

26105244D

HOUSE BILL NO. 1412

Offered January 22, 2026

A BILL to amend and reenact § 58.1-439.4 of the Code of Virginia, relating to child day-care facility investment and child day-care expense reimbursement tax credits.

Patron—Wilt

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-439.4 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-439.4. Child day-care facility investment and child day-care expense reimbursement tax credits.

A. For purposes of this section:

"Child day-care facility" means a child day program operated under the authority of a license issued by the Superintendent of Public Instruction pursuant to § 22.1-289.011.

"Eligible child day-care expenses" means expenses directly incurred to provide child day-care services at a child day-care facility to the dependent minors of the taxpayer's employees.

B. For taxable years beginning on and after January 1, 1997 but before January 1, 2014, and on and after January 1, 2027, any taxpayer shall be allowed a nonrefundable credit against the taxes imposed by § 58.1-320 or 58.1-400 in an amount equal to 25 percent of all expenditures paid or incurred by such taxpayer in such taxable year for planning, site preparation, construction, renovation, or acquisition of facilities for the purpose of establishing a child day-care facility for which an application for a building permit is made after July 1, 1996, to be used primarily by the children of such taxpayer's employees, and equipment installed for permanent use within or immediately adjacent to such facility, including kitchen appliances, to the extent that such equipment or appliances are necessary in the use of such facility for purposes of child day-care day care; however, the amount of credit allowed to any taxpayer under this section shall not exceed \$25,000 for taxable years before January 1, 2027, and shall not exceed \$50,000 for taxable years beginning on and after January 1, 2027. If two or more taxpayers share in the cost of establishing the child day-care facility for the children of their employees, each such taxpayer shall be allowed such credit in relation to the respective share paid or incurred by such taxpayer, of the total expenditures for the facility in such taxable year. Any credit not usable for the taxable year may be carried over for the next three taxable years or until such credit is fully taken, whichever occurs first; however, the balance of a credit shall not be claimed for any succeeding taxable year in which the child day-care facility is operated for child day care purposes for fewer than six months.

C. For taxable years beginning on and after January 1, 2027, a taxpayer shall be allowed a nonrefundable credit against the taxes imposed by § 58.1-320 or 58.1-400 in an amount equal to 25 percent of amounts paid or incurred for the eligible child day-care expenses of the taxpayer's employees that were either paid by the taxpayer or reimbursed by such taxpayer to the taxpayer's employees during the taxable year. The amount of the credit allowed to any taxpayer under this subsection shall not exceed \$50,000. No taxpayer shall claim a credit pursuant to this subsection and subsection B in the same taxable year. Any credit not usable for the taxable year may be carried over for the next three taxable years or until such credit is fully taken, whichever occurs first.

~~B. D.~~ The credits provided under this section shall be allowed only if (i) the child day-care facility shall be operated under the authority of a license issued by the Superintendent of Public Instruction pursuant to § 22.1-289.011, (ii) an application for a building permit for the facility is made after July 1, 1996, and (iii) the Tax Commissioner approves a taxpayer's application for a credit. Proper applications submitted to the Department for the credit shall be approved in the order received. For each application approved for credit it shall be assumed that the amount of the credit will be ~~\$25,000~~ \$50,000, and the amount of the credit will shall be taken in the fiscal year in which the application is approved and the following two fiscal years. Approval of applications shall be limited to those that are assumed to result in no more than ~~\$100,000~~ \$5 million of credits in any fiscal year based on the assumptions set forth in this subsection.

~~C.~~ Any tax credit not usable for the taxable year may be carried over to the extent usable for the next three taxable years; however, the balance of a credit shall not be claimed for any succeeding taxable year in which the child day-care facility is operated for purposes of child day-care for less than six months.

~~D. E.~~ For purposes of this section, the amount of any credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company shall be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.

F. The Tax Commissioner shall develop guidelines implementing the provisions of this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

1/26/26 15:24

59 **2. That this act shall apply to taxable years beginning on and after January 1, 2027, notwithstanding**  
60 **any provisions of § 58.1-319 of the Code of Virginia to the contrary.**