Montgomery County Council

Committee: GO
Committee Review: Completed
Staff: Christine Wellons, Chief Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #2B
September 16, 2025
Action

SUBJECT

Bill 21-25, Taxation – Day Care and Child Care Property Tax Credit

Lead Sponsor: Council President Stewart

Co-Sponsors: Councilmember Albornoz, Council Vice President Jawando, and Councilmembers Friedson, Katz, Glass, Sayles, and Luedtke

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Government Operations and Fiscal Policy (GO) Committee recommends (3-0) the enactment of Bill 21-25.

DESCRIPTION/ISSUE

Bill 21-25 would:

(1) increase eligibility for the day care and child care property tax credit;
(2) increase the amount of the tax credit;
(3) update terminology in accordance with state law; and
(4) generally amend the law regarding property tax credits in the County.

SUMMARY OF KEY DISCUSSION POINTS

- In 1988, the County passed into law a property tax credit for improvements to real property used by day care providers to provide care for children. The credit was authorized by Chapter 389 of the 1987 Laws of Maryland.
- Since 1988, the General Assembly has expanded the permissible credit twice, most recently in 2025. Pursuant to the most recent update by the General Assembly, Chapter 122 of the 2025 Laws of Maryland, the County may increase the amount of the credit to $10,000, and it may grant the credit to an additional type of child care facility: "large family child care home[s]".
- Pursuant to the new authority by the State, Bill 21-25 would increase the amount of the credit to $10,000, and would expand eligibility to large family child care homes. The bill also would update terminology and legal citations based upon updates to state law.

<u>**This report contains:**</u>

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Agenda Item #2B
September 16, 2025
Action

M E M O R A N D U M

September 11, 2025

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 21-25, Day Care and Child Care Property Tax Credit

PURPOSE: Final action – roll call vote expected

Committee Recommendation: The Government Operations and Fiscal Policy (GO) Committee unanimously recommends the enactment of Bill 21-25 as introduced.

Bill 21-25, Taxation – Day Care and Child Care Property Tax Credit, was introduced on June 17, 2025. The Lead Sponsor is Council President Stewart. Co-Sponsors include Councilmember Albornoz, Council Vice President Jawando, and Councilmembers Friedson, Katz, Glass, Sayles, and Luedtke. A public hearing on the bill occurred on July 8. On July 24, the GO Committee recommended (3-0) the enactment of the bill.

Bill 21-25 would:

(1) increase eligibility for the day care and child care property tax credit;
(2) increase the amount of the tax credit;
(3) update terminology in accordance with state law; and
(4) generally amend the law regarding property tax credits in the County.

BACKGROUND

In 1988, the County passed into law a property tax credit for improvements to real property used by day care providers to provide care for children. The credit was authorized by Chapter 389 of the 1987 Laws of Maryland.

Since 1988, the General Assembly has expanded the permissible credit twice, most recently in 2025. Pursuant to the most recent update by the General Assembly, Chapter 122 of the 2025 Laws of Maryland, the County may increase the amount of the credit to $10,000, and it may grant the credit to an additional type of child care facility: "large family child care home[s]".

Pursuant to the new authority by the State, Bill 21-25 would increase the amount of the credit to $10,000, and would expand eligibility to large family child care homes. The bill also would update terminology and legal citations based upon updates to state law.

BILL SPECIFICS

Under current County law, the day care property tax credit is available to registered family child care homes, licensed child care centers, licensed day care centers for the elderly, and licensed day care centers for adults. Bill 21-25 would expand eligibility to include large family child care homes.

State law defines a "large family child care home" as "a residence in which family child care is provided for at least nine children, but not more than 12 children." Md. Code Ann., Education § 9.5-301. The "family child care home," by contrast, provides care for up to eight children.

In addition to expanding eligibility for the tax credit, the bill would increase the permitted amount of the credit from $3,000 to $10,000.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. The Office of Management and Budget provided their fiscal impact statement estimating annual impacts of between $0 and $42,000. The assumption is made by calculating the maximum number of recipients the tax credit has had since 2014 with the assumption that all recipients would receive the maximum allowable tax credit.

Economic Impact. "The Office of Legislative Oversight (OLO) anticipates that Bill 21-25 would have a positive impact on economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would primarily affect child and day care businesses in the County by raising the maximum tax credit from $3,000 to $10,000— an increase of more than 200%. Eligible businesses making qualifying property improvements could receive up to $7,000 more in credits than under the current limit. This additional credit would, all else being equal, lower the net cost of their capital investments and constitute a favorable adjustment in local tax policy from the perspective of these businesses. Moreover, higher credits may also encourage certain child and day care businesses already planning property improvements to pursue larger-scale capital investments, potentially raising property values for affected businesses and revenues for businesses in the remodeling and specialty trade contractor sectors performing the capital improvements. However, given historical participation in the Day Care Provider Tax Credit program, it remains uncertain whether these policy changes would affect a substantial share of day care providers in the County."

Racial Equity and Social Justice Impact. OLO has found that "the anticipated racial equity and social justice (RESJ) impact of Bill 21-25 is indeterminate. Child and day care center stakeholders – including owners of these businesses and families who rely on them – would benefit most from the proposed changes to the Child and Day Care Property Tax Credit. However, OLO could not find data on the demographics of these groups by race and ethnicity." While OLO does not recommend any specific amendments for Bill 21-25, they suggested that the Council consider requiring "outreach, education, and technical assistance on property tax credit that center Black and Latina FCC providers."

Climate assessment. OLO "anticipates Expedited Bill 20-25 will have no impact as it proposes the expansion of an existing property tax credit and will not impact the County's contribution to addressing climate change."

SUMMARY OF PUBLIC HEARING

A public hearing for Bill 21-25 was held on July 8, 2025, where four speakers testified. The oral public hearing testimony was supplemented by written testimony. Testimony provided was in support of the bill.

Delegate Julie Palokovich Carr expressed strong support for the bill, emphasizing the childcare crisis in Montgomery County and the need for high-quality and affordable childcare. Delegate Carr highlighted the importance of outreach to ensure providers are aware of the tax credit.

