



SPONSOR: Rep. Michael Smith & Rep. K. Williams & Sen. Gay &  
Sen. Sturgeon  
Reps. Baumbach, Briggs King, Gray, S. Moore, D. Short;  
Sens. S. McBride, Pettyjohn, Walsh

HOUSE OF REPRESENTATIVES  
151st GENERAL ASSEMBLY

HOUSE BILL NO. 410

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO A CHILD CARE EMPLOYEE TAX CREDIT.

1           WHEREAS, child care is essential infrastructure to Delaware's economy; and  
2           WHEREAS, families report not returning to work due to lack of affordable childcare; and  
3           WHEREAS, half of Delaware child care providers report turning families away due to workforce shortages; and  
4           WHEREAS, most early childhood educators earn low wages; and  
5           WHEREAS, 1 in 6 early childhood educators have left the field during the COVID-19 pandemic; and  
6           WHEREAS the National Academies of Science have recommended advanced education for early childhood  
7 educators; and  
8           WHEREAS, most industries, including education and child care, are struggling to retain employees; and  
9           WHEREAS, employees are seeking growth in their profession of choice; and  
10          WHEREAS, early childhood educators should be recognized for their professional growth, including attainment of  
11 credentials and degrees as identified on the career pathway set forth nationally and by the Delaware Department of  
12 Education and Delaware Early Childhood Council; and  
13          WHEREAS, the Delaware Early Childhood Council has recommended increasing qualifications and compensation  
14 for early childhood educators – and have recommended a compensation scale that recognizes degrees and years of  
15 experience, with increased pay, and this scale is not yet funded by this State; and  
16          WHEREAS, other states have adopted tax credits for early childhood educators that have resulted in increased  
17 recruitment and educational attainment for the field, including in Louisiana, which has seen an 8-fold increase in attainment  
18 of higher credentials in 7 years; and  
19          WHEREAS, the General Assembly finds that a tax credit for early childhood educators should be adopted in this  
20 State to increase recruitment of, retention of, and educational attainment for these educators.  
21          NOW, THEREFORE:  
22          BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

23 Section 1. Amend Subchapter II, Chapter 11, Title 30 of the Delaware Code by making deletions as shown by  
24 strike through and insertions as shown by underline as follows:

25 § 1118. Credit for certain employees of a child care or family care center.

26 (a) For purposes of this section:

27 (1) “Child care or education” means the care, education, protection, supervision, or guidance of a child.

28 (2) “Child care or family care center” means a person, institution, agency, association, or organization  
29 conducting child care or education under a license issued under § 3004A of Title 14.

30 (3) “Department” means the Department of Finance.

31 (b) A resident individual who meets all of the following may claim a refundable credit against the individual’s tax  
32 otherwise due under this chapter:

33 (1) Is one of the following:

34 a. Self-employed in the operation of a child care or family care center for 30 or more hours a week during  
35 at least 6 months of the taxable year.

36 b. Employed by a child care or family care center and meets all of the following:

37 1. Is employed to provide child care or education.

38 2. Is employed for 30 or more hours a week during at least 6 months of the taxable year.

39 (2) Holds one or more of the following credentials or degrees:

40 a. A child development associate credential.

41 b. An associate’s degree or bachelor’s degree in early childhood, human development, elementary  
42 education, or another relevant field, as determined by the Department of Education by regulation.

43 c. An associate’s degree or bachelor’s degree in any major if the resident individual has attained the  
44 alternative education equivalent to the education under paragraph (b)(2)b. of this section, as determined by the  
45 Department of Education by regulation.

46 (3) Is not employed by a public school and not receiving compensation based on the salary schedule under §  
47 1305 of Title 14.

48 (c) Subject to subsection (d) of this section, the refundable credit is in one of the following amounts, but not less  
49 than \$1,250:

50 (1) For an individual with a child development associate credential under paragraph (b)(2)a. of this section,  
51 8% of the individual’s gross income derived from the individual’s self-employment with or employment by a child  
52 care or family care center.

