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# HOUSE BILL No. 1409

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-20.

**Synopsis:** Child care tax credit. Provides a refundable child care tax credit against state income tax liability equal to: (1) the lesser of \$400 or 20% of the taxpayer's employment related child care expenses if the taxpayer's adjusted gross income is not more than \$20,000; and (2) the lesser of \$200 or 10% of the taxpayer's employment related child care expenses if the taxpayer's adjusted gross income is more than \$20,000 and not more than \$25,000.

**Effective:** January 1, 2000.

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**Day**

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January 12, 1999, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## HOUSE BILL No. 1409

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2000]:

4 **Chapter 20. Child Care Tax Credits for Individuals**

5 **Sec. 1. As used in this chapter, "adjusted gross income" has the**  
6 **meaning set forth in IC 6-3-1-3.5.**

7 **Sec. 2. (a) As used in this chapter, "employment related child**  
8 **care expenses" means amounts that are:**

9 (1) **paid for the care of a qualifying child; and**

10 (2) **incurred to enable an individual taxpayer, including an**  
11 **individual taxpayer's spouse in the case of a joint return, to be**  
12 **gainfully employed.**

13 (b) **The term does not include an amount paid for services**  
14 **outside the taxpayer's household at a camp where a qualifying**  
15 **child stays overnight.**

16 (c) **The term does not include amounts paid for services outside**  
17 **the taxpayer's household that are not provided in conformity with**



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1 applicable state and local laws.

2 **Sec. 3.** As used in this chapter, "qualifying child" means an  
3 individual who:

4 (1) is the child, including an adopted child, stepchild, or foster  
5 child, of the individual taxpayer;

6 (2) resides with the individual taxpayer, including the  
7 individual taxpayer's spouse in the case of a joint return, in  
8 Indiana for more than one-half (1/2) of the taxable year;

9 (3) is dependent on the individual taxpayer, including the  
10 individual taxpayer's spouse in the case of a joint return, for  
11 more than one-half (1/2) of the individual's support;

12 (4) is less than thirteen (13) years of age on the last day of the  
13 taxable year; and

14 (5) is not married as of the last day of the taxable year.

15 **Sec. 4.** As used in this chapter, "state income tax liability"  
16 means the total income tax liability incurred under IC 6-3, as  
17 computed after application of the credits that under IC 6-3.1-1-2  
18 are to be applied before the credit provided by this chapter.

19 **Sec. 5.** An individual taxpayer, including an individual  
20 taxpayer's spouse in the case of a joint return, who has:

21 (1) employment related child care expenses during the taxable  
22 year; and

23 (2) adjusted gross income, or combined adjusted gross income  
24 with the taxpayer's spouse in the case of a joint return, of not  
25 more than twenty-five thousand dollars (\$25,000) for the  
26 taxable year;

27 is entitled to a credit against the taxpayer's state income tax  
28 liability for the taxable year.

29 **Sec. 6.** The amount of a credit allowed under section 5 of this  
30 chapter for a taxable year is equal to:

31 (1) the lesser of:

32 (A) the amount of employment related child care expenses  
33 incurred in the taxable year multiplied by twenty percent  
34 (20%); or

35 (B) four hundred dollars (\$400);

36 if the taxpayer's adjusted gross income, or combined adjusted  
37 gross income with the taxpayer's spouse in the case of a joint  
38 return, is not more than twenty thousand dollars (\$20,000); or

39 (2) the lesser of:

40 (A) the amount of employment related child care expenses  
41 incurred in the taxable year multiplied by ten percent  
42 (10%); or

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1           **(B) two hundred dollars (\$200);**  
2           **if the taxpayer's adjusted gross income, or combined adjusted**  
3           **gross income with the taxpayer's spouse in the case of a joint**  
4           **return, is more than twenty thousand dollars (\$20,000) but**  
5           **not more than twenty-five thousand dollars (\$25,000).**

6           **Sec. 7. If both spouses reside in the same household, the total**  
7           **amount of the credit computed under section 6 of this chapter may**  
8           **be claimed only once.**

9           **Sec. 8. (a) If the credit provided under this chapter exceeds the**  
10           **state income tax liability due from the taxpayer for the taxable**  
11           **year, the excess may be:**

- 12           **(1) used as a credit against the taxpayer's tax liability in**  
13           **subsequent taxable years; or**  
14           **(2) refunded.**

15           **The amount of the credit carryover from a taxable year shall be**  
16           **reduced to the extent that the carryover is used by the taxpayer to**  
17           **obtain a credit under this chapter for any subsequent taxable year.**

18           **(b) A taxpayer is not entitled to a carryback of an unused credit.**

19           **(c) A taxpayer is entitled to the credit under this chapter in**  
20           **addition to any other credits to which the taxpayer is entitled.**

21           **Sec. 9. (a) The department may adopt rules under IC 4-22-2 to**  
22           **implement this chapter.**

23           **(b) The department may require that a taxpayer apply for a**  
24           **credit or a refund under this chapter on a form designated by the**  
25           **department.**

26           **SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3.1-20, as**  
27           **added by this act, applies only to taxable years beginning after**  
28           **December 31, 1999.**

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