A representative of the Montgomery County Community Action Board testified in support of the bill, stating that it will provide more financial support to childcare providers, helping to meet the need for high-quality early childhood education in the County.

ISSUES FOR THE COMMITTEE'S CONSIDERATION

The Committee thoroughly discussed Bill 21-25 and noted the following issues in connection with the bill.

1. **State Enabling Legislation**

The State Fiscal and Policy Note on the state enabling legislation sponsored by Delegates Palakovich Carr and D. Jones – House Bill 389 of the 2025 General Assembly Session – is available at 2025 Regular Session - Fiscal and Policy Note for House Bill 389. The Fiscal and Policy note explains the bill as follows:

> This bill expands eligibility for a personal property tax exemption for specified child care homes to include large family child care homes. The bill also alters the eligibility for local real property tax credits for day care centers and child care homes to include large family child care homes and repeals a requirement that specified improvements to real property must be completed after a specified date in order to be eligible for the property tax credit. The bill specifies that the amount of the annual property tax credits for day care centers and child care homes may not exceed $10,000 or the amount of property tax due. The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.

2. **Meaning of an "Improvement" to Real Property**

Under Bill 21-25, as well as under existing law, a property owner may receive a credit against the County property tax "for an improvement on real property if the improvement is used exclusively" for certain day care or child care. For each "improvement", Bill 21-25 provides, "the credit must not exceed in each year the lessor of:

(A) [$3,000] $10,000; or

(B) the amount of the general county tax and special service area taxes attributable to the improvement

Council staff received some inquiries from constituents about what constitutes an "improvement" under the law. As explained by the Appellate Court of Maryland, under Maryland law, Tax-Property Article § 1-101, "real property is defined as 'any land or improvements to land.' *See also* Black's Law Dictionary 1218 (6th ed. 1990) (defining 'real property' as '[l]and, and generally whatever is erected or growing upon or affixed to land.'). **Improvements are 'such things as are placed [on the land] by the way of betterments which are of a permanent nature and which add to the value of the property as real property ... includ[ing] buildings and structures of every kind.'** *Allentown Plaza Assocs. V. Suburban Propane Gas Corp*., 43 Md. App. 337, 346, 405 A.2d 326 (1979) (quotations omitted)." *Supervisor of Assessments of Baltimore County v. Greater Baltimore Medical Center*, Inc., 202 Md. App. 282, 292-293 (2011) (emphasis added).

Regarding "improvements," the State Department of Assessments and Taxation (SDAT) published a *Homeowner's Guide to Property Taxes and Assessments*, which contains the following information:

> A customer may obtain a copy of their property worksheet at any time from their local assessment office. The property worksheet details the improvements and land maintained on the account by the assessment office. The property worksheet also contains information, including a description of the property, as well as calculations made to reach the appraisal estimate…
>
> The property worksheet includes administrative data and details of the dwelling; including information as to the year built, quality, condition, size, and additional items such as decks, bathrooms, fireplaces, or air conditioning. **Listed on the property worksheet are the basic rates per square foot or any flat charges used for each component of the building (improvement)**. Multipliers, factors, depreciation, and other adjustments are also enumerated….
>
> Home Owners Gude (emphasis added).

NEXT STEP: Roll call vote on whether to enact Council Bill 21-25.

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Bill No. 21-25
Concerning: Taxation – Day Care and Child Care Property Tax Credit
Revised: 6/17/2025 Draft No. 2
Introduced: June 17, 2025
Expires: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President Stewart
Co-Sponsors: Councilmember Albornoz, Council Vice President Jawando, and Councilmembers Friedson, Katz, Glass, Sayles, and Luedtke

AN ACT to:
(1) increase eligibility for the day care and child care property tax credit;
(2) increase the amount of the tax credit;
(3) update terminology in accordance with state law; and
(4) generally amend the law regarding property tax credits in the County.

By amending
Chapter 52, Taxation.
Section 52-94

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 52-94 is amended as follows:

52-94. Day care and child care property tax credit.

(a) *Credit for child care or day care provider.*

(1) A taxpayer may receive a property tax credit against the general County tax and special service area taxes for an improvement on real property if the improvement is used exclusively for child care or day care services under state law as a:

(A) registered family **[**day**]** child care home or large family child care home under Title 9.5, Subtitle 3 of the Education Article of the Maryland Code, as amended;

(B) licensed child care center under Title 9.5, Subtitle 4 of the Education Article of the Maryland Code, as amended;

(C) licensed day care center for the elderly under Title 14, Subtitle 2 of the Health – General Article of the Maryland Code, as amended; or

(D) licensed day care center for **[**medically handicapped**]** adults under Title 14, Subtitle 3 of the Health – General Article of the Maryland Code, as amended.

(2) For each improvement, the credit must not exceed in each year the lesser of:

(A) **[**$3,000**]** $10,000; or

(B) the amount of the general county tax and special service area taxes attributable to the improvement.

[(3) A taxpayer may only receive credit for an improvement completed and assessed after July 1, 1987.**]**

[(4)**]** (3) The Department of Finance administers this subsection. A taxpayer must apply for the tax credit with the Department of Finance by April 1 to receive the credit in the next taxable year. The taxpayer must certify in writing that the child care or day care provider:

(A) is licensed or registered by the State; and

(B) will accept clients whose care is subsidized by the County, State, or federal government, if the child care or day care provider has space.

[(5)**]** (4) A taxpayer must not receive a credit under this subsection if the real property qualifies for a credit under subsection (b).

(b) *Credit for family* **[***day***]** *child care home or* **[***group day***]** *child care center on business property*.

(1) A taxpayer may receive a property tax credit against the general County tax and special service area taxes for an improvement on real property owned by a business with at least 25 employees if the improvement is used exclusively for **[**day**]** child care services under state law as a:

(A) registered family **[**day**]** child care home or large family child care home under Title 9.5, Subtitle 3 of the Education Article of the Maryland Code, as amended; or

(B) licensed child care center under Title 9.5, Subtitle 4 of the Education Article of the Maryland Code, as amended.

(2) For each improvement, the credit must not exceed in each year the lesser of:

(A) **[**$3,000**]** $10,000; or

(B) the amount of the general County tax and special service area taxes attributable to the improvement.

