

**PRELIMINARY STAFF MEASURE SUMMARY**

CARRIER:

Senate Committee on Human Services and Early Childhood

**REVENUE:** Revenue statement issued (“lite”)**FISCAL:** No fiscal impact**SUBSEQUENT REFERRAL TO:** Tax Credits**Action:****Vote:**

Yeas:

Nays:

Exc.:

**Prepared By:** Cheyenne Ross, Administrator**Meeting Dates:** 3/19, 4/9, 4/14**WHAT THE MEASURE DOES:** Extends tax credit for employer-provided dependent care assistance.**ISSUES DISCUSSED:**

- Breakdown of child care-related credits: 2 for consumers, 1 for providers, 1 for employers (this measure)
- Suggestions for possible improvement: a quality-based credit or an on-site care focus
- Whether credit really reaching neediest/low-income parents; only very large employers provide on-site care

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The tax credit for employer-provided dependent care assistance is available to an employer who provides child or other dependent care assistance or referral services to its employees. The employer is eligible to receive a credit for 50 percent of the cost of this type of referral or assistance, up to \$2,500 per employee. This credit may be applied against personal or corporate income taxes, but it is primarily used by corporations. An employer who wants to claim the credit must be certified annually by the Office of Child Care, and unused credits may be carried forward five years. Over the past few years, use has varied (from a low of \$200,000 in 2011 to \$1.4 million in 2005) but has been on a downward trend. (*2016 Expiring Tax Credits*, Research Report No. 2-15, Legislative Revenue Office, February 2015.)

House Bill 2114 extends the employer-provided dependent care assistance tax credit to 2022.