

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4 By: Representative Luker

A Bill

HOUSE BILL 1037

For An Act To Be Entitled

"AN ACT TO INCREASE THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT TO 100% OF THE ALLOWABLE FEDERAL CREDIT; AND FOR OTHER PURPOSES."

Subtitle

"TO INCREASE THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT TO 100% OF THE ALLOWABLE FEDERAL CREDIT."

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

Section 1. Arkansas Code § 26-51-502 is amended to read as follows:

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

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

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

(2) The amount of credit shall be one hundred percent (100%) of the federal credit allowable.

(c)(1) A credit, which is equal to one hundred percent (100%) of the federal child care credit as allowed under Section 21 of the Internal Revenue Code, as in effect on January 1, 1993, shall be allowed to qualified individuals against the income tax imposed by the Arkansas Income Tax Act, as

1 amended, § 26-51-101 et seq. The one hundred percent (100%) child care credit
 2 is refundable. The excess of the credit over tax liability will be returned to
 3 the taxpayer as an overpayment of tax.

4 (A) A 'qualified individual' is a taxpayer who has a dependent
 5 child with respect to whom the taxpayer is entitled to a credit under § 26-51-
 6 501(a)(3), and who incurs child care expenses necessary for gainful employment
 7 at an approved child care facility, as defined in subdivision (c)(1)(B) of
 8 this section.

9 (B) An 'approved child care facility' is a child care facility
 10 which provided an appropriate early childhood program, as defined in § 6-45-
 11 103(2), and which is approved in accordance with § 6-45-109.

12 (2) A taxpayer cannot claim both the credit allowed in subsections
 13 (a) and (b) of this section and the credit allowed in subsection (c) of this
 14 section.

15 (3) The credit allowed in this subsection shall be effective for
 16 taxable years beginning January 1, 1993."

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18 SECTION 2. The provisions of this act shall be applicable to tax years
 19 beginning after December 31, 1996.

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21 SECTION 3. All provisions of this act of a general and permanent nature
 22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 4. If any provision of this act or the application thereof to
 26 any person or circumstance is held invalid, such invalidity shall not affect
 27 other provisions or applications of the act which can be given effect without
 28 the invalid provision or application, and to this end the provisions of this
 29 act are declared to be severable.

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

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