[(3) A taxpayer may only receive credit for an improvement completed and assessed after July 1, 1988.**]**

[(4)**]** (3) The Department of Finance administers this subsection. A taxpayer must apply for the tax credit with the Department of Finance by April 1 to receive the credit in the next taxable year. The taxpayer must certify in writing that the child care or day care provider is licensed or registered by the State.

(c) *Executive regulations*.

The County Executive must adopt regulations under method (3) to implement this Section.

(d) *Reports*.

The County Executive must report annually to the County Council on the use of the day care and child care property tax credit.

Sec. 2. Transition. The amendments to Section 52-94, under Section 1 of this Act, must apply to the tax year beginning July 1, 2026, and to each subsequent tax year.

Office of Council President Kate Stewart
Child Care Property Tax Credit Expansion - Fact Sheet

Background

- According to the Comptroller's December 2024 report on the state of child care, Maryland has experienced a 15.5% decline in licensed child care providers and a 5.5% decline in overall child care capacity in just a few years. Home-based child care providers have experienced the most significant declines in that span, with a net loss of over 1,000 registered providers for an overall rate of decline of 21.6%.
- During the 2025 legislative session, Delegate Julie Palakovich Carr sponsored HB 389, which was passed by the General Assembly and signed into law by Governor Moore. HB389 enables counties in Maryland to offer broader and more generous property tax credits to child care businesses to help them stay in operation. Specifically, it allows Montgomery County to:
  - Repeal requirements that improvements to real property must be completed after specified dates (July 1, 1987 and July 1, 1988 respectively) in order to be eligible for the local property tax credits. This enables the tax credits to be used regardless of the facility's age helping more existing providers.
  - Increase the maximum amount of the annual property tax credits from $3,000 to $10,000.
  - Alter the eligibility for the property tax credits to include large family child care homes.
- The intent of the enabling legislation and our bill is to provide targeted tax breaks that will help keep existing (and new) child care providers in operation while also continuing to incentivize construction.

What we already have in Montgomery County:

- Montgomery County is one of four counties that have enacted real property tax credits for child care providers using the 1987/1988 enabling authority. The other counties are Frederick, Harford, and Howard Counties.
- Montgomery County has the existing property tax credit for day care providers of $3,000.00 or the amount of the General County and Special Area taxes, attributable to the improvement.
- Montgomery County’s existing property tax credit for day care providers does not include large family child care homes, which are defined as “a residence in which family child care is provided for at least 9 but not more than 12 children.”

What would this bill do?

- Currently child care facilities older than 1987/1988 are ineligible for the credit and this bill would eliminate that age of property requirement.

- The maximum amount of the credit is $3,000 which has not been changed since it was set in 1988. This bill would increase the credit to $10,000, making it more impactful in alignment with today's costs.
- The bill would add large family child care homes as properties eligible for the credit. These are defined as "a residence in which family child care is provided for at least 9 but not more than 12 children."
- The bill would make technical changes to obsolete references of day care to conform certain terms with current state law.

Who will be eligible for the property tax credit under this bill?

- A registered family child care home
- A registered large family child care home
- A licensed child care center
- A licensed day care center for the elderly
- A licensed day care center for adults

OFFICE OF MANAGEMENT AND BUDGET

Marc Elrich
County Executive

Jennifer R. Bryant
Director

MEMORANDUM

July 2, 2025

TO: Kate Stewart, President
Montgomery County Council

FROM: Jennifer R. Bryant, Director
Office of Management and Budget

SUBJECT: Extension Request: Fiscal Impact Statement for Bill 21-25, Taxation - Day Care and Child Care Property Tax

As required by Section 2-81A of the Montgomery County Code, we are informing you that the transmittal of the Fiscal Impact Statement for the above referenced legislation will be delayed because more time is needed to collect information and conduct a meaningful analysis on the Bill. We are requesting an extension and will transmit the Fiscal Impact Statement no later than July 22, 2025.

JRB:ac

cc: Cecily Thorne, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Tricia Swanson, Director of Strategic Partnerships, Office of the County Executive
Chris Mullin, Manager, Office of Management and Budget
Abdul Rauf, Fiscal and Policy Analyst, Office of Management and Budget

Office of the Director

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Fiscal Impact Statement

Office of Management and Budget

Bill 21-25	Day Care and Child Care Property Tax Credit
Bill Summary	Under current County law, the day care property tax credit is available to registered family child care homes, licensed child care centers, licensed day care centers for the elderly, and licensed day care centers for adults. The property tax credit is available to child and day care providers who improve on real property owned by the provider that is used exclusively for child or day care services. Bill 21-25 would expand eligibility to include large family child care homes that are defined as "a residence in which family child care is provided for at least nine children, but not more than 12 children." In addition to expanding eligibility for the property tax credit, the bill would increase the permitted amount of the credit from $3,000 to $10,000.
Fiscal Impact Summary	The potential impact for Bill 21-25 is estimated to be between $0 and $42,000 per year. This is calculated based on the maximum number of recipients the tax credit has had since 2014 and assuming that they would receive the maximum allowable credit. This does not consider whether those recipients are eligible, if they plan to improve real property, and how many recipients of the current tax credit would receive it again next year.

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Personnel Costs	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Revenues	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($252,000)**
Total Impact	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($42,000)**	**($252,000)**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis	This bill increases the credit from $3,000 to $10,000. The potential fiscal impact is reduced revenues of between $0 and $42,000 per year. There are over 1,200 licensed Child Care homes in Montgomery County, but very few receive the current tax credit. Since Levy Year 2014, four to six recipients have received the bill, costing between $8,500 and $11,000. It's unclear how many providers would qualify for the additional credit, and the extra credit is unlikely to increase the number of recipients. This bill does not have an impact on County expenditures
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	Later actions, such as a clarification amendment to what is included as "an improvement", could broaden the scope of how many child care providers utilize the tax credit.

