

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/5/07
A Bill

HOUSE BILL 1033

5 By: Representative Key
6
7

8 **For An Act To Be Entitled**

9 AN ACT TO ALLOW A CHILD CARE INCOME TAX CREDIT
10 EQUAL TO FIFTY PERCENT (50%) OF THE FEDERAL CHILD
11 CARE INCOME TAX CREDIT FOR QUALIFIED INDIVIDUALS
12 WITH CHILDREN IN AN APPROVED CHILD CARE FACILITY;
13 AND FOR OTHER PURPOSES.
14

15 **Subtitle**

16 CHILD CARE TAX CREDIT OF 2007.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 26-51-502 is amended to read as follows:

22 26-51-502. Household and dependent care services.

23 (a) A credit shall be allowed to individuals against the income tax
24 imposed by the Income Tax Act of 1929, § 26-51-101 et seq., for expenses for
25 household and dependent care services necessary for gainful employment in the
26 manner prescribed by subsection (b) of this section.

27 (b)(1) Section 21 of the Internal Revenue Code of 1986, as in effect
28 on January 1, ~~2005~~ 2007, is adopted for purposes of determining the allowable
29 credit under the Income Tax Act of 1929, § 26-51-101 et seq., for household
30 and dependent care services necessary for gainful employment.

31 (2) *The amount of credit shall be twenty percent (20%) of the*
32 *federal credit allowable.*

33 (c)(1)(A)(i) A credit, which is equal to ~~twenty percent (20%)~~ fifty
34 percent (50%) of the federal child care credit as allowed under § 21 of the
35 Internal Revenue Code, as in effect on January 1, ~~1993~~ 2007, shall be allowed
36 to qualified individuals against the income tax imposed by the Income Tax Act



1 of 1929, § 26-51-101 et seq.

2 (ii) The ~~twenty percent (20%)~~ fifty percent (50%)
3 child care credit is refundable.

4 (iii) The excess of the credit over tax liability
5 will be returned to the taxpayer as an overpayment of tax.

6 (B) As used in this section:

7 (i) "Qualified individual" means a taxpayer who has a
8 dependent child with respect to whom the taxpayer is entitled to a credit
9 under § 26-51-501(a)(3), and who incurs child care expenses necessary for
10 gainful employment at an approved child care facility,~~as defined in~~
11 ~~subdivision (c)(1)(C) of this section;~~ and

12 ~~(C)(ii)~~ "Approved child care facility" means a child
13 care facility which provided an appropriate early childhood program, as
14 defined in § 6-45-103, and which is approved in accordance with § 6-45-109.

15 (2) A taxpayer cannot claim both the credit allowed in
16 subsections (a) and (b) of this section and the credit allowed in subsection
17 (c) of this section.

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

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21 SECTION 2. This act is effective for tax years beginning on and after
22 January 1, 2007.

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24 /s/ Key

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