Policy and Research
109 SW 9th Street
PO Box 3506
Topeka KS 66601-3506

Kansas Department of Revenue

Phone: 785-368-8222
Fax: 785-296-1279
www.ksrevenue.gov

Mark A. Burghart, Secretary
Laura Kelly, Governor

NOTICE 26-05

INCOME AND PRIVILEGE TAX CREDIT FOR CHILDCARE EXPENSES

(JULY 1, 2026)

During the 2026 Legislative Session Senate Bill 82 was passed and signed into law. Section 3 of the Bill, which applies on and after January 1, 2027, amends K.S.A. 2025 Supp. 79-32,190 which allows an income and privilege tax credit for childcare expenses paid by an employer.

Newly enumerated K.S.A. 79-32,190(a)(1) allows an employer (taxpayer) a tax credit for the expenses related to the provision of child care for the taxpayer's employees including:

(1)(A) Paying for child care expenses for employees;
(B) establishing or expanding a child care program that is primarily used by employees;
(C) paying for referral services that connect employees to child care providers; and
(D) providing for collaborative child care investment with other employers.

Newly enumerated subsection (a)(2) provides the amount of the credit is 75% of the total amount expended in Kansas during the taxable year by the employer (taxpayer).

Newly enumerated K.S.A. 79-32,190(b) extends the credit to any employer (taxpayer) that financially contributes to a third party that expands the availability of community child care. Subsection (b)(1) allows a tax credit for the expenses of:

(1)(A) Establishing or expanding a child care program, including support to establish or maintain licensing;
(B) enabling a program to purchase learning materials or play equipment;
(C) compensating professional development for child care staff;
(D) providing child care tuition assistance for families in need; and
(E) providing referral services that connect families to child care providers.

Newly enumerated subsection (b)(2) provides the amount of the tax credit is:

(A) 75% of the total amount expended under subsection (b)(1) if the recipient accepts and serves children and families receiving a child care subsidy; or
(B) 50% of the total amount expended under subsection (b)(1) if the recipient does not accept and serve children and families receiving a child care subsidy.

Redesignated K.S.A. 79-32,190(c) limits availability of the credit by providing no credit will be allowed unless the child day care facility or provider is licensed pursuant to Kansas law.

Redesignated K.S.A. 79-32,190(d) caps the credit at $100,000 for any taxpayer during the tax year. It also provides that, for tax year 2027 and all tax years thereafter, the amount which exceeds a taxpayer's tax liability may be carried over for deduction from the taxpayer's tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the taxable year in which the credit was first allowed.

Redesignated K.S.A. 79-32,190(e) limits availability of the credit by providing the aggregate amount of credits claimed under this act for any fiscal year shall not exceed $3,000,000.

Newly enumerated K.S.A. 79-32,190(f) defines the term "community child care" to mean a for-profit or not-for-profit provider of child care services that is open at least nine hours per day and located within 45 miles of the employer that is seeking the credit or such employer's offices.

The provisions of the Bill are effective on July 1, 2026.

TAXPAYER ASSISTANCE

Additional copies of this notice, forms or publications are available from our web site, www.ksrevenue.gov. If you have questions about this Notice, please contact:

Taxpayer Assistance Center
Kansas Department of Revenue
Scott Office Building, 1st Floor
120 SE 10th Ave
P. O. Box 3506
Topeka, KS 66601-3506
Phone: 785-368-8222
Hearing Impaired TTY: 785-296-6461
Fax: 785-291-3614