Ranges of revenue or expenditures that are uncertain or difficult to project	The ranges of expenditures are uncertain due to provider utilization of the tax credit.
Contributors	Jennifer Arnaiz, Department of Health and Human Services Jason Rundell, Department of Health and Human Services Mary Casciotti, Department of Finance Deborah Lambert, Office of Management and Budget Abdul Rauf, Office of Management and Budget

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 21-25: TAXATION – DAY CARE AND CHILD CARE PROPERTY TAX CREDIT

SUMMARY

The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of Bill 21-25 is indeterminant. Child and day care center stakeholders – including owners of these businesses and families who rely on them – would benefit most from the proposed changes to the Child and Day Care Property Tax Credit. However, OLO could not find data on the demographics of these groups by race and ethnicity.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is important to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 21-25

The County's Day Care Provider Tax Credit is a property tax credit that is available for child and day care businesses. If a business makes a property improvement that is exclusively for child or day care services, they can receive a property tax credit of up to $3,000 through this program. Businesses that are eligible for the credit include registered family child care (FCC) homes, licensed child care centers, and licensed day care centers for adults and seniors.[3]

In 2025, the Maryland General Assembly passed a law that allows counties to make certain changes to the Day Care Provider Tax Credit. The purpose of Bill 21-25 is to update the County's tax credit program to adopt the new permissions from state law. If enacted, Bill 21-25 would:[4]

- Increase the maximum amount of the credit from $3,000 to $10,000;
- Expand eligibility for the credit to large FCC homes that provide care for up to 12 children; and
- Change the name of the property tax credit to the Day Care and Child Care Property Tax Credit.

The Council introduced Bill 21-25 on June 17, 2025.

This RESJIS builds on the one for Bill 42-21, Child Care – Early Care and Education Coordinating Entity – Established, which OLO published in December 2021. Please refer to this RESJIS for background on economic opportunity, childcare, and racial equity.[5]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 21-25 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by changes to the Day Care and Child Care Property Tax Credit proposed in Bill 21-25:

- **Owners of child and day care businesses who make property improvements** would benefit from an increase in the property tax credit. Additionally, owners of large FCC homes would benefit from gaining eligibility for the property tax credit.

  OLO could not find local data on the demographics of child and day care business owners by race and ethnicity. However, national data suggests FCC businesses in particular are disproportionately BIPOC women owned. As shown in Table A (Appendix), Black and Latina women are overrepresented among listed and unlisted home-based providers. Conversely, White and Asian women are underrepresented.

  While Black and Latina women are overrepresented among FCC providers, they are less likely to have the capital necessary to make property improvements. Because of occupational segregation,[6] early educators, including FCC providers, are among the lowest-paid workers in the country and often experience financial insecurity.[7] Locally, early educators earn between $19,000 and $55,000 annually, compared to $89,492 for all full-time workers in the County.[8,9] Other inequities like the racial wealth gap and racial discrimination in small business lending further limit access to capital to Black and Latinx business owners to make investments like property improvements.[10,11]
- **Community members who rely on child and day care businesses** – including community members who are employed by these businesses and families who demand child and/or day care – would benefit from improved quality in businesses who use the property tax credit to make property improvements. If businesses make property improvements that expand their capacity, community members could also benefit from increased job opportunities and child and/or day care availability. As shown in Table A (Appendix), nationally, Black women are overrepresented among teaching staff in child care centers. Locally, Black community members are more likely to work in the educational services, health care, and social assistance industry that employs early educators (Table B, Appendix). Moreover, as shown in Table C (Appendix), young children under five in the County are more likely to be Latinx, equally likely to be Black, and less likely to be White or Asian.

- **Community members at large** would be burdened by the decreased revenue resulting from the property tax credit. Property taxes are the largest source of tax revenue for the County government.[12] The forgone revenue would undermine the County's ability to provide public goods and services. The resource limitations could particularly harm BIPOC community members, especially as they continue to become a larger part of the population.

However, there are several unanswered questions for determining how this property tax credit will ultimately impact racial and social inequities. These include but are not limited to:

- **The demographics of local child and day care center business owners.** For child care specifically, child care centers comprise the largest share of the child care market in the County, with over 20,000 more slots than local FCCs.[13] Further, because of financial challenges experienced by FCC providers, business owners of child and day care centers are likely best positioned to make property improvements and to thus use the property tax credit.

- **The demographics of families who use local child and day care centers.** Since child and day care centers are most likely to use the property tax credit, families who use these businesses will benefit more from Bill 21-25 than families who use FCCs or other forms of child and day care that are not center based. For child care specifically, the latest data at the national level suggests that Black and Latinx children are less likely to use center-based care than White and Asian children.[14]

OLO finds the anticipated RESJ impact of Bill 21-25 is indeterminant. Child and day care center stakeholders – including owners of these businesses and families who rely on them – would benefit most from the proposed changes to the Child and Day Care Property Tax Credit. However, OLO could not find data on the demographics of these groups by race and ethnicity.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[15] OLO anticipates Bill 21-25 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for Council consideration:

- **Require outreach, education, and technical assistance on property tax credit that centers Black and Latina FCC providers.** Because of several racial inequities, FCC providers, especially those who are Black and Latina, are less likely than center-based providers to use the Day Care and Child Care Property Tax Credit. To ensure that uptake of the property tax credit is maximized to advance RESJ, the Council could require the Department of Finance to engage in targeted outreach, education, and technical assistance to Black and Latina FCC providers to apply for the property tax credit.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Early Care and Education Workforce by Race and Ethnicity, United States, 2019

Race or ethnicity[16]	Center-Based Teaching Staff (%)	Listed Home-Based Providers (%)	Unlisted Home-Based Providers (%)	U.S. Population (%)
Asian	2.7	3.3	0.6	5.5
Black	17.4	21.8	24.6	12.3
White	59.7	50.6	43.8	60.7
Other	3.2	5.2	6.7	2.8
Latinx	17.0	19.2	24.3	18.0

Source: Early Childhood Workforce Index 2024, Center for the Study of Child Care Employment; Table DP05, 2019 American Community Survey 5-Year Estimates, Census Bureau.

Table B. Share of Community Members Employed in Educational Services, Health Care, and Social Assistance Occupations by Race and Ethnicity, Montgomery County

Race and Ethnicity[17]	Share of Community Members in Occupations
Asian	21.4
Black	28.1
White	21.2
Latinx	15.3
County	21.3

Source: Table S0201, 2023 American Community Survey 1-Year Estimates, Census Bureau.

