

New Workforce Child Care Tax Credits for Businesses That Support Employee Child Care Assistance

In 2025, the Louisiana Legislature passed Act 454, which expands the state's child care tax credits for businesses that help cover the child care costs of their employees. The new Workforce Child Care Tax Credits increase the value of the credits available to employers and restructure them to place a greater emphasis on serving children in high-quality settings.

Goals of Act 454

- **Support Working Families:** The Workforce Child Care Tax Credit offers greater incentives for businesses to support high-quality child care for their employees, making it more affordable for many of Louisiana's working families.
- **Build a Stronger Workforce:** The tax credit helps employers recruit and retain employees by reducing some of the financial barriers workers face in accessing quality child care for their children.
- **Share the Cost:** The tax credit brings together the state, businesses, and working families as partners in covering the significant expense of quality child care.

How It Works: Act 454

- **Tax Credit:** The state's tax credit formerly known as the School Readiness Tax Credit is now called the Workforce Child Care Tax Credit, signaling a stronger alignment with Louisiana's workforce development goals. The revised tax credit increases the amount of the tax credit a business can claim in support of employee child care.
- **Expanded Expense Limits:**
 - Doubles the amount a business can receive for supporting child care through construction, renovation, or major repair of eligible child care centers, moving the cap from **\$50,000** to **\$100,000** per tax year.
 - Doubles the amount of the per-child credit for businesses who pay to support employee child care at qualified centers, from **\$5,000** to **\$10,000** per tax year.
 - Increases the total amount a business can claim each year to purchase child care slots for employees, from **\$50,000** to **\$100,000** per tax year.
- **Higher Credit Rates for Quality Care:** The Workforce Child Care Tax Credit increases the percentage of eligible expenses a business can claim based on the quality of the child care center as reported through the state's Early Childhood Performance Profiles:
 - 3-star: 30% (up from 10%)
 - 4-star: 40% (up from 15%)
 - 5-star: 50% (up from 20%)
 - Facilities with a one- or two-star rating are not eligible for the credit.
- **Application Timing:** Businesses seeking the credit must apply between **January 1 and February 28** after the year in which the credit was earned.
 - The first application period begins in 2027 and continues each year thereafter.
 - A completed Business-Supported Child Care Application must be submitted electronically through the [Louisiana Taxpayer Access Point \(LaTap\)](#) portal on the Louisiana Department of Revenue website. The application must include the:

- § Louisiana revenue tax identification number for the child care center
- § the amount and nature of qualifying expenses at each child care facility
- § the facility's quality rating and
- § the facility's license number.

o If approved, the Department of Revenue will provide each approved applicant with a letter indicating the amount of the credit earned and the taxable period in which the credit may be used.

- **Claiming the Credit:** Businesses may claim the credit by entering the three-digit credit code 67F on the *Refundable Priority Two Tax Schedule* and attaching the approval letter issued by the Department with the tax return.

Important Note: For the 2026 tax year, the total tax credit available to be claimed statewide is **\$1 million**, which is allowed to grow to a maximum of \$5 million in future years based on utilization. Because of this cap, applications for each tax credit will be approved on a **first-come, first-served basis**.

For this reason, it is important that businesses apply for the credits as early as possible.

More detailed information is available from the Department of Revenue: **Workforce Child Care Tax Credits [Bulletin #25-029](#)**

