

HB 2409 -- TAX CREDITS FOR CHILD CARE (Shields)

COMMITTEE OF ORIGIN: Standing Committee on Economic Development

CHILD CARE CONTRIBUTION TAX CREDIT ACT (Section 135.1310, RSMo.)

This bill establishes the "Child Care Contribution Tax Credit Act". Beginning January 1, 2027, a taxpayer may claim a tax credit for verified contributions to a child care provider in an amount up to 75% of the contribution. The tax credit issued must not be less than \$100 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. After the Department makes a determination on eligibility and enters into an agreement with the child care provider, taxpayers who make contributions to such provider may receive this tax credit. A child care provider or intermediary who receives a contribution must file a contribution verification with the Department as further explained in the bill.

To be eligible for the tax credit, a contribution:

- (1) Must be used directly by a child care provider to promote child care for children 12 years of age or younger;
- (2) If made to an intermediary, must be distributed in full by the intermediary within two years of receipt to one or more child care providers;
- (3) Must be made to a child care provider in which the taxpayer or a person related to the taxpayer does not have a direct financial interest; and
- (4) Must not be 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 can 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 must be increased by 15%, provided that all such increases of tax credits must be reserved for contributions made to child care providers located in a "child care desert", as defined in the bill.

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 six years after the effective date.

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

This bill also establishes the "Employer Provided Child Care Assistance Tax Credit Act". Beginning January 1, 2027, 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; 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 will 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, such facility.

The tax credits cannot 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 will be reserved for contributions 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 six years after the effective date.

CHILD CARE PROVIDERS TAX CREDIT ACT (Section 135.1350)

This bill also establishes the "Child Care Providers Tax Credit Act". Beginning January 1, 2027, 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 are not refundable and cannot be transferred, sold, assigned, or otherwise conveyed. 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 such increases of tax credits must be 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 six years after the effective date.

This bill is similar to the perfected version of HB 269 (2025) and SS SB 742 (2024).