Table C. Share of Children Under 5 Years by Race and Ethnicity, Montgomery County

Race and Ethnicity	Share of Children Under 5 Years
Asian	3.0
Black	5.3
White	4.5
Latinx	8.1
County	5.6

Source: Table S0201, 2023 American Community Survey 1-Year Estimates, Census Bureau.

[1] Definition of racial equity and social justice adopted from Marlysa Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] Day Care Provider Tax Credit, Montgomery County 311.
[4] Introduction Staff Report for Bill 21-25, Montgomery County Council, Introduced June 17, 2025.
[5] RESJIS for Bill 42-21, Office of Legislative Oversight, December 8, 2021.
[6] Allie Schneider and Hailey Gibbs, "Data Dashboard: An Overview of Child Care and Early Learning in the United States," Center for American Progress, December 14, 2023.
[7] "Early Educator Pay & Economic Insecurity Across the States," Early Childhood Workforce Index 2024, Center for the Study of Child Care Employment, University of California, Berkeley.

[8] "Child Care Demographics 2024: Montgomery County Report," Maryland Child Care Resource Network, pg. 5.
[9] Table S2412, 2023 American Community Survey 5-Year Estimates, Census Bureau.
[10] Kilolo Kijakazi, et al., "The Color of Wealth in the Nation's Capital," Urban Institute, pg. 58.
[11] Mark E. Schweitzer and Brent Meyer, "Access to Credit for Small and Minority-Owned Businesses," Federal Reserve Bank of Cleveland, March 22, 2022.
[12] FY25 Approved Taxes, Revenues, Montgomery County Operating Budget.
[13] "Child Care Demographics 2024: Montgomery County Report," pg. 6.
[14] Fast Facts: Child care, Institute of Education Sciences, 2019.
[15] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[16] For Table A, race is not inclusive of Latinx origin. Estimates for Native American and Pacific Islander community members are not available.
[17] For Tables B and C, race is inclusive of Latinx origin. Estimates for Native American and Pacific Islander community members are not available.

Climate Assessment

Office of Legislative Oversight

BILL 21-25: TAXATION - DAY CARE AND CHILD CARE PROPERTY TAX CREDIT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 21-25 will have no impact as it proposes the expansion of an existing property tax credit and will not impact the County's contribution to addressing climate change.

BACKGROUND AND PURPOSE OF BILL 21-25

The County's Day Care Provider Tax Credit is a property tax credit that is available for child and day care businesses. If a business makes a property improvement that is exclusively for child or day care services, they can receive a property tax credit of up to $3,000 through this program. Businesses eligible for the credit include registered family child care homes, licensed child care centers, and licensed day care centers for adults and seniors.[1]

In 2025, the Maryland General Assembly passed a law that allows counties to make certain changes to the Day Care Provider Tax Credit. The purpose of Bill 21-25 is to update the County's tax credit program to adopt the new permissions from state law. If enacted, Bill 21-25 would:[2]

- Increase the maximum amount of the credit from $3,000 to $10,000;
- Expand eligibility for the credit to large family child care homes that provide care for up to 12 children; and
- Change the name of the property tax credit to the Day Care and Child Care Property Tax Credit.

The Council introduced Bill 21-25 on June 17, 2025.

ANTICIPATED IMPACTS

As the Bill proposes the expansion of a property tax credit for day cares, OLO anticipates Bill 21-25 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[3] OLO does not offer recommendations or amendments as Bill 21-25 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] Day Care Provider Tax Credit, Montgomery County 311.
[2] Introduction Staff Report for Bill 21-25, Montgomery County Council, Introduced June 17, 2025.
[3] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Economic Impact Statement

Montgomery County, Maryland

Bill 21-25: Taxation – Day Care and Child Care Property Tax Credit

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 21-25 would have a positive impact on economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would primarily affect child and day care businesses in the County by raising the maximum tax credit from $3,000 to $10,000—an increase of more than 200%. Eligible businesses making qualifying property improvements could receive up to $7,000 more in credits than under the current limit. This additional credit would, all else being equal, lower the net cost of their capital investments and constitute a favorable adjustment in local tax policy from the perspective of these businesses. Moreover, higher credits may also encourage certain child and day care businesses already planning property improvements to pursue larger-scale capital investments, potentially raising property values for affected businesses and revenues for businesses in the remodeling and specialty trade contractor sectors performing the capital improvements. However, given historical participation in the Day Care Provider Tax Credit program, it remains uncertain whether these policy changes would affect a substantial share of day care providers in the County.

Background and Purpose of Bill 21-25

The County's Day Care Provider Tax Credit is a property tax credit available for child and day care businesses. If a business makes a property improvement that is exclusively for child or day care services, they can receive a property tax credit of up to $3,000 through this program. Businesses eligible for the credit include registered family child care homes, licensed child care centers, and licensed day care centers for adults and seniors.[1]

In 2025, the Maryland General Assembly passed a law that allows counties to make certain changes to the Day Care Provider Tax Credit. The purpose of Bill 21-25 is to update the County's tax credit program to adopt the new permissions from state law. If enacted, Bill 21-25 would:

- Increase the maximum amount of credit from $3,000 to $10,000;
- Expand eligibility for the credit to large family child care homes that provide care for up to 12 children; and
- Change the name of the property tax credit to the Day Care and Child Care Property Tax Credit.[2]

The Council introduced Bill 21-25 on June 17, 2025.

Information Sources, Methodologies, and Assumptions

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 21-25 on residents and private organizations, using the Council's priority economic indicators as the

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[1] Day Care Provider Tax Credit, Montgomery County 311.
[2] Introduction Staff Report for Bill 21-25, Montgomery County Council, Introduced June 17, 2025.

measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[3]

The economic impact of the Bill would largely depend on participation in the Day Care Provider Tax Credit program. This analysis evaluates program participation using data from the Department of Finance's FY24 *Tax Expenditure Report*. For background on the child care industry, it also draws on two key sources: the Comptroller of Maryland's *State of the Economy Series: Child Care and the Economy* (2024) and Lucy Tang's *Day Care in the US* (IBISWorld, 2025).

