

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 2451

6 By: Schreiber

7 COMMITTEE SUBSTITUTE

8 [revenue - taxation - income tax - employer - child
9 care - credits - carryover - workers - amount -
10 refundability - sunset date - codification -
11 effective date]

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

14 SECTION 1. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2357.231 of Title 68, unless
16 there is created a duplication in numbering, reads as follows:

17 A. As used in this section:

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

20 2. "Child care and education provider" means a person who owns
21 or operates an eligible program;

22 3. "Child care expense" means the cost of locating safe and
23 dependable services for the care of a minor child of an employee;
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1 4. "Eligible program" means an applicable child care and early
2 childhood education program that has applied to participate in the
3 quality rating and improvement system and has been assigned a
4 quality scale rating;

5 5. "Eligible staff member" means an individual who is employed
6 with, or who is a self-employed individual providing child care and
7 early childhood education for, an eligible program for at least six
8 (6) months of the taxable year. Eligible staff member does not
9 include certificated teaching and administrative staff employed by
10 programs established pursuant to applicable provisions of law;

11 6. "Employee" means a person to whom wages or other
12 compensation is paid by an employer;

13 7. "Employer" means any sole proprietor or lawfully recognized
14 business entity engaged in lawful business activity;

15 8. "Licensed child care facility" means a person or entity
16 lawfully authorized to provide child care services within the state
17 and which is enrolled in Oklahoma's Quality Rating and Improvement
18 System (QRIS);

19 9. "Qualified child care worker" means a person employed for at
20 least eight (8) consecutive months during the calendar year
21 corresponding to the income tax year for which the credit authorized
22 by this section is claimed and who performs classroom services for a
23 licensed child care facility and who is enrolled in Oklahoma's
24 Professional Development Ladder (PDL); and

1 10. "Quality scale rating" means the rating of an eligible
2 program under which the rating is expressed in terms of stars.

3 B. For taxable years beginning on or after January 1, 2024, and
4 ending not later than December 31, 2028, subject to the limitations
5 prescribed by this subsection and subsection D of this section,
6 there shall be allowed as a credit against the tax imposed pursuant
7 to Section 2355 of Title 68 of the Oklahoma Statutes, an amount
8 equal to:

9 1. Thirty percent (30%) of the amount expended by an employer
10 for assistance provided by the employer to an employee for the
11 employee's direct expenses of child care;

12 2. Thirty percent (30%) of the amount expended by an employer
13 for the cost of operating a child care facility primarily used by
14 dependents of the employees of such employer, excluding any payments
15 made by the parent or guardian of such dependent such as tuition or
16 fees;

17 3. Fifty percent (50%) of the amount expended by the employer
18 to construct, either through new construction or rehabilitation of a
19 structure, located not more than two (2) miles from the site at
20 which employees perform primary work duties unless working remotely,
21 to provide child care services to the children of the employees; or

22 4. Fifty percent (50%) of the amount expended by the employer
23 to establish, construct, acquire or develop a child care facility in
24 conjunction with one or more other entities, whether for-profit

1 business entities, nonprofit entities or other lawfully organized
2 entities, to provide child care services.

3 C. The total credit amount which may be claimed by an employer
4 pursuant to the provisions of this section shall not exceed:

5 1. Thirty Thousand Dollars (\$30,000.00) for credits claimed
6 pursuant to paragraph 1 or 2 of subsection B of this section for any
7 taxable year; or

8 2. Forty-five Thousand Dollars (\$45,000.00) for credits claimed
9 pursuant to paragraph 3 or 4 of subsection B of this section for any
10 taxable year.

11 D. The credits authorized pursuant to the provisions of this
12 section shall not be used to reduce the income tax liability of the
13 taxpayer to less than zero (0).

14 E. To the extent not used the credits authorized by this
15 section may be carried over, in order, to each of the succeeding
16 five (5) tax years.

17 F. The total amount of credits authorized to be used to reduce
18 income tax liabilities pursuant to the provisions of this section
19 shall not exceed Five Million Dollars (\$5,000,000.00) each fiscal
20 year.

21 G. The provisions of this section shall cease to have the force
22 and effect of law on January 1, 2029.

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1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.232 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 A. As used in this section:

5 1. "Child" means a person less than five (5) years of age;

6 2. "Licensed child care facility" means a person or entity
7 lawfully authorized to provide child care services within the state
8 and which is enrolled in Oklahoma's Quality Rating and Improvement
9 System (QRIS); and

10 3. "Qualified child care worker" means a person employed for at
11 least eight (8) consecutive months during the calendar year
12 corresponding to the income tax year for which the credit authorized
13 by this section is claimed and who performs classroom services for a
14 licensed child care facility and who is enrolled in Oklahoma's
15 Professional Development Ladder (PDL) and have earned a minimum of
16 twelve (12) credit hours.

17 B. For taxable years beginning January 1, 2024, and ending not
18 later than December 31, 2028, there shall be allowed a credit
19 against the tax imposed pursuant to Section 2355 of Title 68 of the
20 Oklahoma Statutes in the amount of Five Hundred Dollars (\$500.00)
21 for a qualified child care worker.

22 C. The credit authorized by this section shall be refundable.
23 The credit shall first be applied to income tax liability, if any,
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1 for the income tax year for which the credit is claimed and the
2 balance shall be refunded to the taxpayer.

3 D. The total amount of credits authorized to be used to reduce
4 income tax liabilities pursuant to the provisions of this section
5 shall not exceed Seven Million Dollars (\$7,000,000.00) each fiscal
6 year.

7 E. The provisions of this section shall cease to have the force
8 and effect of law on January 1, 2029.

9 SECTION 3. This act shall become effective November 1, 2023.

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