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HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2451

By: Schreiber and **Blancett** of
the House

and

Montgomery of the Senate

COMMITTEE SUBSTITUTE

[revenue - taxation - income tax - employer - child
care - credits - carryover - workers - amount -
refundability - sunset date - codification -
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 2357.231 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
less;

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

3 3. "Child care expense" means the cost of locating safe and
4 dependable services for the care of a minor child of an employee;

5 4. "Eligible program" means an applicable child care and early
6 childhood education program that has applied to participate in the
7 quality rating and improvement system and has been assigned a
8 quality scale rating;

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

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

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

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

23 9. "Qualified child care worker" means a person employed for at
24 least eight (8) consecutive months during the calendar year

1 corresponding to the income tax year for which the credit authorized
2 by this section is claimed and who performs classroom services for a
3 licensed child care facility and who is enrolled in Oklahoma's
4 Professional Development Ladder (PDL); and

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

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

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

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

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

3 4. Fifty percent (50%) of the amount expended by the employer
4 to establish, construct, acquire or develop a child care facility in
5 conjunction with one or more other entities, whether for-profit
6 business entities, nonprofit entities or other lawfully organized
7 entities, to provide child care services.

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

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

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

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

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

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

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

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

8 A. As used in this section:

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

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

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

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

3 C. The credit authorized by this section shall be refundable.
4 The credit shall first be applied to income tax liability, if any,
5 for the income tax year for which the credit is claimed and the
6 balance shall be refunded to the taxpayer.

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

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

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

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15 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
16 03/02/2023 - DO PASS, As Amended and Coauthored.

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