Variables

The primary variables that would affect the economic impacts of enacting Bill 21-25 are the following:

- Total enrollment
- Total credit amount

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 21-25 would positively impact certain private organizations in the County.

The Bill would primarily affect child and day care businesses in the County. By raising the maximum tax credit from $3,000 to $10,000, the policy change would allow eligible businesses that make qualifying property improvements to receive up to $7,000 more in credits than under the current limit. This additional credit would, all else being equal, lower the net cost of their capital investments and constitute a favorable adjustment in local tax policy from the perspective of these businesses. Many child care centers operate on narrow profit margins, due to high labor costs, state-mandated staffing ratios, and limited ability to raise prices.[4] As a result, this tax relief could offer meaningful budgetary flexibility to offset business costs.

Higher credits may also encourage certain child and day care businesses already planning property improvements to pursue larger-scale capital investments. For businesses able to finance larger upfront amounts, raising the cap may expand the set of capital projects that yield the same or lower net cost as smaller projects under the old cap. To illustrate, if credits scale proportionally with qualified costs, a business that undertakes a $10,000 capital improvement and receives a $3,000 credit would incur a net total cost of $7,000. Under the proposed maximum credit limit, the same business could undertake a $17,000 improvement, receive the full $10,000 credit, and still incur a total net cost of $7,000. By encouraging larger investments in property upgrades, this may lead to a modest appreciation in property values for affected businesses.

Additionally, if larger capital investments occur, the Bill would indirectly affect businesses in the remodeling and specialty trade contractor sectors, as projects with larger scopes may increase their business revenues and

[3] Montgomery County Code, "Sec. 2-81B, Economic Impact Statements."
[4] Comptroller of Maryland, *State of the Economy Series: Child Care and the Economy (2024)*; Lucy Tang, *Day Care in the US* (IBISWorld, 2025).

incomes. However, this indirect impact would likely be modest, given that the Bill would raise the maximum credit limit by no more than $7,000.

In addition to raising the maximum tax credit by $7,000, the Bill would also expand eligibility for the credit to large family child care homes that provide care for up to 12 children. While these policy changes would benefit some child and day care businesses, it remains uncertain whether they would affect a substantial portion of day care providers in the County.

On the one hand, there has historically been very low participation in the Day Care Provider Tax Credit. The total number of child care programs in the County is estimated at 1,280.[5] (OLO does not have data on the total number of adult care programs.) As shown in **Table 1**, from 2015 to 2023, the number of day care facilities has ranged from four to six. Assuming all recipients are child care programs, this represented only 0.3% to 0.5% of all programs.

On the other hand, it is possible that the expansion in the maximum credit limit (more than 200%) and program eligibility could significantly increase enrollment in the program—provided that lack of awareness and other barriers do not constrain uptake.

Beyond these potential impacts, OLO does not anticipate the Bill would impact businesses in terms of the other economic indicators prioritized by the Council.

Residents

OLO anticipates Bill 21-25 would have an insignificant economic effect on residents in the County. Because program uptake is uncertain, OLO does not expect the policy to have a broad enough impact to significantly expand day care capacity or exert substantial downward pressure on day care costs.

Net Impact

OLO anticipates Bill 21-25 would have a positive impact on economic conditions in the County. As explained in this analysis, raising the maximum tax credit from $3,000 to $10,000 would allow eligible businesses that make qualifying property improvements to receive up to $7,000 more in credits than under the current limit. This additional credit would, all else being equal, lower the net cost of their capital investments and constitute a favorable adjustment in local tax policy from the perspective of these businesses. Higher credits may also encourage certain child and day care businesses already planning property improvements to pursue larger-scale capital investments. If this occurs, the Bill may increase property values for affected businesses and revenues for businesses in the remodeling and specialty trade contractor sectors. Finally, while these policy changes would benefit some child and day care businesses, it is uncertain they would affect a substantial portion of day care providers in the County.

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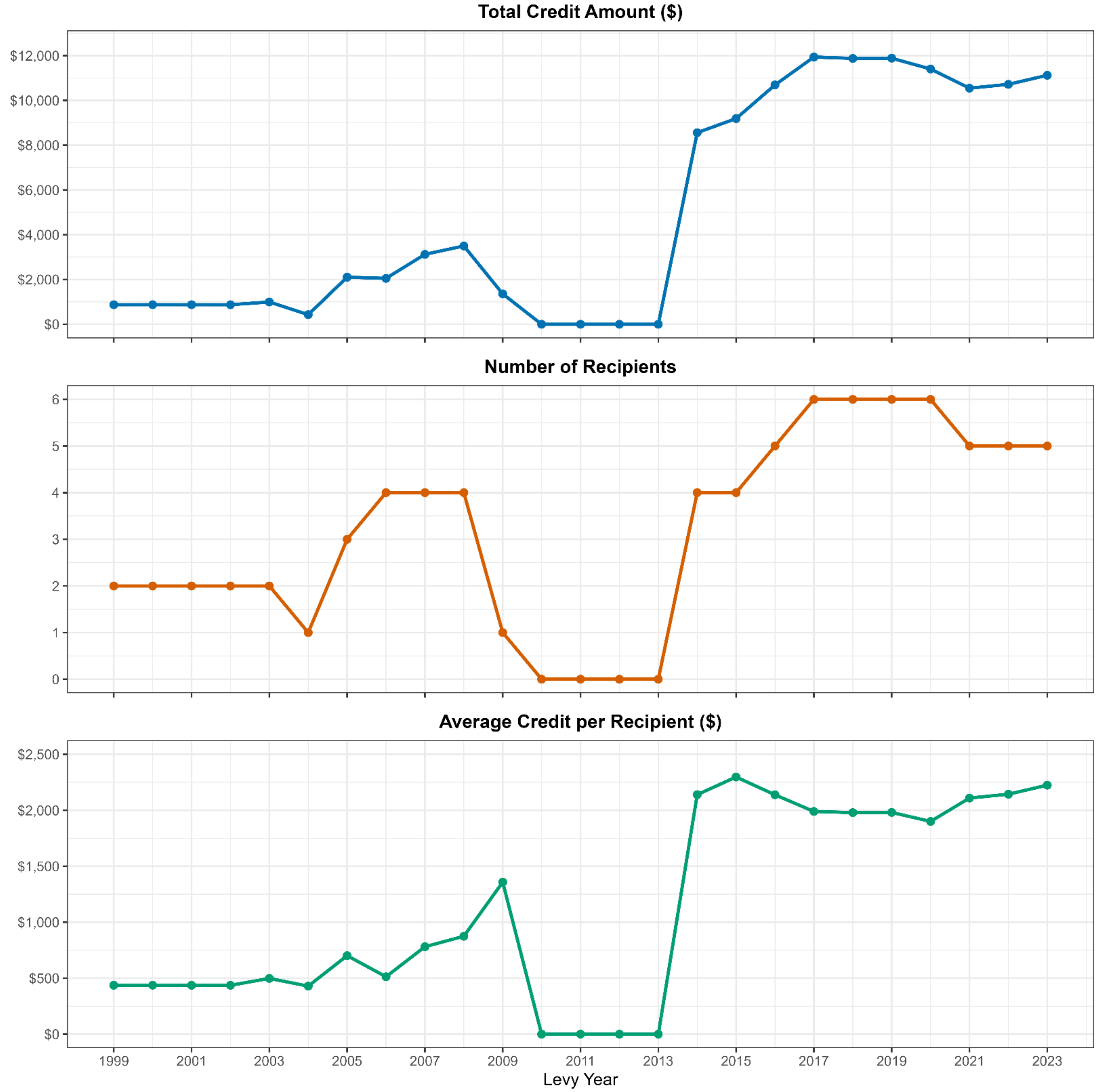
[5] Jacob L. Rosch and Ira Goldstein, *The State of Supply and Demand for Childcare in Montgomery County, Maryland* (Reinvestment Fund, 2024).

