

HB 3621 & HJR 149 (Talarico, Button)/ SB 1145 & SJR 64 (West)

Relating to an exemption from ad valorem taxation of real property used to operate a child-care facility.



Scope of the Problem

Child care providers are businesses and property taxes are a part of doing business in Texas. Currently, child care programs are not exempt from property taxes and many providers struggle to make ends meet. These costs are often passed directly on to working parents and in turn increase the costs of child care and reduce workforce participation as a result. Expansion of public school pre-kindergarten has also impacted child care providers and their ability to stay financially solvent as more and more parents choose free public school options.

Like many other Texans, child care providers have seen dramatic increases in property values and subsequent property values. Soaring property tax bills and inflation, combined with the Covid pandemic, have battered the Texas child care industry with hundreds of providers choosing to close their doors. In a recent survey conducted by TXAEYC, approximately 35% are contemplating closing their doors once Child Care Relief Funding ends. Texas employers and workers cannot afford to lose more child care providers.

Policy Recommendations

Based upon the feedback of child care providers from every corner of Texas, child care providers are struggling and need immediate assistance. Providers are looking for property tax relief to help keep their businesses open and providing care to more children of working parents.

Under the provisions of SB 1145/HB 3621 a child care program is entitled to an exemption from taxation of the real property the person owns and operates as a child-care facility. Possible amendments to the legislation could include addressing the needs of child care providers who lease facilities or creating incentives for participation in the subsidized child care program at the Texas Workforce Commission.

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