

JUNE 2000 WOMEN'S BUREAU CONFERENCE CALL

EMPLOYER TAX INCENTIVES FOR CHILD CARE

Host: Karen Furia, Women's Bureau Regional Director, Region 10

Speakers: Jim Thomas, Legislative manager for the WA State Department of Revenue

Marc Overbeck, Interim Ex Officer for the OR Commission for Child Care

Jean Morgan, Kansas Department of Social and Rehabilitation Services

SUMMARY OF TOPIC

This call focuses on the efforts of three states to encourage business involvement in child care through tax incentives.

Oregon

Employers in Oregon are offered a tax incentives if they invest in child care for their employees. Tax credits are given for expenses related to child care resource and referral services, financial assistance given to pay for private child care arrangements and on-site child care centers. Employers must have a written dependent care assistance plan, the plan can not discriminate and all employees must be notified of the plan existence. The employer must maintain accurate records verifying the costs were actually incurred and then submit the required forms to the state. The size of the credit depends on the amount of expenses invested by the employer up to \$100,000.

Kansas City

In 1992 the Daycare Assistance Tax Credit was made available to Kansas businesses and corporations. The Bill was designed to encourage employers to purchase or provide child care services for their employee's children and/or to provide services to assist employees in locating child care. In order to take advantage of these credits a home based provider must be licensed or registered by the state. If a employer establishes on-site child care, 50% of the costs incurred in the first year, up to \$45,000, can be claimed and 30% of total operating costs minus the parents fees can be claimed in subsequent and on-going years. The credits are meant to work with grants that are available through the state to promote on-site child care facilities.

Washington

Washington State faces unique challenges in its effort to provide tax incentives for employers, because there is not a state income tax. The state does have a gross receipts tax

that is charged to all businesses whether they make a profit or not. In 1992, the State Legislature exempted child care centers located on church property and in 1995, child care resource and referral services provided by a non-profit were added to this exemption. In 1998, the Legislature lowered the gross receipt tax for child care businesses. Washington State has presented multiple tax cut proposals for business that have not passed, due in large part to the lack of interest on the part of business.

KEY POINTS

- Public/Private partnerships can benefit children and their families.
- Marketing is a key factor in offering tax incentives to businesses.
- Incentives need to be big enough to get the attention of big business.

ADVANTAGES/SUCCESSSES

- These types of tax incentives can bring attention to the importance of quality child care.
- Employers offering child care benefits have improved employee retention.
- There are good examples of tax incentives that can be replicated.

DISADVANTAGES/ROAD BLOCKS

- Low interest and low utilization from employers
- Lack of a critical mass to get behind the issue of child care from the business community.
- Lack of marketing to inform the individual business owner of the credit.

SPEAKER CONTACT INFORMATION

Jim Thomas, Legislation Manager, Legislation and Policy Division

Washington State Department of Revenue

E-mail: jimt@dor.wa.gov

Website: <http://dor.wa.gov/Default.aspx>

RESOURCES

- Karen Furia, Women's Bureau Regional Director, Region 10 furia-karen@dol.gov
- The Women's Bureau <http://www.dol.gov/wb/welcome.html>
- Kelly Tyler, Child Care Resources, Business Liaison tyler@childcare.org
- Child Care Resources, King County, Washington www.childcare.org
- Washington State Child Care Resource and Referral www.childcarenet.org
- The Child Care Bureau <http://nccic.org>
- Alliance of Work Life Professionals <http://www.awlp.org>

- The Fatherhood Project <http://www.fatherhoodproject.org>
- Life Work Strategies <http://www.nationalpartnership.org>
- National Partnership for Women & Families <http://www.nationalpartnership.org>
- Boston College Center for Work & Family <http://www.bc.edu/cwf>
- Labor Project for Working Families <http://socrates.berkeley.edu/~iir/workfam/home.html>
- Blue Suit Mom <http://www.bluesuitmom.com/>
- National Network for Child Care <http://www.nncc.org/>
- Gil Gordon' Site on Telecommuting <http://www.gilgordon.com>
- The Green Commute <http://www.cleanair.org>
- Woman's-Work <http://www.womans-work.com>
- Human Resources Executive/Cornell <http://www.workindex.com>
- Families and Work Institute <http://www.familiesandwork.org>
- The Life Station <http://www.thelifestation.com>
- Work Life Benefits <http://www.wlb.com>
- Child Care in Health Care <http://www.childcareinhealthcare.org/>

The Women's Bureau Region X office and Child Care Resources of King County has compiled this "Work and Family Virtual Conference Call Summary Sheets" for information sharing and does not endorse any programs or organizations included in it. These summaries include information on programs and policies that employers have tried or ideas and thoughts that work and work/life professionals have shared.