
SENATE BILL No. 358

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-22.

Synopsis: Child care tax credit for individuals. Provides a refundable child care tax credit against an individual taxpayer's state income tax liability for employment related child care expenses. The credit is equal to the lesser of \$125 per child or 3% of the taxpayer's employment related child care expenses.

Effective: January 1, 2001.

Bowser

January 10, 2000, read first time and referred to Committee on Finance.

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Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

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SENATE BILL No. 358



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 6-3.1-22 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2001]:

4 **Chapter 22. 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**



1 applicable state and local laws.

2 **Sec. 3.** As used in this chapter, "qualifying child" means an
3 individual who is less than eighteen (18) years of age and for whom
4 the taxpayer is entitled to a deduction for federal income tax
5 purposes under Section 151(c) of the Internal Revenue Code.

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

10 **Sec. 5.** An individual taxpayer, including an individual
11 taxpayer's spouse in the case of a joint return, who has
12 employment related child care expenses during the taxable year is
13 entitled to a credit against the taxpayer's state income tax liability
14 for the taxable year.

15 **Sec. 6.** The amount of a credit allowed under section 5 of this
16 chapter for a taxable year is equal to the lesser of:

- 17 (1) three percent (3%) of the amount of employment related
18 child care expenses paid during the taxable year; or
19 (2) one hundred twenty-five dollars (\$125) per qualifying
20 child.

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

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

- 27 (1) used as a credit against the taxpayer's tax liability in
28 subsequent taxable years; or
29 (2) refunded.

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

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

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

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

38 (b) The department may require that a taxpayer apply for a
39 credit or a refund under this chapter on a form designated by the
40 department.

41 SECTION 2. [EFFECTIVE JANUARY 1, 2001] IC 6-3.1-22, as
42 added by this act, applies only to taxable years that begin after

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1 **December 31, 2000.**

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