

HB 215 -- CHILD CARE TAX CREDITS

SPONSOR: Crossley

CHILD CARE CONTRIBUTION TAX CREDIT ACT (Section 135.1310)

This bill establishes the "Child Care Contribution Tax Credit Act". Beginning January 1, 2026, a taxpayer may claim a tax credit, against its state liability for that tax year, for verified contributions to a child care provider in an amount equal to 75% of the contribution. The tax credit issued must not be less than \$100,000 and must not exceed \$200,000 per tax year.

A child care provider or intermediary must apply to the Department of Economic Development using the Department's approved form. The Department makes a determination on eligibility, enters into an agreement with the child care provider, who would then receive a tax credit. A child care provider or intermediary who receives a contribution must file a contribution verification with the Department as specified in the bill.

To be eligible for the tax credit, a contribution must be:

- (1) Used directly by a child care provider to promote child care for children 12 years of age or younger;
- (2) Distributed in full by the intermediary within two years of receipt to one or more child care providers, if made to an intermediary;
- (3) Made to a child care provider or intermediary in which the taxpayer or a person related to the taxpayer does not have a direct financial interest; and
- (4) Not made in exchange for care of a child or children in the case of an individual taxpayer that is not an employer making a contribution on behalf of its employees.

The tax credits authorized by this section are not refundable and shall not be transferred, sold, or otherwise conveyed. The amount of tax credits authorized must not exceed \$20 million for each calendar year. If the maximum amount of tax credits allowed in any calendar year is authorized, the maximum amount of tax credits will be increased by 15%, provided that all the increases of tax credits are reserved for contributions made to child care providers located in a child care desert.

Tax credits allowed under this section are considered a "domestic and social tax credit" under the provisions of the Tax Credit Accountability Act.

The program sunsets on December 31, 2031, unless reauthorized.

EMPLOYER PROVIDED CHILD CARE ASSISTANCE TAX CREDIT ACT (Section 135.1325)

This bill establishes the "Employer Provided Child Care Assistance Tax Credit Act". Beginning January 1, 2026, a taxpayer with two or more employees may claim a tax credit in an amount equal to 30% of the qualified child care expenditures paid or incurred with respect to a child care facility. The maximum amount of any tax credit issued must not exceed \$200,000 per taxpayer per tax year.

For the purposes of this provision, "taxpayer" is defined as a corporation defined in Chapter 143, RSMo; any charitable organization exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax under Chapter 143; or individuals or partnerships subject to the state income tax imposed by the provisions of Chapter 143.

A facility must not be treated as a child care facility with respect to a taxpayer unless enrollment in the facility is open to the dependents of the taxpayer's employees during the tax year, provided that the dependents are within the age range ordinarily cared for by, and only require a level of care ordinarily provided by, the facility.

The tax credits can not be refundable, transferable, sold, assigned, or otherwise conveyed. The amount of tax credits must not exceed \$20 million for each calendar year. If the maximum amount of tax credits allowed in any calendar year is authorized, the maximum amount of tax credits will be increased by 15%, provided that all such increases of tax credits are reserved for child care expenditures for child care facilities located in a child care desert.

Tax credits allowed under this section are considered a "domestic and social tax credit" under the provisions of the Tax Credit Accountability Act.

The program sunsets on December 31, 2031, unless reauthorized.

CHILD CARE PROVIDERS TAX CREDIT ACT (Section 135.1350)

This bill also establishes the "Child Care Providers Tax Credit Act". Beginning January 1, 2026, a child care provider with three

or more employees may claim a tax credit in an amount equal to the child care provider's eligible employer withholding tax, and may also claim a tax credit in an amount up to 30% of the child care provider's capital expenditures. No tax credit for capital expenditures will be allowed if the capital expenditures are less than \$1,000. The amount of any tax credit issued must not exceed \$200,000 per child care provider per tax year.

To claim a tax credit for capital expenditures, a child care provider must present proof acceptable to the Department of Elementary and Secondary Education that the expenditures fall within the definition of capital expenditure, as defined in the bill.

The tax credits can not be refundable, transferred, sold, assigned, or otherwise conveyed. Any amount of credit that exceeds the child care provider's state tax liability for the tax year for which the tax credit is issued may be carried forward to the child care provider's subsequent tax year for up to six succeeding tax years. The amount of tax credits authorized pursuant to this section must not exceed \$20 million for each calendar year. If the maximum amount of tax credits allowed in any calendar year is authorized, the maximum amount of tax credits will be increased by 15%, provided that all of the tax credits are reserved for contributions made to child care providers located in a child care desert.

The program sunsets on December 31, 2031, unless reauthorized.

This bill is the same as HB 1488 (2024) and similar to HB 870 (2023)