Oklahoma taxable income.<sup>2</sup>

This measure proposes to enact an Oklahoma income tax credit for all daycare expenses incurred for any qualifying child of a deployed military member. Daycare expenses are payments made to an individual or entity the payor cannot claim as a dependent, for the care of a qualifying child for not more than twelve (12) hours per day. Qualifying child is a dependent of the deployed military member who was under the age of thirteen (13) at the time daycare expenses were incurred. Dependent is a child who meets the Internal Revenue Service definition of a dependent at the time daycare expenses were incurred. Deployed military member is a servicemember<sup>3</sup> temporarily transferred in compliance with official orders to another location in support of combat, contingency operation, or natural disaster requiring the use of orders for a period of more than thirty (30) consecutive days, during which family members are not authorized to accompany the servicemember at government expense.

With the uncertainty of when servicemembers may be deployed, it is unknown as to how much of a fiscal impact may occur<sup>4</sup>. This measure is effective beginning with tax year 2018. Changes to withholding or estimated tax payments are not expected. Therefore this measure has an unknown decrease in income tax collections for FY19.

<sup>1</sup> 68 O.S. § 2357

<sup>2</sup> 68 O.S. § 2358 (E) (5)

<sup>3</sup> Servicemember means a member of the Armed Forces of the United States, the Reserve Corps of the Armed Forces of the United States, or the Oklahoma National Guard.

<sup>4</sup> Based on tax year 2014 income tax data, 7,533 tax returns claimed the exemption under 68 O.S. § 2358 (E) (5) and the credit under 68 O.S. § 2357. The net tax after credits on these returns was \$2.5 million.

Prepared By: Mark Tygret

### **Other Considerations**

None..

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