

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1867

By: Representative Haak

For An Act To Be Entitled

AN ACT TO AMEND THE LAW GOVERNING THE EARNED INCOME
CHILDCARE TAX CREDIT; TO CREATE A TEMPORARY TAX
CREDIT FOR ALL CHILDCARE EXPENSES CAUSED BY THE
EMERGENCY DECLARATIONS ASSOCIATED WITH CORONAVIRUS-
2019 (COVID-19); TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle

TO CREATE A TEMPORARY TAX CREDIT FOR ALL
CHILDCARE EXPENSES CAUSED BY THE
EMERGENCY DECLARATIONS ASSOCIATED WITH
CORONAVIRUS-2019 (COVID-19).

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

SECTION 1. DO NOT CODIFY. TEMPORARY LANGUAGE.

(a) As used in this section, "coronavirus-related childcare expenses" means an expense paid to any person or childcare business:

(1) For a child with respect to whom the taxpayer is entitled to a credit under § 26-51-501(a)(3);

(2) That was necessary due to closures caused by the Governor's declaration of an emergency under the Arkansas Emergency Services Act of 1973, § 12-75-101 et seq., or § 20-7-110 in response to the outbreak of coronavirus-2019 (COVID-19); and

(3) That made it more practicable for the taxpayer to carry out responsibilities associated with his or her employment.

(b)(1) A credit shall be allowed to individuals against the income tax



imposed by the Income Tax Act of 1929, § 26-51-101 et seq., for the taxpayer's coronavirus-related childcare expenses in the amount stated under subdivision (b)(2) of this section.

(2)(A) For a taxpayer filing individually or head of household with an adjusted gross income of seventy-five thousand dollars (\$75,000) or less, the individual may receive a tax credit under this section of one hundred percent (100%) of his or her coronavirus-related childcare expenses.

(B) For taxpayers filing as married-filing-jointly with an adjusted gross income of one hundred fifty thousand dollars (\$150,000), the taxpayers may receive a tax credit under this section of one hundred percent (100%) of their coronavirus-related childcare expenses.

(3) A taxpayer under subdivision (b)(2) of this section may claim a tax credit on his or her 2022 tax return for coronavirus-related childcare expenses incurred in 2020 or 2021.

(4) The amount of the income tax credit under this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(5) A taxpayer shall not claim the tax credit under this section and the tax credit available under § 26-51-502 for expenses associated with the same child.

(c) The Secretary of the Department of Finance and Administration may promulgate rules to implement this act.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2020 and will expire on December 31, 2022.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that coronavirus-2019 (COVID-19) caused numerous schools, preschools, and daycares to temporarily close, causing many parents to make alternative childcare arrangements; that the Governor's emergency declaration and related orders in connection with the coronavirus-2019 (COVID-19) pandemic caused some workplaces to temporarily close or forced some employees to work remotely from home; that some businesses laid off employees entirely; and that this act is immediately necessary to remedy the financial burdens on Arkansans caused by the

combination of the need for alternative childcare arrangements and the foregoing workplace and employment disruptions. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.