

RÉSUMÉ DIGEST

ACT 454 (SB 233)

2025 Regular Session

Edmonds

Existing law authorizes the following school readiness tax credits for child care:

- (1) Child care expense tax credit.
- (2) Child care provider tax credit.
- (3) Credit for child care directors and staff.
- (4) Credit for business-supported child care.

New law changes the title from school readiness tax credits to workforce child care tax credits and otherwise retains existing law.

Existing law defines the term "eligible business child care expenses" as the total of the following expenses of a business that supports quality child care:

- (1) For the construction, renovation, expansion, or major repair of an eligible child care facility, or for the purchase of equipment for such facility, or for the maintenance and operation thereof, not to exceed \$50,000 in expenses per tax year.
- (2) For payments made to an eligible child care facility for child care services to support employees not to exceed \$5,000 per child per tax year.
- (3) For the purchase of child care slots at eligible child care facilities actually provided or reserved for children of employees not to exceed \$50,000 per tax year.

New law retains existing law but increases the annual cap within the definition of the term "eligible business child care expense" as follows:

- (1) For the construction, renovation, expansion, or major repair of an eligible child care facility, or for the purchase of equipment for such facility, or for the maintenance and operation thereof the cap is changed from \$50,000 per tax year to \$100,000.
- (2) For payments made to an eligible child care facility for child care services to support employees from \$5,000 to \$10,000.
- (3) For the purchase of child care slots at eligible child care facilities actually provided or reserved for children of employees from \$50,000 to \$100,000.

Existing law authorizes a tax credit for the eligible business child care expenses paid by a business. The percentage of the credit depends upon the quality rating of the child care facility to whom the eligible business child care expenses are paid. The percentages are as follows:

- (1) Five star facility - 20%
- (2) Four star facility - 15%
- (3) Three star facility - 10%
- (4) Two star facility - 5%
- (5) One star facility - 0%

New law retains existing law but changes the percentage of the credit based upon the quality rating of the facility as follows:

- (1) Five star facility - increased from 20% to 50%
- (2) Four star facility - increased from 15% to 40%

- (3) Three star facility - increased from 10% to 30%
- (4) Two star facility - decreased from 5% to 0%
- (5) One star facility - remains 0%

New law provides for the maximum amount of tax credits for the eligible business child care expenses paid by a business that may be claimed on tax returns for a calendar year, hereinafter "credit cap"; the initial credit cap for calendar year 2026 shall be \$1M.

New law authorizes a \$1M increase in the credit cap for a calendar year beginning in 2027 if at least 80% of the credit cap amount authorized for the preceding taxable year was granted. Further provides that the credit cap shall not be increased for a given year if less than 80% of the credit cap amount authorized for the preceding year was granted. Provides that in no calendar year will the tax credit cap amount exceed \$5 million.

Applicable to taxable periods beginning on or after January 1, 2026.

Effective January 1, 2026.

(Amends the heading of Ch. 2 of Subtitle VII of Title 47 of the La. Revised Statutes of 1950, R.S. 47:6102(7), and R.S. 47:6107(A)(1) as amended and reenacted by §1 of Act No. 6 of the 2024 3rd ES; adds R.S. 47:6107(C))