

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB1063</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>8281</b>
<b>Author:</b>	<b>Rep. Lawson</b>
<b>Date:</b>	<b>4/26/2023</b>
<b>Impact:</b>	<b>OTC Analysis:</b>
	<b>FY24: Unknown revenue decrease</b>
	<b>FY25: Unknown revenue decrease</b>

**Research Analysis**

The committee substitute for SB1063 establishes several income tax credits to support employer-sponsored childcare subsidies, employer-sponsored childcare facilities and childcare workers. The measure provides a tax credit to:

- an employer that provides a childcare subsidy to employees or operates a childcare facility for its employees equal to 30 percent of the subsidy amount or operating cost, limited to \$30,000 per employer;
- an employer for the construction or development of a child care facility equal to 50 percent of the construction or development cost, limited to \$45,000 per employer; and
- a qualified childcare facility worker equal to \$500 per year.

The credits may be claimed for tax year 2024 through 2028 and there is a \$5 million annual cap for the employer credits and \$7 million annual cap for the childcare worker credits.

Prepared By: Quyen Do

**Fiscal Analysis**

In its current form, SB1063 proposes to enact a non-refundable income tax credit for businesses that have certain expenditures relating to childcare for the dependents of their employees. The measure also provides a tax credit for qualified child care workers.

Officials from the Oklahoma Tax Commission provide the following information regarding the fiscal impact of the bill:

**Credit for Businesses with Child Care Expenditures:**

The chart below shows the credit percentages and tax year limitations for employer's expenditures relating to child care for dependents of their employees.

Type of Expense	Credit % and Tax Year Limitation per Employer
Payments made by an employer for assistance provided to an employee for the employee's direct expenses of child care	30% / \$30,000
Amounts expended by an employer for the cost of operating a child care facility <sup>2</sup> primarily used by dependents of the employees, excluding any payments made by the parent or guardian of such dependent such as tuition or fees.	30% / \$30,000
Amounts expended by the employer to construct a facility to provide child care services to the children of the employees located not more than 2 miles from the site at which employees perform, primary work duties	50% / \$45,000
Amount expended by the employer to establish, construct, acquire or develop a child care facility in conjunction with one or more other entities to provide child care services.	50% / \$45,000

These credits are capped at a total of \$5 million annually.

**Credit for Qualified Child Care Workers**

Qualified child care workers would be eligible for a refundable income tax credit of \$500 per tax year effective for tax years 2024 through 2028.

Qualified child care worker is defined as a person

- employed for at least 8 consecutive months during the calendar year who performs classroom services for a licensed child care facility and
- is enrolled in Oklahoma's Professional Development Ladder (PDL) and has earned a minimum of 12 credit hours

These credits are capped at \$7 million annually.

The creation of this tax credit will decrease state income tax collections. The extent of the decrease in income tax collections is considered unknown by the Oklahoma Tax Commission.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.