Table 1. Uptake Trends for the Montgomery County Day Care Provider Tax Credit (1999–2023)



Discussion Items

Councilmembers may want to investigate why the Day Care Provider Tax Credit program has historically had limited uptake.

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does <u>not</u> represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin (OLO) prepared this report.

MONTGOMERY COUNTY
CHILDREN'S OPPORTUNITY ALLIANCE

July 8, 2025

Montgomery County Council
Stella Werner Council Office Building
100 Maryland Avenue
Rockville, MD 20850

Re: Favorable Support of Bill 21-25 Taxation - Day Care and Child Care Property Tax Credit

Members of the Montgomery County Council,

The Children's Opportunity Alliance fully supports Bill 21-25 to amend the existing property tax credit for day care and child care. We applaud Montgomery County for taking the opportunity to revise this property tax credit, based on lessons learned since it was first introduced in 1988.

We are particularly pleased to see that this bill would increase eligibility for the child care property tax credit by including large family child care homes. As a county that values equitable access to opportunity, it is important to include all types of licensed child care providers in our strategic resource offerings. The state of Maryland regulates child care to ensure providers are meeting the health and safety requirements established by the state; the state includes different categories of Family Child Care homes – a Family Child Care Home provider may care for up to eight children, while a Large Family Child Care Home my care for between nine and twelve children. According to the most recently available data on licensed child care programs in May of 2025, there were 63 Large Family Child Care Homes in Montgomery County. Without this legislation, these 63 providers would not be eligible for this tax credit that their smaller Family Child Care Home peers can apply for.

We are also pleased to see that this legislation increases the amount of the tax credit from $3,000 to $10,000. The child care industry is a fundamentally flawed business model in the United States, in which the true cost of providing quality services costs more than parents are able to pay for it. This results in extremely low wages for early childhood educators, constant stress and turnover in the industry, and lower quality of education programming, all of which impacts the critical early education children are able to receive and the ability of parents to remain in the labor force. It is an economic imperative to intervene with public support in order to address this dire situation.

MONTGOMERY COUNTY CHILDREN'S OPPORTUNITY ALLIANCE

We ask that you vote in favor of Bill 21-25 and we thank you for all you do to ensure that every young child in Montgomery County has an equitable start in life, creating a stronger future for us all.

Sincerely,

Kimberly Rusnak

Kimberly Rusnak
Executive Director

Bill 21-25, Taxation - Day Care and Child Care Property Tax Credit
Montgomery County Council
July 8, 2025
Support

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Montgomery County, supports Bill 21-25, *Taxation - Day Care and Child Care Property Tax Credit*. This bill increases the tax credit amount from $3,000 to $10,000 and expands eligibility to include large family child care homes.

MCCC has long recognized that access to affordable, high-quality child care is not only a family issue but also an economic and workforce imperative. Bill 21-25 acknowledges the significant economic impact of an unreliable supply of affordable child care. Encouraging an increased supply of day care centers will strengthen the business climate in Montgomery County for both employers and employees.

We believe this legislation is an important step toward addressing the region's child care crisis. Ongoing child care challenges continue to threaten the County's economic vitality. Now more than ever, the availability of quality, affordable child care is a key factor in workforce participation and productivity. By reducing the cost of making improvements to enable the operation of a day care center, Bill 21-25 helps foster a more supportive and competitive business environment.

MCCC supports the passage of Bill 21-25 and looks forward to continued collaboration on initiatives that move Montgomery County forward. Please do not hesitate to reach out if we can be of assistance as you continue your important work.

The Montgomery County Chamber of Commerce (MCCC), established in 1959, is an independent non-profit membership organization. MCCC advocates on behalf of our members for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success.

Brian Levine | Vice President of Government Affairs
Montgomery County Chamber of Commerce
51 Monroe Street | Suite 1800
Rockville, Maryland 20850
301-738-0015 | www.mcccmd.com

COMMISSION FOR WOMEN
COMMUNITY ENGAGEMENT CLUSTER

July 7, 2025
Councilor Kate Stewart
President, Montgomery County Council
Stella Werner Council Office Building
Rockville, MD 20850

RE: Bill 21-25 Day Care & Child Care Property Tax Credit

Position: **SUPPORT**

Dear Council President Stewart, and members of the County Council,

On behalf of the Montgomery County Commission for Women, I am writing to ask for your support of Bill 21-25 Day Care and Child Care Property Tax Credit. This bill increases the tax credit for day care and childcare properties from $3,000 to $10,000, as well as expands eligibility for the tax credit to include large family childcare homes.

