Louisiana

**Credit Name:** Child Care Credit

**Type of Provision:** Refundable credit, if federal Adjusted Gross Income (AGI) is $25,000 or less

**Calculation:** A percentage, based on federal AGI, of the federal Child and Dependent Care Tax Credit (CDCTC) received; if the family’s federal AGI is less than $25,000, then the credit is calculated without regard to whether the family received the federal credit

<table>
<thead>
<tr>
<th>Household Federal AGI</th>
<th>Percentage of Federal Credit</th>
<th>Maximum Value: 1 Child/Dependent</th>
<th>Maximum Value: 2+ Children/Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 or less</td>
<td>50%</td>
<td>$525*</td>
<td>$1,050*</td>
</tr>
<tr>
<td>$25,001 - $35,000</td>
<td>30%</td>
<td>$261</td>
<td>$522</td>
</tr>
<tr>
<td>$35,001 - $60,000</td>
<td>10%</td>
<td>$72</td>
<td>$144</td>
</tr>
<tr>
<td>Over $60,000</td>
<td>10% (if less than $25)</td>
<td>$25</td>
<td>$25</td>
</tr>
</tbody>
</table>

*refundable

**Maximum Value:**
- One Child/Dependent: $525
- Two or More Children/Dependents: $1,050

**Income Cutoff:** none

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1 Nonresidents cannot claim this credit.

2 This means that the state credit is based on the nonrefundable federal credit after it has been reduced by federal tax liability. Because low- and moderate-income families have lower tax liability, they may not receive the full value of their federal credit (or any credit at all). As a result, the value of their state credit may be limited.

3 “Household AGI” refers to the AGI of the tax filing unit, regardless of whether the unit is a married couple or a single tax filer.
**Family Illustrations:**

A woman who has an income of $30,000, is raising an infant on her own, and pays $6,500 in child care expenses could receive a maximum credit of $243, depending on her tax liability.⁴

A married couple with both parents employed full-time in low-wage jobs (paying $11.50/hour) that has an income of $47,840, has an infant and a four-year-old, and pays $12,350 in child care expenses, could receive a maximum credit of $120, depending on their tax liability.

*Access the methodology for these calculations here.*

**While there are numerous options to improve this provision, impactful changes would include:**

- Allowing families with incomes above $25,000 to claim the state credit regardless of whether the family had enough federal tax liability to receive the full amount of the federal credit (or to receive the credit at all). This will give more low-income families access to this tax credit, and potentially increase the credit amount.

- Making the credit refundable for all families, regardless of income, so more families with little or no state income tax liability can take full advantage of the credit.

- Increasing the percentage of the federal credit used to calculate the state credit to increase the maximum value of the credit and provide more help to families.

- Eliminate the $25 limit for families with incomes about $60,000.

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⁴ Because at this income level, this credit is based on the nonrefundable federal credit received, the family’s federal tax liability impacts the amount of the federal credit the family is eligible to receive, as described above. In addition, because this state credit is nonrefundable at this income level, the state credit amount cannot exceed the family’s state tax liability. For example, if the mother in the first illustration had sufficient federal tax liability to be eligible for the full federal credit but has a state tax liability of $50, then she could only receive a state credit of $50.
Louisiana (Continued)

**Credit Name:** Child Care Expense Credit (part of the School Readiness Tax Credits)

**Type of Provision:** Refundable Tax Credit, if federal AGI is $25,000 or less

**Calculation:** A percentage, based on the rating of the child care facility, of the Louisiana Child Care Credit received for care for a child under age six at a child care facility rated two stars or higher by the state quality rating system.

