

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

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H1/25/23
A Bill

HOUSE BILL 1158

By: Representatives J. Mayberry, *Haak*

By: Senators Irvin, *J. English*

For An Act To Be Entitled

AN ACT TO CREATE THE EARLY CHILDHOOD EDUCATION
WORKFORCE QUALITY INCENTIVE ACT; TO CREATE AN INCOME
TAX CREDIT FOR CERTAIN EARLY CHILDHOOD EDUCATION
WORKERS; TO CREATE AN INCOME TAX CREDIT FOR ELIGIBLE
BUSINESS CHILDCARE EXPENSES; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE EARLY CHILDHOOD EDUCATION
WORKFORCE QUALITY INCENTIVE ACT; AND TO
CREATE INCOME TAX CREDITS FOR CERTAIN
EARLY CHILDHOOD EDUCATION WORKERS AND FOR
ELIGIBLE BUSINESS CHILDCARE EXPENSES.

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

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Early Childhood
Education Workforce Quality Incentive Act".

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 5, is
amended to add additional sections to read as follows:

26-51-517. Early childhood education workforce quality incentive
credit.

(a) There is allowed an early childhood education workforce quality
incentive credit against the income tax imposed by this chapter in the amount
provided under subsection (b) of this section for qualifying early childhood



education program directors, teachers, and instructional staff who:

(1) Are employed in an early childhood education program that meets the requirements of the Better Beginnings quality rating system of the Department of Human Services, or its successor; and

(2) Earn less than the state's minimum salary for kindergarten through grade twelve (K-12) public school teachers, as provided in § 6-17-2403.

(b) The income tax credit allowed under this section is allowed in the following amounts:

(1) For a taxpayer who has a Child Development Associate credential from a program approved by the department, one thousand eight hundred dollars (\$1,800);

(2) For a taxpayer who has an Arkansas Children's Program Administrator Credential recognized by the National Association for the Education of Young Children, one thousand eight hundred dollars (\$1,800);

(3) For a taxpayer who has an associate degree in early childhood education or a related field, two thousand four hundred dollars (\$2,400); and

(4) For a taxpayer who has a bachelor's degree or higher in early childhood education or a related field, three thousand dollars (\$3,000).

(c) If the amount of the income tax credit allowed under this section exceeds the taxpayer's income tax liability, the excess shall be refunded to the taxpayer.

(d) To claim the income tax credit allowed under this section, the taxpayer shall file with his or her individual income tax return an attestation form provided by the Arkansas Professional Development Registry of the Department of Human Services, or its successor, verifying that the taxpayer meets the requirements for the income tax credit allowed under this section.

26-51-518. Business childcare expenditures.

(a) As used in this section:

(1) "Eligible business childcare expenses" means the total of the following expenses a business incurs, not to exceed fifty thousand dollars (\$50,000), to provide child care for its employees:

(A) Expenses to construct, renovate, expand, or make major repairs to an eligible childcare facility;

(B) Expenses for the purchase of equipment for an eligible childcare facility;

(C) Expenses to maintain and operate an eligible childcare facility;

(D) Payments made to an eligible childcare facility for childcare services to support employees; and

(E) Expenses for the purchase of childcare slots at eligible childcare facilities actually provided or reserved for children of employees; and

(2) "Eligible childcare facilities" means a childcare facility that has received a quality rating of at least level two (2) by the Division of Child Care and Early Childhood Education of the Department Human Services.

(b)(1) A taxpayer that incurs eligible business childcare expenses is allowed an income tax credit against the income tax imposed by this chapter in the amount determined under subsection (c) of this section.

(2) If the amount of the income tax credit allowed under this section exceeds the taxpayer's income tax liability, the excess shall be refunded to the taxpayer.

(c)(1) The amount of the tax credit allowed a taxpayer under subsection (b) of this section during a given tax year depends on the level of the quality rating that the eligible childcare facility received from the division during that tax year.

(2) If the eligible childcare facility received a rating of:

(A) Level six (6), then the taxpayer is allowed a credit of up to twenty-five percent (25%) of the eligible business childcare expenses;

(B) Level five (5), then the taxpayer is allowed a credit of up to twenty percent (20%) of the eligible business childcare expenses;

(C) Level four (4), then the taxpayer is allowed a credit of up to fifteen percent (15%) of the eligible business childcare expenses;

(D) Level three (3), then the taxpayer is allowed a credit of up to ten percent (10%) of the eligible business childcare expenses; and

(E) Level two (2), then the taxpayer is allowed a credit of up to five percent (5%) of the eligible business childcare expenses.

SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax years beginning on or after January 1, 2023.

/s/J. Mayberry