

2025 Regular Session

SENATE BILL NO. 233

BY SENATOR EDMONDS

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

1 AN ACT

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

10 Be it enacted by the Legislature of Louisiana:

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

14 CHAPTER 2. ~~SCHOOL READINESS~~
15 WORKFORCE CHILD CARE TAX CREDITS

16 * * *

17 §6102. Definitions

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

* * *

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

(a) 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~~ **one hundred** thousand dollars in expenses per tax year.

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

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

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Section 2. 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 is hereby amended and reenacted to read as follows:

§6107. Business-supported child care

A.(1) There shall be a refundable credit against any Louisiana income tax for the eligible business child care expenses supported by a business. The credit shall be the following percentages of eligible business child care expenses depending upon 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> %

1	Three star	10 <u>30</u> %
2	Two star	5 <u>20</u> %
3	One star or nonparticipating facility	0
4	* * *	

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

7 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 Original 2025 Regular Session Edmonds

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%

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)