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SB 233 Engrossed	DIGEST 2025 Regular Session	Edmonds
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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 - 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.