1	State of Arkansas
2	82nd General Assembly
3	Regular Session, 1999

As Engrossed: H3/12/99

A Bill

HOUSE BILL   1246

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5   By: Representative Luker

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8   ## For An Act To Be Entitled

9   " *AN ACT TO INCREASE THE STATE INCOME TAX CREDIT FOR*

10   *HOUSEHOLD AND DEPENDENT CARE SERVICES; AND FOR OTHER*

11   *PURPOSES.* "

12

13   ## Subtitle

14   "*INCREASES THE STATE INCOME TAX CREDIT*

15   *FOR HOUSEHOLD AND DEPENDENT CARE*

16   *SERVICES.* "

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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:*

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23   *"(a) A credit shall be allowed to individuals against the income tax*

24   *imposed by the Arkansas Income Tax Act, as amended, § 26-51-101 et seq., for*

25   *expenses for household and dependent care services necessary for gainful*

26   *employment in the manner prescribed by subsection (b) or (c) of this section.*

27   *(b)(1) Section 21 of the Internal Revenue Code of 1986, as amended and*

28   *in effect on January 1, 1997 1999, is adopted for purposes of determining the*

29   *allowable credit under the Arkansas Income Tax Act, as amended, § 26-51-101*

30   *et seq., for household and dependent care services necessary for gainful*

31   *employment.*

32   *(2) The amount of credit shall be twenty thirty percent (20 30%)*

33   *of the federal credit allowable.*

34   *(c)(1) A refundable credit, which is equal to twenty percent (20%) a*

35   *portion of the federal child care credit as allowed under Section 21 of the*

36   *Internal Revenue Code, as in effect on January 1, 1993 1999, shall be allowed*

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1   *to qualified individuals against the income tax imposed by the Arkansas Income*
2   *Tax Act, as amended, § 26-51-101 et seq. ~~The twenty percent (20%) child care~~*
3   *~~credit is refundable.~~ The excess of the credit over tax liability will be*
4   *returned to the taxpayer as an overpayment of tax. <u>The amount of the credit</u>*
5   *<u>shall be as follows:</u>*
6   *   <u>(A) For the tax year beginning January 1, 1999 and ending December</u>*
7   *<u>31, 1999, the credit shall be thirty percent (30%) of the federal credit</u>*
8   *<u>allowable;</u>*
9   *   <u>(B) For the tax year beginning January 1, 2000 and ending December</u>*
10 *<u>31, 2000, the credit shall be forty percent (40%) of the federal credit</u>*
11 *<u>allowable;</u>*
12 *   <u>(C) For tax years beginning January 1, 2001 and thereafter, the</u>*
13 *<u>credit shall be fifty percent (50%) of the federal credit allowable.</u>*
14 *   <u>(2)</u> (A) A 'qualified individual' is a taxpayer who has a dependent child*
15 *with respect to whom the taxpayer is entitled to a credit under § 26-51-*
16 *501(a)(3), and who incurs child care expenses necessary for gainful employment*
17 *at an approved child care facility, as defined in subdivision (c)(1)(B) of*
18 *this section.*
19 *   (B) An 'approved child care facility' is a child care facility*
20 *which provided an appropriate early childhood program, as defined in § 6-45-*
21 *103(2), and which is approved in accordance with § 6-45-109.*
22 *~~(2)~~<u>(3)</u> A taxpayer cannot claim both the credit allowed in subsections (a) and*
23 *(b) of this section and the credit allowed in subsection (c) of this section.*
24 *~~(3)~~<u>(4)</u> The credit allowed in this subsection shall be effective for taxable*
25 *years beginning January 1, ~~1993~~<u>1999</u>."*
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27 *   SECTION 2.   <u>The provisions of this act shall be effective for tax years</u>*
28 *<u>beginning on and after January 1, 1999.</u>*
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30 *   SECTION 3.   All provisions of this act of a general and permanent nature*
31 *are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code*
32 *Revision Commission shall incorporate the same in the Code.*
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34 *   SECTION 4.   If any provision of this act or the application thereof to*
35 *any person or circumstance is held invalid, such invalidity shall not affect*
36 *other provisions or applications of the act which can be given effect without*

1   the invalid provision or application, and to this end the provisions of this
2   act are declared to be severable.
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4   SECTION 5.   All laws and parts of laws in conflict with this act are
5   hereby repealed.
6   */s/ Luker*
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