

TAX/TAXATION. Provides for changes to the School Readiness Tax Credit. (1/1/26)

AN ACT

To amend and reenact the heading of Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950, R.S. 47:6102(7) , and R.S. 47:6107(A)(1) as amended and reenacted by Section 1 of Act 6 of the 2024 Third Extraordinary Session of the Legislature of Louisiana and to enact R.S. 47:6107(C), relative to the school readiness tax credits; to change the name of the credit; to provide for the definition of eligible business child care expenses; to provide for the percentages of eligible business child care expenses eligible for the credit; to provide for a calendar year cap; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The heading of Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950 and R.S. 47:6102(7) are hereby amended and reenacted and R.S. 47:6107(C) is hereby enacted to read as follows:

CHAPTER 2. SCHOOL READINESS

WORKFORCE CHILD CARE TAX CREDITS

* * *

1 §6102. Definitions

2 For purposes of this Chapter, the following terms shall have the following
3 definitions:

4 * * *

5 (7) "Eligible business child care expenses" means the total of the following
6 expenses of a business that supports quality child care as provided for in R.S.
7 47:6107:

8 (a) For the construction, renovation, expansion, or major repair of an eligible
9 child care facility, or for the purchase of equipment for such facility, or for the
10 maintenance and operation thereof, not to exceed ~~five~~ **one hundred** thousand dollars
11 in expenses per tax year.

12 (b) For payments made to an eligible child care facility for child care services
13 to support employees not to exceed ~~five~~ **ten** thousand dollars per child per tax year.

14 (c) For the purchase of child care slots at eligible child care facilities actually
15 provided or reserved for children of employees not to exceed ~~five~~ **one hundred**
16 thousand dollars per tax year.

17 * * *

18 §6107. Business-supported child care

19 * * *

20 **C. The total amount of credits granted in any calendar year shall not**
21 **exceed five million dollars.**

22 Section 2. R.S. 47:6107(A)(1) as amended and reenacted by Section 1 of Act 6 of the
23 2024 Third Extraordinary Session of the Legislature of Louisiana is hereby amended and
24 reenacted to read as follows:

25 §6107. Business-supported child care

26 A.(1) There shall be a refundable credit against any Louisiana income tax for
27 the eligible business child care expenses supported by a business. The credit shall be
28 the following percentages of eligible business child care expenses depending upon
29 the quality rating of the child care facility to which the expenses are related or the

quality rating of the child care facility the child attends:

Quality Rating of Child Care Facility	Percentage of eligible business child care expenses
Five star	20 <u>50</u> %
Four star	15 <u>40</u> %
Three star	10 <u>30</u> %
Two star	5 <u>20</u> %
One star or nonparticipating facility	0
* * *	

Section 3. The provisions of this Act shall be applicable to taxable periods beginning on or after January 1, 2026.

Section 4. The provisions of this Act shall become effective January 1, 2026.

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

SB 233 Engrossed2025 Regular SessionEdmonds

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 - increased from 5% to 20%
- (5) One star facility - remains 0%

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

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))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal
Affairs to the original bill

1. Add a calendar year cap for the business supported child care tax credit.
2. Make technical changes.