

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL 1398

6 By: Frix

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax; creating the  
9 Children's Promise Act; providing short title;  
10 defining term; providing tax credit for contribution  
11 to eligible charitable organization; limiting amount  
12 of credit; prohibiting certain contributions from  
13 being deducted from taxable income; prohibiting  
14 refundability; authorizing credit to be carried  
15 forward to certain tax years; requiring credit to be  
16 claimed on certain form; requiring eligible  
17 charitable organization to submit certification to  
18 the Oklahoma Tax Commission; prescribing requirements  
19 of certification; providing for penalty of perjury;  
20 requiring eligible charitable organization to notify  
21 the Tax Commission of certain changes; requiring the  
22 Tax Commission to review submitted certifications and  
23 determine eligibility; requiring the Tax Commission  
24 to notify certain organizations of determination;  
authorizing the Tax Commission to request  
recertification; authorizing allocation of credit  
earned by certain entities; prescribing procedures  
for allocation; providing exception on certain credit  
limitations for allocated credit; providing annual  
limit for certain tax years; prescribing procedures  
to enforce annual limit; providing for  
noncodification; providing for codification; and  
providing an effective date.

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

1 SECTION 1. NEW LAW A new section of law not to be  
2 codified in the Oklahoma Statutes reads as follows:

3 This act shall be known and may be cited as the "Children's  
4 Promise Act".

5 SECTION 2. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 2357.701 of Title 68, unless  
7 there is created a duplication in numbering, reads as follows:

8 A. As used in this section, "eligible charitable organization"  
9 means an organization that:

10 1. Is exempt from federal income taxation under 26 U.S.C.,  
11 Section 501(c)(3);

12 2. Is organized under the laws of this state;

13 3. Is headquartered in this state;

14 4. Has a primary mission to provide services for one or more of  
15 the following:

16 a. the prevention and diversion of children from custody  
17 with the Department of Human Services,

18 b. the safety, care, and well-being of children in  
19 custody with the Department of Human Services,

20 c. the express purpose of creating permanency for  
21 children through adoption,

22 d. the prevention of abuse, neglect, abandonment,  
23 exploitation, or trafficking of children,

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- e. the provision of assistance related to carrying a pregnancy to term, preventing abortion, and promoting healthy childbirth,
- f. the provision of marriage preparation and marriage counseling services that encourage a permanent, life-long union between man and wife,
- g. the provision of classes to public school students that promote respect for and observance of historical and traditional fundamental values, or
- h. the provision of workforce development services to children sixteen (16) years of age and older under the custody or care of the Department of Human Services; and

5. Has submitted written certification to the Oklahoma Tax Commission as required by this section and verified by the Tax Commission to meet all the requirements of an eligible charitable organization.

B. For tax year 2027 and subsequent tax years, there shall be allowed a credit against the income tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for any taxpayer who elects to make a monetary contribution to an eligible charitable organization. The amount of the credit shall be equal to fifty percent (50%) of the monetary contribution to the eligible charitable organization during the tax year, not to exceed fifty percent (50%) of the total

1 income tax liability of the taxpayer for the tax year. Provided, if  
2 the credit is being claimed by an individual taxpayer filing as  
3 married filing separately, the credit shall equal to twenty-five  
4 percent (25%) of the monetary contribution made during the tax year.

5 C. Contributions made by a taxpayer for which a credit is  
6 claimed pursuant to this section shall not be used as a deduction  
7 from taxable income or adjusted gross income to arrive at Oklahoma  
8 taxable income or Oklahoma adjusted gross income.

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

12 E. If the amount of the credit allowed pursuant to this section  
13 exceeds the income tax liability, the amount of credit not used in  
14 any tax year may be carried forward, in order, to each of the five  
15 (5) subsequent tax years.

16 F. Taxpayers shall claim the credit authorized by this section  
17 on a form prescribed by the Tax Commission and shall provide the  
18 name of the eligible charitable organizations to which the  
19 contributions were made, including the amount contributed to each  
20 organization.

21 G. An eligible charitable organization shall submit written  
22 certification to the Tax Commission which shall contain the  
23 following:

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- 1        1. A statement that the organization meets all the requirements  
2 to be considered an eligible charitable organization;
- 3        2. Verification of the status of the organization under 26  
4 U.S.C., Section 501(c) (3);
- 5        3. A statement that the organization does not provide, pay for,  
6 refer for, promote, or provide coverage of medication or surgical  
7 abortions and does not financially support or legally partner or  
8 affiliate with any other entity that provides, pays for, refers for,  
9 promotes, or provides coverage of abortions; and
- 10       4. A statement that the organization:
  - 11           a. maintains in this state a primary physical office or  
12           presence and that at least fifty percent (50%) of the  
13           clients of the organization claim to be residents of  
14           this state,
  - 15           b. regularly answers a dedicated phone number,
  - 16           c. in the prior tax year, did not receive more than fifty  
17           percent (50%) of total revenue from government grants  
18           and funding, and
  - 19           d. in the prior tax year, expended one hundred percent  
20           (100%) of any contributions received, for which a  
21           credit was claimed pursuant to this section, to serve  
22           residents of this state.
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1 H. The written certification required by subsection G of this  
2 section shall be signed by an officer of the organization under  
3 penalty of perjury.

4 I. An eligible charitable organization shall notify the Tax  
5 Commission within sixty (60) days of any change that may affect the  
6 eligibility of the organization pursuant to this section.

7 J. The Tax Commission shall review each written certification  
8 to determine if the organization meets all the requirements to be an  
9 eligible charitable organization as provided by this section and  
10 notify the organization of the determination. The Tax Commission  
11 may periodically request a written recertification of an eligible  
12 charitable organization no more than once every one hundred twenty  
13 (120) days.

14 K. The Tax Commission shall publish a list of eligible  
15 charitable organizations on the website of the Tax Commission.

16 L. The credits authorized pursuant to the provisions of this  
17 section shall be allocable to the partners, shareholders, members,  
18 or other equity owners of a taxpayer that is authorized to be  
19 treated as a partnership for purposes of federal income tax  
20 reporting for the taxable year for which the tax credits authorized  
21 by this section are claimed on the applicable return, together with  
22 required schedules, forms, or reports of the partners, shareholders,  
23 members, or other equity owners of the taxpayer. Tax credits which  
24 are allocated to such equity owners shall only be limited in amount

1 for the income tax return of a natural person or persons based upon  
2 the limitation of the total credit amount to the entity from which  
3 the tax credits have been allocated and shall not be subject to the  
4 limitations on individual taxpayers provided in subsection B of this  
5 section.

6 M. For tax year 2029 and subsequent tax years, the total amount  
7 of credits authorized pursuant to this section shall be adjusted  
8 annually to limit the annual amount of credits to Five Million  
9 Dollars (\$5,000,000.00). The Tax Commission shall annually  
10 calculate and publish a percentage by which the credits authorized  
11 by this section shall be reduced so the total amount of credits used  
12 to offset tax does not exceed the annual limit. The formula to be  
13 used for the percentage adjustment shall be Five Million Dollars  
14 (\$5,000,000.00) divided by the amount of credit claimed in the  
15 second preceding tax year. In the event the total tax credits  
16 authorized by this section exceed the annual limit in any tax year,  
17 the Tax Commission shall permit any excess but shall factor such  
18 excess into the percentage adjustment formula for subsequent tax  
19 years.

20 SECTION 3. This act shall become effective November 1, 2026.

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