<table>
<thead>
<tr>
<th>Household Federal AGI</th>
<th>Maximum Credit Per Child for a 5-star facility (200% of state Child Care Credit)</th>
<th>Maximum Credit for a 4-star facility (150%)</th>
<th>Maximum Credit for a 3-star facility (100%)</th>
<th>Maximum Credit for a 2-star facility (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 or less</td>
<td>$1,050*</td>
<td>$788*</td>
<td>$525*</td>
<td>$263*</td>
</tr>
<tr>
<td>$25,001 - $35,000</td>
<td>$540</td>
<td>$405</td>
<td>$270</td>
<td>$135</td>
</tr>
<tr>
<td>$35,001 - $60,000</td>
<td>$144</td>
<td>$108</td>
<td>$72</td>
<td>$36</td>
</tr>
<tr>
<td>Over $60,000</td>
<td>$50</td>
<td>$38</td>
<td>$25</td>
<td>$13</td>
</tr>
</tbody>
</table>

*refundable

**Maximum Value:** $1,050 per child

**Income Cutoff:** none

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1 "Household AGI" refers to the AGI of the tax filing unit, regardless of whether the unit is a married couple or a single tax filer.
Family Illustrations:

A woman who has an income of $30,000, is raising an infant on her own, and pays $7,540 in child care expenses to a two-star center-based child care facility could receive a maximum credit of $122, depending on her tax liability.\(^2\)

A married couple with both parents employed full-time in low-wage jobs (paying $11.50/hour) that has an income of $47,840, has an infant and a four-year-old, and pays $14,282 in child care expenses, could receive a maximum credit of $60, depending on their tax liability.

Note that improvements to the Child Care Credit, like those described earlier, would improve the Child Care Expenses Credit.

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3 Because this credit is partially based on the nonrefundable federal credit received at this income level, the family’s federal tax liability impacts the amount of the federal credit the family is eligible to receive. In addition, because this state credit is nonrefundable at this income level, the state credit amount cannot exceed the family’s state tax liability. For example, if the mother in the first illustration had sufficient federal tax liability to be eligible for the full federal credit but has a state tax liability of $50, then she could only receive a state credit of $50.
Louisiana (Continued)

**Credit Name:** Household Expense for Physically and Mentally Incapable Persons Credit

**Type of Provision:** Nonrefundable Tax Credit

**Calculation:** 100 percent of the federal CDCTC received for employment-related expenses related to care of any dependent who is "physically or mentally incapable of caring for themselves"

**Maximum Value:**
- One Child/Dependent: $1,050
- Two or More Children/Dependents: $2,100

**Income Cutoff:** none

**Family Illustrations:**

A woman who has an income of $30,000, has a dependent in full-day, adult dependent care, and pays $16,380 in adult day care expenses could receive a maximum credit of $810, depending on her tax liability.

A married couple with both parents employed full-time in low-wage jobs (paying $11.50/hour), an income of $47,840, one dependent in full-day, adult dependent care, and $16,380 in adult care expenses could receive a maximum credit of $600, depending on their tax liability.

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1 This credit is scheduled to expire after tax year 2019.
2 This means that the state credit is based on the nonrefundable federal credit after it has been reduced by federal tax liability. Because low- and moderate-income families have lower tax liability, they may not receive the full value of their federal credit (or any credit at all). As a result, the value of their state credit may be limited.
3 The family illustrations for dependent care differ slightly from the illustrations for child care. A married couple with a federal AGI of $47,840 would be unlikely to afford the median cost of full-day, adult dependent care for two dependents in many states. The median cost of care for two dependents in adult day health care exceeds $47,840 in 9 states. Genworth, Cost of Care Survey 2018: Median Cost Data Tables 2-3 (Oct. 9, 2018), available at https://pro.genworth.com/riiproweb/productinfo/pdf/282102.pdf. Therefore, the dependent care illustrations only include one dependent for both family illustrations.
4 This is the median cost of adult day health care in Louisiana. Id. at 2.
5 Because this credit is based on the nonrefundable federal credit received, the family’s federal tax liability impacts the amount of the federal credit the family is eligible to receive. In addition, because this state credit is nonrefundable, the state credit amount cannot exceed the family’s state tax liability. For example, if the mother in the first illustration had sufficient federal tax liability to be eligible for the full federal credit but has a state tax liability of $50, then she could only receive a state credit of $50.
While there are numerous options to improve this provision, impactful changes would include:

• Making the credit refundable so that low-income families with little or no state income tax liability can take full advantage of the credit.

• Eliminate the credit’s termination date of January 1, 2020 so families can continue receiving this credit.

• Allowing families to claim the state credit regardless of whether the family had enough federal tax liability to receive the full amount of the federal credit (or to receive the credit at all). This will give more low-income families access to this tax credit, and potentially increase the credit amount.