

TAX CREDIT PACKAGE FOR CHILDREN & CHILD CARE

SB 321 *Fact Sheet*



ZEROTOFIVE
MONTANA

CORE MESSAGE

Supporting families with the cost of raising young children provides stability and opportunity. Supporting child care workers strengthens the workforce that allows parents to stay employed. Encouraging businesses to invest in dependent care creates a more stable and productive economy. Together, these steps offer immediate relief and support long-term growth for Montana's families, businesses, and communities.

WHAT DOES SB 321 DO?

Senate Bill 321 invests in Montana's families, children, and workforce by providing targeted tax credits that ease financial burdens and expand access to quality child care. This bill offers:

- \$1,200 Child Tax Credit for families with children age five and younger, helping offset the rising costs of raising young kids (families would receive the full benefit with income up to \$40,000 single/\$80,000 married with a phaseout of \$50 for every \$1,000 over the threshold).
- \$1,600 Child Care Worker Tax Credit to support recruitment and retention of child care workers so that working parents can access the care they need.
- \$5,000 Employer Tax Credit for businesses that invest in dependent care solutions for their employees

SB 321 is a strategic plan to build stronger families, a stable workforce, and a thriving Montana economy.

TALKING POINTS

Child Tax Credits (CTC) Strengthen Families & Communities

- Provides financial relief to families, helping them manage basic costs of living amid job loss or medical expenses.
- Supports family stability, which is essential for a resilient workforce and strong communities.
- Helps parents stay engaged in the workforce by offsetting rising child care expenses, which accounted for 28% of household income in 2023.¹
- Child Tax Credits lift children out of poverty at a critical developmental age when access to quality nutrition, care and education help support brain development that lasts a lifetime. The US Census Bureau estimates that the Child Tax Credit alone lifted nearly 3 million children out of poverty a 46% reduction in 2021.²

Child Care Workers Need Stable, Viable Careers to Support Montana Families

- Child care workers are in high demand across the state, and yet at least half of the job openings for child care positions are a result of turnover due to low wages and a lack of benefits.³
- Consistency in caregiving is linked to decreased stress for families, caregivers, and children, increased understanding of child development, improved behaviors, and better school transitions.⁴

The Child Care Infrastructure Directly Impacts Our State Economy

- In 2023, at least 66,000 Montana parents did not fully engage in the workforce because of child care-related issues.⁵
- 30% of Montana businesses say inadequate child care has prevented their company from growing.⁶
- Local employers lose an estimated \$55 million each year due to the lack of child care.⁷

Supporting Montanans today is investing in Montana's future.

- Tax credits boost the economy by putting money in the pockets of families who are likely to spend it in their local economy.
- Economists agree that child tax credit payments are a “proven success at helping families keep up with everyday costs.”⁸
- 86% of families in Montana have used other tax credits for basic needs like food or rent, as well as education.⁹
- When parents experience financial stability, they are more likely to also experience stability in their relationships, marriage, and family-planning decisions.¹⁰
- Every dollar invested in children provides \$10 in benefits.¹¹

DO MONTANANS SUPPORT A TAX CREDIT PACKAGE?

Yes!

A 2024 poll by Zero to Five Montana found:

- **75%** of registered voters support the Montana state government reducing the cost of child care by providing tax credits to families with children.
- **66%** of registered voters support a state tax credit for child care businesses to help recruit and retain staff.
- **75%** of registered voters support state tax credits for employers who provide on-site child care or child care stipends to their workers.
- **89%** of respondents agree that a lack of quality child care negatively affects Montana employers.

Citations:

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- (3) Watson, A. & Montana Dept. of Labor & Industry. (2024). Childcare and the Montana workforce. <https://leg.mt.gov/content/Publications/fiscal/2025-Biennium/MARA/DLI-Childcare-and-the-Montana-Workforce-Jan2024.pdf>
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- (6-7) Watson, Amy. “Impacts of Child Care on the Montana Workforce: Results from a Survey of Montana Businesses.” November 2020. MTDLI https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildcareReport2020.pdf
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- (9) Zippel, C. (2021, October). 9 in 10 Families With Low Incomes Are Using Child Tax Credits to Pay for Necessities, Education. Center on Budget and Policy Priorities. <https://www.cbpp.org/blog/9-in-10-families-with-low-incomes-are-using-child-tax-credits-to-pay-for-necessities-education>
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- (11) Joint Economic Committee. (2068). New data and studies confirm the enormous economic benefits provided by the expanded child tax credit (pp. 2–3).