

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative Cunningham**

A Bill

ACT 1268 OF 1993
HOUSE BILL 2061

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 26-51-502 TO PROVIDE
9 ENHANCED INCOME TAX CREDITS TO QUALIFIED TAXPAYERS WHO
10 INCUR CHILD CARE EXPENSES AT APPROVED CHILD CARE
11 FACILITIES; TO ADD A SECTION TO SUBCHAPTER 1 OF TITLE 6,
12 CHAPTER 45, OF THE ARKANSAS CODE OF 1987, ANNOTATED, TO
13 REQUIRE CERTIFICATION OF THE APPROVED CHILD CARE
14 FACILITIES BY THE DEPARTMENT OF EDUCATION; AND FOR OTHER
15 PURPOSES."

Subtitle

18 "AN ACT TO PROVIDE ENHANCED INCOME TAX CREDITS TO
19 QUALIFIED TAXPAYERS WHO INCUR CHILD CARE EXPENSES AT
20 APPROVED CHILD CARE FACILITIES."

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24 SECTION 1. Arkansas Code § 26-51-502 is hereby amended to read as
25 follows:

26 "26-51-502. Household and dependent care services.

27 (a) A credit shall be allowed to individuals against the income tax
28 imposed by the Arkansas Income Tax Act, as amended, § 26-51-101 et seq., for
29 expenses for household and dependent care services necessary for gainful
30 employment in the manner prescribed by subsection (b) of this section.

31 (b)(1) Section 44A of the Internal Revenue Code of 1954, as amended and
32 in effect on January 1, 1983, is adopted for purposes of determining the
33 allowable credit under the Arkansas Income Tax Act, as amended, § 26-51-101 et
34 seq., for household and dependent care services necessary for gainful
35 employment.

36 (2) The amount of credit shall be ten percent (10%) of the

1 federal credit allowable.

2 (c)(1) A credit, which is equal to twenty percent (20%) of the federal
3 child care credit as allowed under Section 21 of the Internal Revenue Code, as
4 in effect on January 1, 1993, shall be allowed to qualified individuals
5 against the income tax imposed by the Arkansas Income Tax Act, as amended, §
6 26-51-101 et seq. The twenty percent (20%) child care credit is refundable.
7 The excess of the credit over tax liability will be returned to the taxpayer
8 as an overpayment of tax.

9 (2) A qualified individual is a taxpayer who has a dependent
10 child with respect to whom the taxpayer is entitled to a credit under § 26-51-
11 501(a)(3); and who incurs child care expenses necessary for gainful employment
12 at an approved child care facility, as defined in subdivision (c)(3) of this
13 subsection.

14 (3) An approved child care facility is a child care facility
15 which provided an appropriate early childhood program, as defined in
16 Arkansas Code § 6-45-103(2) and which is approved in accordance with Arkansas
17 Code § 6-45-109.

18 (4) A taxpayer cannot claim both the credit allowed in
19 subsections (a) and (b) of this section and the credit allowed in subsection
20 (c) of this section. The credit allowed in this subsection shall be effective
21 for taxable years beginning January 1, 1993."

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23 SECTION 2. Subchapter 1 of Title 6, Chapter 45, of the Arkansas Code of
24 1987, Annotated, is hereby amended to add a new Section to read as follows:

25 "6-45-109. Certification by the Department of Education. The Arkansas
26 Department of Education shall certify child care facilities which have an
27 appropriate early childhood program, as defined in Arkansas Code § 6-45-
28 103(2). Certification numbers shall be issued to those child care facilities
29 which meet the applicable qualifications. Upon certification of the child
30 care facilities, the Department of Education shall provide a listing of all
31 certified facilities and their certification numbers to the Director of the
32 Department of Finance and Administration for the purpose of the income tax
33 credit provided for in Arkansas Code § 26-51-502(c)."

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35 SECTION 3. All provisions of this act of general and permanent nature

1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
2 Revision Commission shall incorporate the same in the Code.

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4 SECTION 4. If any provisions of this act or the application thereof to
5 any person or circumstance is held invalid, the invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provisions or application, and to this end the provisions of this
8 act are declared to be severable.

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10 SECTION 5. All laws and parts of laws in conflict with this act are
11 hereby repealed.

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/s/Rep. Cunningham

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APPROVED: 4/20/93

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