

By: Representative Lamar

To: Ways and Means

HOUSE BILL NO. 4039

1 AN ACT TO AMEND SECTION 57-73-23, MISSISSIPPI CODE OF 1972,  
 2 WHICH AUTHORIZES AN INCOME TAX CREDIT FOR EMPLOYERS PROVIDING  
 3 DEPENDENT CARE FOR EMPLOYEES DURING WORK HOURS AND FOR EMPLOYERS  
 4 THAT PROVIDE A CHILD CARE STIPEND TO BE USED FOR CHILD CARE DURING  
 5 EMPLOYEES' WORK HOURS, TO REDUCE THE AMOUNT OF THE REQUIRED  
 6 STIPEND AND TO PROVIDE FOR THE STIPEND TO BE FOR DIRECT PAYMENTS  
 7 TO A LICENSED OR REGISTERED ENTITY PROVIDING DEPENDENT CHILD CARE;  
 8 TO PROVIDE THAT THE TAX CREDIT ALLOWED MAY NOT EXCEED \$3,000.00  
 9 PER YEAR FOR EACH CHILD OF A PARTICIPATING EMPLOYEE; TO PROVIDE  
 10 THAT IN LIEU OF CLAIMING A TAX CREDIT, A TAXPAYER MAY ELECT TO  
 11 CLAIM A REBATE IN THE AMOUNT OF 75% OF THE AMOUNT THAT WOULD BE  
 12 ELIGIBLE TO CLAIM AS A CREDIT; TO PROVIDE THAT THE MAXIMUM  
 13 AGGREGATE AMOUNT OF CREDITS AND REBATES THAT MAY BE USED BY A  
 14 TAXPAYER IN A TAXABLE YEAR CANNOT EXCEED \$50,000.00; TO PROVIDE  
 15 THAT THE MAXIMUM AGGREGATE AMOUNT OF TAX CREDITS AND REBATES THAT  
 16 MAY BE AWARDED CANNOT EXCEED \$5,000,000.00 FOR ANY ONE TAXABLE  
 17 YEAR; AND FOR RELATED PURPOSES.

18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

19 **SECTION 1.** Section 57-73-23, Mississippi Code of 1972, is  
 20 amended as follows:

21 57-73-23. (1) A fifty percent (50%) income tax credit shall  
 22 be granted to any employer providing dependent care for employees  
 23 during the employee's work hours, and to any employer who provides  
 24 a child care stipend of at least \* \* \* Two Thousand Dollars  
 25 (\$2,000.00) per child for direct payments made to a licensed or



26 registered entity providing dependent child care in the State of  
27 Mississippi for an employee's children during the employee's work  
28 hours. The credit allowed may not exceed Three Thousand Dollars  
29 (\$3,000.000) per year for each child of a participating employee.

30 (2) In order for an employer who provides a child care  
31 stipend under this section to be eligible for the tax credit, the  
32 employer shall certify to the Department of Revenue:

33 (a) The names of the employees on whose behalf the  
34 stipend is paid; \* \* \*

35 (b) The amount of the stipend paid on behalf of each of  
36 those employees;

37 (c) The licensed or registered entity receiving the  
38 child care stipend from the employer on behalf of the employee,  
39 including the entity's federal identification number and license  
40 and registration number as listed on the State Department of  
41 Health Registry; and

42 (d) Such other information as may be required by the  
43 Department of Revenue to ensure that credits under this section  
44 are granted only to employers who provide stipends to a licensed  
45 or registered entity providing dependent care in the State of  
46 Mississippi for an employee's children during the employee's work  
47 hours.

