The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

DIGEST 2025 Regular Session

Edmonds

C

SB 233 Original

<u>Present law</u> 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.

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

<u>Present law</u> 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.

<u>Proposed law</u> 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 <u>from</u> \$50,000 per tax year <u>to</u> \$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.

<u>Present law</u> 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%

<u>Proposed law</u> retains <u>present law</u> 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 increased from 5% to 20%
- (5) One star facility remains 0%

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)