Montgomery County Commission for Women advocates for legislation that promotes the equal and full participation of women and girls in every aspect of community living and access to education, healthcare, and work advancement with political and economic power. Affordable childcare plays a critical role in supporting women's participation in the workforce, while ensuring competitive compensation for childcare providers, a field largely comprised of women, is equally important.

This bill addresses critical gaps in childcare needs in the county. As a study identified last year, there is a shortage of childcare providers in the county, particularly for children under the age of five years[1]. Meanwhile, childcare providers in the county want to increase their enrollments, but are unable to, because of costs[2]. Increasing the tax credit, and expanding who qualifies for it, helps day care and childcare establishments offset costs. In turn, some centers may choose to hire more staff and increase enrollment, addressing the childcare shortage in the county.

Therefore, I urge a favorable report on Bill 21-25.

Sincerely,

Commissioner Elizabeth Richards
Chair, Policy & Legislative Committee
Montgomery County Commission for Women

[1] Rosch, J.L., & Goldstein, I. (2024). The state of supply and demand for childcare in Montgomery County, Maryland. https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/StateSupplyDemand_final_January2025.pdf
[2] Rosch, J.L., & Goldstein, I. (2024). The state of supply and demand for childcare in Montgomery County, Maryland. https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/StateSupplyDemand_final_January2025.pdf

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PARTNERSHIP
MONTGOMERY COUNTY, MARYLAND
COMMUNITY ACTION AGENCY

Montgomery County Community Action Board Testimony
County Council Bill 21-25: Taxation - Day Care and Child Care Property Tax Credit
July 8, 2025
SUPPORT

Good afternoon. My name is DaVida Rowley and I am the Chair of the Montgomery County Community Action Board, the County's local, state, and federally designated anti-poverty group. Our board strongly supports County Council Bill 21 – 25, which would expand eligibility for the daycare and child care property tax credit and increase the amount of the tax credit.

As advocates for economically disadvantaged community members, and as the governing body for both Head Start and the Community Action Agency, our board has advocated for a robust mixed delivery child care system in the County. We have greatly appreciated the longstanding partnership with Montgomery County Public Schools with regard to implementing Head Start and PreK classes, but we also recognize that additional private providers are critical in order to meet the need for high-quality early childhood education in the County. Bill 21 - 25 can help the County achieve this goal by providing more financial support to child care providers, many of whom face immense financial burdens in order to stay in business.

Research continues to show that high-quality early childhood education programs improve school readiness and can have a significant impact on long-term academic success. In Montgomery County, the kindergarten readiness rate is about 44%.[1] This rate varies quite a bit depending on race/ethnicity, level of English language proficiency, and income, with Black and Hispanic children, those with lower household incomes, and English language learners seeing lower readiness rates. By expanding high quality child care options in the County, we can improve these rates. Expanded property tax credits for child care facilities can be an important tool to provide additional support to private providers.

It is important to note that alleviating some of the costs that private child care providers face, as this bill would do through expanded property tax credits, can help to avoid significant increases in the cost of child care. Many families with modest incomes struggle to pay for child care in Montgomery County, where the cost of living is so high. For example, according to the 2023 Montgomery County Self-Sufficiency Standard, a household with two working adults, one preschooler, and one infant would need to earn $138,317 annually to cover their basic necessities, over four and a half times the federal poverty level.[2] Child care represents the largest single expense for this family – 28% of their monthly budget. Policies that can help to keep child care costs down, like those proposed in Council Bill 21-25, can help families move towards the Self-Sufficiency Standard.

[1] https://static1.squarespace.com/static/62ad27c903d8e10682a2c1c6/t/64dd813d1ac8597f49346f04/1692238166459/Childrens-Opportunity-Alliance_MoCo-Data_Aug-2023
[2] https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023_SSS.pdf

Finally, we want to draw the Council's attention to an extensive study conducted by the Montgomery County Early Childhood Education Initiative that examined the cost of quality childcare. The study explored stakeholder perceptions regarding childcare costs, affordability, and sustainability in the County; and provided estimates of the actual costs of providing childcare in the County under different scenarios related to provider and child characteristics. The study found that *the estimated annual cost to provide child care in Montgomery County ranges from $13,134 to $28,117 in centers and from $8,466 to $16,737 in family child care homes, depending on the age of the child and the provider's EXCEL rating.*[3] These amounts show what a significant impact a property tax credit of $10,000 could have on a private child care provider that is balancing the costs associated with their business, including offering living wages to teachers to reduce turnover and recruit a highly trained staff.

In addition to this bill, our board asks the Council to continue to explore other opportunities to support child care providers, through additional professional training opportunities, scholarships, and other tax credits that alleviate the financial hardships that many providers face. We also encourage the Council to continue to support our County families who are struggling to afford child care, including added funding for the Working Parents Assistance Program, expanded paid sick and parental leave that can help working parents remain employed, and returning the Working Families Income Supplement to a 100% match of the state's Earned Income Tax Credit, providing additional financial support to families.

The Community Action Board strongly supports County Council Bill 21-25 and asks the Council to vote in favor of this bill.

[3] Montgomery County Child Care Cost of Quality Study Final Report - March 2024

My name is Rich Biedrzycki. While I am a member of Strong Towns DC, this comment is made as a resident of downtown Bethesda and does not represent the opinion of Strong Towns DC.

I support Bill 21-25. The cost of childcare in Montgomery County is astronomical. For many families, it exceeds the cost of their mortgages and rent. Because of this, many families have to make tough financial choices to do what is best for their children. This is particularly harmful for single parents who may not have any other option. It also disproportionately harms the career prospects of working women, often forcing them to decide between their careers or their families. Our residents shouldn't be forced to make these decisions. By increasing the tax credit and expanding eligibility to large family child care homes, this will reduce operational costs for childcare providers. Through these cost reductions, we should hopefully see decreases in childcare costs and give families more choice.

I would like to thank Council President Stewart for introducing this legislation and Councilmembers Albornoz, Jawando, Friedson, Katz, Glass, and Sayles for co-sponsoring. I look forward to a swift passage of this bill.