

By: Representative Lamar

To: Ways and Means

COMMITTEE SUBSTITUTE  
FOR  
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, OR OTHER GOVERNMENTAL, OR  
8 ACCREDITING AGENCY OR ENTITY PROVIDING DEPENDENT CHILD CARE; TO  
9 PROVIDE THAT THE TAX CREDIT ALLOWED MAY NOT EXCEED \$3,000.00 PER  
10 YEAR FOR EACH CHILD OF A PARTICIPATING EMPLOYEE; TO PROVIDE THAT  
11 IN LIEU OF CLAIMING A TAX CREDIT, A TAXPAYER MAY ELECT TO CLAIM A  
12 REBATE IN THE AMOUNT OF 75% OF THE AMOUNT THAT WOULD BE ELIGIBLE  
13 TO CLAIM AS A CREDIT; TO PROVIDE THAT THE MAXIMUM AGGREGATE AMOUNT  
14 OF CREDITS AND REBATES THAT MAY BE USED BY A TAXPAYER IN A TAXABLE  
15 YEAR CANNOT EXCEED \$50,000.00; TO PROVIDE THAT THE MAXIMUM  
16 AGGREGATE AMOUNT OF TAX CREDITS AND REBATES THAT MAY BE AWARDED  
17 CANNOT EXCEED \$5,000,000.00 FOR ANY ONE TAXABLE YEAR; AND FOR  
18 RELATED PURPOSES.

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

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

22 57-73-23. (1) A fifty percent (50%) income tax credit shall  
23 be granted to any employer providing dependent care for employees  
24 during the employee's work hours, and to any employer who provides  
25 a child care stipend of at least \* \* \* Two Thousand Dollars  
26 (\$2,000.00) per child for direct payments made to a licensed or



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

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

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

37 (b) The amount of the stipend paid on behalf of each of  
38 those employees;

39 (c) The licensed or registered entity receiving the  
40 child care stipend from the employer on behalf of the employee,  
41 including the entity's federal identification number and license  
42 and registration number as listed on the State Department of  
43 Health Registry, or other governmental, or accrediting agency or  
44 entity receiving the child care stipend from the employer on  
45 behalf of the employee; and

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



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

73           Credit may be carried forward for the five (5) successive  
74 years if the amount allowable as credit exceeds income tax  
75 liability in a tax year; however, thereafter, if the amount  
76 allowable as a credit exceeds the tax liability, the amount of



77 excess shall not be refundable or carried forward to any other  
78 taxable year. In lieu of claiming a tax credit, a taxpayer may  
79 elect to claim a rebate in the amount of seventy-five percent  
80 (75%) of the amount that would be eligible to claim as a credit.  
81 Rebate requests shall be submitted to the Department of Revenue on  
82 forms prescribed by the department. The Department of Revenue  
83 will then provide the taxpayer with a voucher for the approved  
84 amount. Within twelve (12) months of the issuance of the voucher  
85 by the Department of Revenue, the taxpayer may submit the voucher  
86 to the department to receive payment. Rebates shall be made from  
87 current tax collections. The maximum aggregate amount of credits  
88 and rebates that may be used by a taxpayer in a taxable year  
89 cannot exceed Fifty Thousand Dollars (\$50,000.00).

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



102 employment site; or must serve children or adult dependents having  
103 physical, emotional or mental disabilities in either a  
104 community-based facility or a facility at the employment site.

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

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

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



126 imposition of any penalties, forfeitures or claims for failure to  
127 comply with such laws.

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

