



Bipartisan Policy Center

State Child Care Tax Supports for Businesses and Parents

Last Updated September 2023

SUMMARY

While federal tax credits are top of mind for taxpayers, states have their own tax code and can implement tax policies that meet the needs of working parents living in their state. State tax policy can play a powerful role in increasing access to affordable, quality child care. In a scan of all 50 states and the District of Columbia, BPC researched which states offer state-level tax versions of the CDCTC, 45F, CTC, and EITC. The federal tax credits offer the following supports for working parents.

Federal Tax Credits		
Credit	Description	Refundable
Federal CDCTC	Credit that allows eligible taxpayers to offset a portion of their out-of-pocket child and dependent care expenses necessary for work. Taxpayers can claim up to \$3,000 in expenses for one dependent and \$6,000 in expenses for two or more. The maximum credit rate is 35% of eligible expenses, and it phases down with income until it reaches 20%.	No
Federal EITC	Credit of \$3,584 to \$6,660, depending on the number of qualifying children. Working parents with incomes that do not exceed \$43,492 to \$59,187 (depending on the number of children and marital status) are eligible to claim the credit.	Yes
Federal 45F	Credit for employers of up to 25% of qualified child care expenditures and 10% of qualified child care resource and referral expenditures. The credit maximum is \$150,000.	No
Federal CTC	Credit of up to \$2,000 per child 16 and under. Phases in with earnings, fully phases out starting at income of \$200,000 (single filers) and \$400,000 (married filers). Up to \$1,400 is refundable.	Yes (partially)

Below is a summary of the tax credits offered by each state. For more information, please see [BPC's State Tax Policies for Working Parents tracker](#).

State	CDCTC	45F	CTC	EITC	Total
Alabama	No	No	No	No	0
Alaska	No	No	No	No	0
Arizona	No	No	No	No	0
Arkansas	Yes	Yes	No	No	2
California	Yes	No	Yes	Yes	3
Colorado	Yes	Yes	Yes	Yes	4
Connecticut	No	Yes	No	Yes	2
Delaware	Yes	No	No	Yes	2
District of Columbia	Yes	No	No	Yes	2
Florida	No	No	No	No	0
Georgia	Yes	Yes	No	No	2
Hawaii	Yes	Pending	Pending	Yes	2
Idaho	Yes	No	Yes	No	2
Illinois	Pending	Yes	No	Yes	2
Indiana	No	No	No	Yes	1
Iowa	Yes	No	No	Yes	2
Kansas	Yes	Yes	No	Yes	3
Kentucky	Yes	No	No	No	1
Louisiana	Yes	Yes	No	Yes	3
Maine	Yes	No	Yes	Yes	3

State	CDCTC	45F	CTC	EITC	Total
Maryland	Yes	Yes	No	Yes	3
Massachusetts	Yes	No	Yes	Yes	3
Michigan	No	No	No	Yes	1
Minnesota	Yes	No	Yes	Yes	3
Mississippi	No	Yes	No	No	1
Missouri	No	Pending	No	Yes	1
Montana	Yes	No	No	Yes	2
Nebraska	Yes	No	Pending	Yes	2
Nevada	No	No	No	No	0
New Hampshire	No	No	No	No	0
New Jersey	Yes	No	Yes	Yes	3
New Mexico	Yes	Yes	Yes	Yes	4
New York	Yes	Yes	Yes	Yes	4
North Carolina	No	No	No	No	0
North Dakota	No	No	No	No	0
Ohio	Yes	No	No	Yes	2
Oklahoma	Yes	No	Yes	Yes	3
Oregon	Yes	Yes	Yes	Yes	4
Pennsylvania	No	No	No	No	0
Rhode Island	Yes	Yes	No	Yes	3
South Carolina	Yes	Yes	No	Yes	3
South Dakota	No	No	No	No	0
Tennessee	No	No	No	No	0
Texas	No	No	No	No	0
Utah	No	No	Yes	Yes	2
Vermont	Yes	No	Yes	Yes	3
Virginia	Yes	Yes	No	Yes	3
Washington	No	No	No	Yes	1
West Virginia	No	Yes	No	No	1
Wisconsin	No	No	No	Yes	1
Wyoming	No	No	No	No	0
Total	28	16	13	32	38

