

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1593

4
5 By: Representatives Key, D. Evans
6
7

For An Act To Be Entitled

9 AN ACT TO PROVIDE THAT THE CHILD CARE CREDIT FOR
10 QUALIFIED INDIVIDUALS WITH CHILDREN IN AN
11 APPROVED CHILD CARE FACILITY IS SIXTY PERCENT
12 (60%) OF THE FEDERAL INCOME TAX CREDIT ALLOWED;
13 AND FOR OTHER PURPOSES.
14

Subtitle

15
16 TO PROVIDE THAT THE CHILD CARE CREDIT
17 FOR QUALIFIED INDIVIDUALS WITH CHILDREN
18 IN AN APPROVED CHILD CARE FACILITY IS
19 60% OF THE FEDERAL INCOME TAX CREDIT.
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 26-51-502 is amended to read as follows:
25 26-51-502. Household and dependent care services.

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

30 (b)(1) Section 21 of the Internal Revenue Code of 1986, as amended and
31 in effect on January 1, 2003, is adopted for purposes of determining the
32 allowable credit under the Income Tax Act of 1929, § 26-51-101 et seq., for
33 household and dependent care services necessary for gainful employment.

34 (2) The amount of credit shall be twenty percent (20%) of the
35 federal credit allowable.

36 (c)(1) (A)(i) Effective until tax year ending December 31, 2004, a A



1 credit, which is equal to twenty percent (20%) of the federal child care
 2 credit as allowed under Section 21 of the Internal Revenue Code, as in effect
 3 on January 1, ~~1993~~ 2003, shall be allowed to qualified individuals against
 4 the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq.
 5 The twenty percent (20%) child care credit is refundable. The excess of the
 6 credit over tax liability will be returned to the taxpayer as an overpayment
 7 of tax.

8 (ii) Effective for tax years beginning on and after
 9 January 1, 2005, a credit equal to sixty percent (60%) of the federal child
 10 care credit as allowed under Section 21 of the Internal Revenue Code, as in
 11 effect on January 1, 2005, shall be allowed to qualified individuals against
 12 the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq.
 13 The sixty percent (60%) child care credit is refundable. The excess of the
 14 credit over tax liability will be returned to the taxpayer as an overpayment
 15 of tax.

16 ~~(A)~~(B) A "qualified individual" is a taxpayer who has a
 17 dependent child with respect to whom the taxpayer is entitled to a credit
 18 under § 26-51-501(a)(3), and who incurs child care expenses necessary for
 19 gainful employment at an approved child care facility, as defined in
 20 subdivision (c)(1)~~(B)~~(C) of this section.

21 ~~(B)~~(C) An "approved child care facility" is a child care
 22 facility which provided an appropriate early childhood program, as defined in
 23 § 6-45-103(2), and which is approved in accordance with § 6-45-109.

24 (2) A taxpayer cannot claim both the credit allowed in
 25 subsections (a) and (b) of this section and the credit allowed in subsection
 26 (c) of this section.

27 ~~(3) The credit allowed in this subsection shall be effective for~~
 28 ~~taxable years beginning January 1, 1993.~~