48 (3) For an employer contracting with a licensed or  
49 registered entity to provide dependent care for its employees  
50 during the employee's work hours, the credit is applied to the net



51 cost of any contract executed by the employer for another entity  
52 to provide dependent care; or, if the employer elects to provide  
53 dependent care itself, the credit is applied to expenses of  
54 dependent care staff, learning and recreational materials and  
55 equipment, and the construction and maintenance of a facility; or,  
56 if the employer elects to provide a child care stipend to a  
57 licensed or registered entity providing dependent care in the  
58 State of Mississippi for the employee's children during the  
59 employee's work hours, the credit is applied to the amount of the  
60 stipend provided. Additional eligible expenses include net costs  
61 assumed by the employer which increase the quality, availability  
62 and affordability of dependent care in the community used by  
63 employees during the employee's work hours. This cost is net of  
64 any reimbursement. A deduction shall not be allowed for any  
65 expenses which serve as the basis for an income tax credit. The  
66 credits allowed under this section shall not be used by any  
67 business enterprise or corporation other than the business  
68 enterprise actually qualifying for the credits.

69 Credit may be carried forward for the five (5) successive  
70 years if the amount allowable as credit exceeds income tax  
71 liability in a tax year; however, thereafter, if the amount  
72 allowable as a credit exceeds the tax liability, the amount of  
73 excess shall not be refundable or carried forward to any other  
74 taxable year. In lieu of claiming a tax credit, a taxpayer may  
75 elect to claim a rebate in the amount of seventy-five percent



76 (75%) of the amount that would be eligible to claim as a credit.  
77 Rebate requests shall be submitted to the Department of Revenue on  
78 forms prescribed by the department. The Department of Revenue  
79 will then provide the taxpayer with a voucher for the approved  
80 amount. Within twelve (12) months of the issuance of the voucher  
81 by the Department of Revenue, the taxpayer may submit the voucher  
82 to the department to receive payment. Rebates shall be made from  
83 current tax collections. The maximum aggregate amount of credits  
84 and rebates that may be used by a taxpayer in a taxable year  
85 cannot exceed Fifty Thousand Dollars (\$50,000.00).

86       The facility must have an average daily enrollment for the  
87 taxable year of no less than six (6) children who are twelve (12)  
88 years of age or less and be licensed according to the regulations  
89 governing licensure of child care facilities in Mississippi; or  
90 must serve five (5) or fewer children and/or elderly adults in a  
91 family child care/elder care home approved by the Department of  
92 Health for participation in the United States Department of  
93 Agriculture child and adult nutrition program; or must serve  
94 children over twelve (12) years of age but less than eighteen (18)  
95 years of age in either a community-based facility or a facility at  
96 the employment site; or must serve adult relatives of employees in  
97 either a community-based elder care facility or a facility at the  
98 employment site; or must serve children or adult dependents having  
99 physical, emotional or mental disabilities in either a  
100 community-based facility or a facility at the employment site.



101 Employers \* \* \* shall be certified as eligible for the tax  
102 credit if the facility is licensed or registered by the State  
103 Department of Health for programs serving children twelve (12)  
104 years of age or younger and for programs serving elderly adults  
105 and by the Department of Revenue for programs serving other  
106 dependents older than twelve (12) years of age at the time of the  
107 direct payment to that facility.

108 The maximum aggregate amount of tax credits and rebates that  
109 may be awarded under this section shall not exceed Five Million  
110 Dollars (\$5,000,000.00) for any one (1) taxable year.

111 **SECTION 2.** Nothing in this act shall affect or defeat any  
112 claim, assessment, appeal, suit, right or cause of action for  
113 taxes due or accrued under the income tax laws before the date on  
114 which this act becomes effective, whether such claims,  
115 assessments, appeals, suits or actions have been begun before the  
116 date on which this act becomes effective or are begun thereafter;  
117 and the provisions of the income tax laws are expressly continued  
118 in full force, effect and operation for the purpose of the  
119 assessment, collection and enrollment of liens for any taxes due  
120 or accrued and the execution of any warrant under such laws before  
121 the date on which this act becomes effective, and for the  
122 imposition of any penalties, forfeitures or claims for failure to  
123 comply with such laws.

124 **SECTION 3.** This act shall take effect and be in force from  
125 and after January 1, 2026.

