OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 167
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Rep. A. White

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SUMMARY

- Authorizes a nonrefundable tax credit for an employer that provides certain child care benefits to its employees.
- Allows the credit to be claimed against the commercial activity tax, income tax, motor fuel supplier tax, domestic or foreign insurance company tax, public utility excise taxes, or financial institutions tax.
- Allows the credit for costs associated with establishing or operating an employer-owned child care facility, contracting with a child care facility, or paying employees for the provision of their own child care.
- Limits the credit to $500,000 of eligible expenses per calendar year.

DETAILED ANALYSIS

Employer-provided child care credit

The bill authorizes a nonrefundable tax credit for an employer that provides certain child care benefits to its employees. The credit may be claimed against the commercial activity tax, income tax, motor fuel supplier tax, domestic or foreign insurance company tax, public utility excise taxes, or financial institutions tax. Credit-eligible employer expenses include amounts paid to employees for child care at a licensed child care program and any other amounts that would qualify as a child care expenditure for purposes of a federal employer-provided child care credit.[1] The federal credit may be claimed for such costs as those associated with acquiring, constructing, rehabilitating, or expanding a child care facility; operating expenses for such a facility including amounts paid to employ or support child care

[1] R.C. 5751.56(A)(1).

workers through training and scholarship programs; and amounts paid to contract with a facility to provide child care services to employees.[2]

Application process and credit limit

To receive the credit, an employer must apply to the Tax Commissioner on or before January 15 for eligible expenses incurred in the preceding calendar year. The employer must state the amount of expenses and which tax the credit will be claimed against. The Commissioner must evaluate applications in the order in which they are received and either issue a tax credit certificate if approved or otherwise state the reason for denial of the application. The amount of credit equals 100% of the employer's eligible expenses incurred in the preceding year, up to $500,000.[3] Applications may be submitted beginning on January 1 following the bill's 90-day effective date.[4]

Claiming the credit and carry forward

An employer issued a certificate may claim the credit against tax liability for the preceding tax period, taxable year, or calendar year, as applicable, relative to the issuance of the certificate or on the first return or report due after issuance of the certificate in the case of the public utilities taxes. Any excess credit may be carried forward for up to five years.[5] The bill authorizes pass-through treatment of the credit for income tax purposes.[6]

HISTORY

Action	Date
Introduced	03-12-25

ANHB0167IN-136/ks

[2] 26 United States Code 45F(c)(1)(A).

[3] R.C. 5751.56(B).

[4] Section 3.

[5] R.C. 5725.39, 5726.62, 5727.242, 5727.301, 5729.22, 5736.51, 5747.87, and 5751.56(D).

[6] R.C. 5747.87(B).