

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1398

By: Alvord

AS INTRODUCED

An Act relating to income tax; creating the Children's Promise Act; providing short title; defining term; providing tax credit for contribution to eligible charitable organization; limiting amount of credit; prohibiting certain contributions from being deducted from taxable income; prohibiting refundability; authorizing credit to be carried forward to certain tax years; requiring credit to be claimed on certain form; requiring eligible charitable organization to submit certification to the Oklahoma Tax Commission; prescribing requirements of certification; providing for penalty of perjury; requiring eligible charitable organization to notify the Tax Commission of certain changes; requiring the Tax Commission to review submitted certifications and determine eligibility; requiring the Tax Commission 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.

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

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

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

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

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

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

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

11 3. Is headquartered in this state;

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

14 a. the prevention and diversion of children from custody
15 with the Department of Human Services,

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

18 c. the express purpose of creating permanency for
19 children through adoption,

20 d. the prevention of abuse, neglect, abandonment,
21 exploitation, or trafficking of children,

22 e. the provision of assistance related to carrying a
23 pregnancy to term, preventing abortion, and promoting
24 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 the monetary contribution to the eligible charitable organization during the tax year, not to exceed fifty percent (50%) of the total income tax liability of the taxpayer for the tax year. Provided, if the credit is being claimed by an individual taxpayer filing as married filing separately, the

1 credit shall equal to one-half of the monetary contribution made
2 during the tax year.

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

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

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

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

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

22 1. A statement that the organization meets all the requirements
23 to be considered an eligible charitable organization;
24

1 2. Verification of the status of the organization under 26
2 U.S.C., Section 501(c) (3);

3 3. A statement that the organization does not provide, pay for,
4 refer for, promote, or provide coverage of medication or surgical
5 abortions and does not financially support or legally partner or
6 affiliate with any other entity that provides, pays for, refers for,
7 promotes, or provides coverage of abortions; and

8 4. A statement that the organization:

9 a. maintains in this state a primary physical office or
10 presence and that at least fifty percent (50%) of the
11 clients of the organization claim to be residents of
12 this state,

13 b. regularly answers a dedicated phone number,

14 c. in the prior tax year, did not receive more than fifty
15 percent (50%) of total revenue from government grants
16 and funding, and

17 d. in the prior tax year, expended one hundred percent
18 (100%) of any contributions received, for which a
19 credit was claimed pursuant to this section, to serve
20 residents of this state.

21 H. The written certification required by subsection G of this
22 section shall be signed by an officer of the organization under
23 penalty of perjury.

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

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

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

13 L. The credits authorized pursuant to the provisions of this
14 section shall be allocable to the partners, shareholders, members,
15 or other equity owners of a taxpayer that is authorized to be
16 treated as a partnership for purposes of federal income tax
17 reporting for the taxable year for which the tax credits authorized
18 by this section are claimed on the applicable return, together with
19 required schedules, forms, or reports of the partners, shareholders,
20 members, or other equity owners of the taxpayer. Tax credits which
21 are allocated to such equity owners shall only be limited in amount
22 for the income tax return of a natural person or persons based upon
23 the limitation of the total credit amount to the entity from which
24 the tax credits have been allocated and shall not be subject to the

1 limitations on individual taxpayers provided in subsection B of this
2 section.

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

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