

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 233

2025 Regular Session

Edmonds

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

TAX/TAXATION: Provides for changes to the School Readiness Tax Credit.

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Relocates the \$5 million cap on the program.
2. Places a cap of \$1 million on the program for calendar year 2026.
3. Provides for a increase in the cap based upon utilization of the credit in the prior year.
4. Makes technical changes.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

DIGEST

SB 233 Engrossed

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Present 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.

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

Present 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 fifty thousand dollars 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 five thousand dollars 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 fifty thousand dollars per tax year.

Proposed law 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.

Present 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%

Proposed law retains present law but increases 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%

Proposed law adds a cap on the business supported child care tax credit of \$5M per calendar year.

Proposed law provides for the maximum amount of tax credits 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.

Proposed law authorizes a \$1M increase in the credit cap for a calendar year if at least 80% of the credit cap amount authorized for the preceding taxable year was claimed on tax returns. 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 claimed. Limits the credit cap amount for any calendar year to \$5M.

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)