



# Employer Child Care Expenditure Tax Credit

## Supporting Indiana employers and working families

HEA 1177 is a new law that gives Indiana employers more ways to help their employees access reliable, affordable child care through the employer child care tax credit. The goal is simple: strengthen families, support local communities and help Indiana's workforce thrive.

### Why this matters

Governor Braun has made affordable child care a priority to support working parents and strengthen the state's workforce.

- Employers and families across Indiana have consistently identified child care affordability and access as major challenges.
- The Office of Early Childhood and Out-of-School Learning is partnering with organizations statewide to promote the updated credit and encourage new child care investments.
- The updated tax credit is available to employers across Indiana and will incentivize employers to provide child care as a benefit to their employees who are working parents.

---

## Key updates in HEA 1177

- Expands eligibility to employers with up to 500 employees.
  - Allows operating expenses—not just capital expenses—to qualify for the credit.
  - Permits employers to partner with third-party intermediaries to offer child care services.
  - Updates local TIF (Tax Increment Financing) rules to give communities more options to invest in child care as part of economic development.
- 

## What this legislation aims to do

HEA 1177 strengthens Indiana’s employer child care tax credit by making it more flexible and accessible for Hoosier businesses. The policy is built on the understanding that families do better—and workplaces thrive—when child care is affordable and accessible. By broadening eligibility and supporting more types of expenses, the updated credit helps employers offer real solutions to their employees while supporting child care capacity in local communities.

The legislation reflects a balanced approach rooted in two core values:

- **Responsive government:** supporting families so they can meet immediate needs and stay connected to work.
- **Responsibility:** investing in opportunities that help parents build stability and move forward.

These values reinforce the idea that child care should not be a barrier that keeps parents out of the workforce. HEA 1177 offers employers practical tools to attract and keep workers, while ensuring families have the dependable care they need.

---



## Overall impact

- Families benefit from improved access to reliable care.
- Businesses gain a stronger, more stable workforce.
- More employers can now participate.
- More types of child care investments qualify.
- Communities have new ways to support child care growth.

HEA 1177 expands child care support in a way that is flexible, accessible and responsive to the real needs of employers and families across Indiana—strengthening communities today and creating opportunity for the future.