**BILL SUMMARY**
1st Session of the 59th Legislature

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| **Bill No.:** | **HB2451** |
| **Version:** | **CS** |
| **Request Number:** | **7914** |
| **Author:** | **Schreiber** |
| **Date:** | **3/8/2023** |
| **Impact:** | **OTC Analysis:** |
| | **FY24: $0** |
| | **FY25: Unknown revenue decrease** |

## Research Analysis

The committee substitute for HB2451 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 for tax 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, HB2451 establishes income tax credits to support employer-sponsored childcare subsidies, employer-sponsored childcare facilities, and childcare workers. The number of employers that will qualify for the tax credit, and the number of child care workers that will qualify for the tax credit are variables that are unknown. The result of this measure is an unknown decrease in state revenues for fiscal year 2025. The committee substitute should not change the fiscal impact of this bill.

Provided by the Oklahoma Tax Commission:

It is not known how many child care workers[6] will qualify for the proposed tax credit. Therefore the expected revenue impact of this proposal is an unknown decrease in income tax collections for tax year 2024. No changes in withholding or estimated tax payments are anticipated, and the full impact of this proposal would occur in FY 25 when the 2024 returns are filed.

In addition to the per employer limitations, this credit is subject to an annual cap of $5 million per fiscal year. There is no guidance for the Tax Commission on how to administer the cap and is problematic. It is not known how many employers will expend (or are already expending) the required funds to generate the proposed tax credit. Therefore the expected revenue impact of this proposal is an unknown decrease in income tax collections for tax year 2024. No changes in withholding or estimated tax payments are anticipated, and the full impact of this proposal would occur in FY 25 when the 2024 returns are filed.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.