53           (2) For an individual with an associate's degree under paragraph (b)(2)b. or c. of this section, 10% of the  
54 individual's gross income derived from the individual's self-employment with or employment by a child care or family  
55 care center.

56           (3) For an individual with a bachelor's degree under paragraph (b)(2)b. or c. of this section, 12% of the  
57 individual's gross income derived from the individual's self-employment with or employment by a child care or family  
58 care center.

59           (d) The Department shall annually adjust the refundable credit amount under subsection (c) of this section by the  
60 percentage increase in the Consumer Price Index for All Urban Consumers, Philadelphia-Camden-Wilmington  
61 Metropolitan area that is published by the Bureau of Labor Statistics of the United States Department of Labor. The  
62 Consumer Price Index increase to the refundable credit is cumulative.

63           (e) To receive the refundable credit under this section, a resident individual who meets the requirements of  
64 subsection (b) of this section shall file with the individual's income tax return a certification form, provided by the  
65 Department, from the child care or family care center employing the individual, or the individual if the individual is self-  
66 employed in the operation of a child care center, certifying that the individual meets the requirements of subsection (b) of  
67 this section.

68           (f)(1) The Department of Education shall annually prepare a report detailing the usage of the tax credit under this  
69 section, including all of the following:

70           a. The number of resident individuals who claim the tax credit each year.

71           b. Whether the resident individuals who claim the tax credit are self-employed with or employed by a  
72 child care or family care center as a director or staff member.

73           c. The type of child care or family care center at which the resident individuals who claim the tax credit  
74 are self-employed with or employed.

75           d. Whether the resident individuals who claim the tax credit have a child development associate  
76 credential, associate's degree, or bachelor's degree under paragraph (b)(2) of this section.

77           e. The average tax credit for each resident individual, average tax credit by position under paragraph  
78 (f)(1)b. of this section, and average tax credit by credential or degree under paragraph (f)(1)d. of this section.

79           (2) The Department of Education shall submit the report to all of the following not later than January 1 of  
80 each year:

81           a. The President Pro Tempore and Secretary of the Senate, for distribution to all Senators.

82           b. The Speaker and Chief Clerk of the House of Representatives, for distribution to all Representatives.

- 83 c. The Delaware Early Childhood Council.
- 84 d. The Director and Librarian of the Division of Research of Legislative Council.
- 85 e. The Director of the Delaware Public Archives.
- 86 f. The Governor.

87 (3) On request of the Department of Education, the Department shall provide information collected by the  
88 Department under this section to assist the Department of Education in preparing the report.

89 (g)(1) The Department may adopt regulations to implement and enforce this section.

90 (2) The Department of Education may adopt regulations to implement paragraph (b)(2) and subsection (f) of  
91 this section.

92 Section 2. This Act takes effect for tax years beginning on or after January 1, 2022.

93 Section 3. The Joint Legislative Oversight and Sunset Committee (“Committee”) shall, during fiscal year 2029,  
94 review this Act to determine if there is a genuine need for the continuation of this Act and if this Act is satisfactorily and  
95 effectively meeting the need. After review, the Committee shall recommend to the General Assembly the continuation of  
96 this Act as is, modifications to this Act, or termination of this Act.

#### SYNOPSIS

This Act does all of the following:

(1) Creates a refundable tax credit for certain individuals who are self-employed in the operation of or employed by a child care or family care center to provide care or education to children. The amount of the refundable tax credit varies based on the educational attainment of the child care employee.

(2) Indexes the increases in the amount of the refundable tax credit to the Consumer Price Index.

(3) Requires the Department of Education to report annually to the General Assembly, Governor, and Delaware Early Childhood Council on the usage of this tax credit.

(4) Requires the Joint Legislative Oversight and Sunset Committee to review this Act in fiscal year 2029 to determine if there is a genuine need for the continuation of this Act and if this Act is satisfactorily and effectively meeting the need.