

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 1, 2023

BILL NUMBER: SB 1063 **STATUS AND DATE OF BILL:** Committee Sub. 2/20/23

AUTHORS: House n/a Senate Garvin

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: New Law

SB 1063 proposes to enact a new law entitled the *Childcare Receives Investment from Business (CRIB) Act*. This measure would provide businesses a non-refundable income tax credit for expenditures to start a new childcare facility, either by an entity primarily engaged in the business of providing childcare services or a business creating an on-site childcare facility effective for tax years 2024 through 2029.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 23: -0-

FY 24: Unknown decrease in income tax collections.

Mar. 1, 2023
DATE

Rick Miller
DIVISION DIRECTOR

mk

3/1/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/6/2023
DATE

Joseph P Gappa
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - SB 1063 [Committee Sub.]

Prepared 3/1/23

SB 1063 proposes to enact a new law entitled the *Childcare Receives Investment from Business (CRIB) Act*. This measure would provide businesses a non-refundable income tax credit for expenditures to start a new childcare facility, either by an entity primarily engaged in the business of providing childcare services or a business creating an on-site childcare facility effective for tax years 2024 through 2029. The credit would be available for the 5 years of operation.¹ Unused credits may be carried forward in order, to each of the 5 subsequent tax years. Childcare facilities must be licensed² with an average daily enrollment for a tax year of at least 6 children who are 12 years of age or younger.

Eligible expenses³ include the following expenditures:

- costs of a facility and location licensing requirements
- fire, safety, and health code training, approval, and compliance
- equipment and supplies, including consumables and entertainment for children
- childcare director training and credentialing
- childcare employee training, credentialing, and licensing
- background checks
- insurance
- advertising
- transportation
- other expenses required or approved by the Department of Human Services

For entities primarily engaged in the business of providing childcare services or businesses creating an on-site childcare facility for use by employees or the public the credit is 30% of documented eligible expenses. Additionally businesses that offer the following childcare benefits to employees are eligible for an income tax credit based on type of expense outlined in the chart below:

Type of Expense	Credit %
Documented eligible expenses and wages paid for childcare employees	15% with an additional 5% the first year the facility is in operation
Payments made by a business to a childcare facility for employee childcare services	10%
Payments made by a business to an employee for childcare costs	15% not to exceed \$5,000 per employee ⁴

¹Unclear if business starts after 2024 how long the credit lifetime is for that business.

²This measure does not specify who must license the childcare facility.

³These types of expenses are typically deducted to arrive at taxable income.

⁴A business must make available an equivalent payment for childcare costs to every employee to be eligible.

ATTACHMENT TO REVENUE IMPACT - SB 1063 [Committee Sub]
Prepared 3/1/23 (continued)

A small business⁵ will be allowed an additional credit of 10% of the credits earned above.

The Oklahoma Tax Commission must provide an annual report to the Department of Human Services detailing the number of businesses that claim the credits proposed by this measure for each tax year.⁶

Enactment of this measure will have an unknown decrease in income tax collections. It is expected that estimated payments by businesses will be changed as a result of these credits in FY24.

⁵ Small business for this provision are defined as a small business by 13 CFR Part 121. [eCFR :: 13 CFR Part 121 -- Small Business Size Regulations](#)

⁶ This measure does not specify when the report must be provided. Tax year 2024 (the first year of the tax credit) returns are due in early 2025 and may be filed as late as October for calendar year taxpayers.