



MAKING UTAH EVEN BETTER FOR FAMILIES

Empower Utah Employers to Provide Child Care Benefits to Working Parents

House Bill 190 Child Care Business Tax Credit

Sponsors: Representative Jason Thompson & Senator Heidi Balderree



Policy Snapshot: Encourage Utah businesses to play a critical part in solving Utah's child care shortage and support working families statewide by aligning Utah's Employer Child Care Tax Credit with the newly enhanced federal credit.

The Problem

74% of parents say they need two incomes to cover household expenses.

Utah families and employers lose **\$1.36B** annually when child care is unaffordable or unavailable.

Licensed providers meet only 36% of child care demand, leaving 77% of Utahns in child care deserts.

The Solution

- Amend Utah's Employer Child Care Tax Credit to align with the newly enhanced federal Employer-Provided Child Care Tax Credit (HR1, Section 45F, Internal Revenue Code)
- By stacking state and federal credits, large employers can receive a tax credit of up to 50% and small businesses up to 80% for all qualified child care expenses paid on behalf of an employee.

How it Works

Like health insurance premiums, employers can pay qualified child care providers directly and get a tax credit for eligible costs.

	Federal Tax Credit	Proposed UT Tax Credit	Total Available Credit For UT Employers
Small Employers 5-year avg. gross receipts below \$31M	50%	30%	80%
Large Employers	40%	10%	50%

Qualified Expenditures:

Construction/operating costs for employer-owned child care facilities

Contracting with a qualified child care facility to provide care

Contracting with an intermediary that partners with one or more qualified child care facilities



Funding: \$2.9 million ongoing

110,610

working parents could receive child care support if just 5% of Utah employers participate.

Our Approach

The Policy Project is taking a holistic approach to family affordability, giving families the flexibility to choose what works best — whether they need two incomes, want a parent at home, or need a new mother to keep her income.

Boost Financial Flexibility for Parents

- Increase Tax Credit Participation (RFA)
- Expand Child Tax Credit Eligibility (HB290)

Increase Access to Child Care

- Grants for Home-Based Providers (SB214)
- Business Child Care Tax Credit (HB190)

Support New Mothers

- Extend State Maternity Leave (HB329)
- Protect Pumping Breast Milk (HB329)

For more information or in-depth research, visit thepolicyproject.org/familyaffordability.