

SENATE MOTION

MR. PRESIDENT:

I move that Senate Bill 21 be amended to read as follows:

- 1 Page 3, line 33, after "programs" insert "**and other tax relief**
2 **programs, including the child care tax credit under IC 6-3.1-20,**".
3 Page 3, line 35, after "providing" insert "**funding, to the extent**
4 **money is available in the fund, for:**
5 (1)".
6 Page 3, line 36, delete "." and insert "; **and**
7 (2) **the child care tax credit under IC 6-3.1-20.**".
8 Page 3, line 36, beginning with "The" begin a new line blocked left.
9 Page 4, between lines 3 and 4, begin a new paragraph and insert:
10 "**(e) If the amount of money available in the fund is not sufficient**
11 **to provide funding for each of the purposes described in subsection**
12 **(a)(1) and (a)(2), the total amount available for each purpose is**
13 **determined under STEPS THREE and FOUR of the following**
14 **formula:**
15 **STEP ONE: Divide the amount of money needed for the**
16 **purpose described in subsection (a)(1) by the total amount of**
17 **money needed for both purposes.**
18 **STEP TWO: Divide the amount of money needed for the**
19 **purpose described in subsection (a)(2) by the total amount of**
20 **money needed for both purposes.**
21 **STEP THREE: Multiply the amount of money in the fund by**
22 **the STEP ONE quotient to determine the amount of money**
23 **available in the fund for the purpose described in subsection**
24 **(a)(1).**
25 **STEP FOUR: Multiply the amount of money in the fund by**
26 **the STEP TWO quotient to determine the amount of money**
27 **available in the fund for the purpose described in subsection**
28 **(a)(2).**
29 **(f) The amount of money available in the fund to provide**
30 **funding for the child care tax credit under IC 6-3.1-20 shall be**
31 **transferred to the state general fund."**

1 Page 4, between lines 12 and 13, begin a new paragraph and insert:
 2 "SECTION 2. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 4 JANUARY 1, 2001]:

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

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

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

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

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

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

17 (c) The term does not include amounts paid for services outside
 18 the taxpayer's household that are not provided in conformity with
 19 applicable state and local laws.

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

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

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

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

35 (1) three percent (3%) of the amount of employment related
 36 child care expenses paid during the taxable year; or

37 (2) one hundred twenty-five dollars (\$125) per qualifying
 38 child.

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

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

45 (1) used as a credit against the taxpayer's tax liability in
 46 subsequent taxable years; or

47 (2) refunded.

48 **The amount of the credit carryover from a taxable year shall be**

1 reduced to the extent that the carryover is used by the taxpayer to
2 obtain a credit under this chapter for any subsequent taxable year.
3 (b) A taxpayer is not entitled to a carryback of an unused credit.
4 (c) A taxpayer is entitled to the credit under this chapter in
5 addition to any other credits to which the taxpayer is entitled.
6 Sec. 9. (a) The department may adopt rules under IC 4-22-2 to
7 implement this chapter.
8 (b) The department may require that a taxpayer apply for a
9 credit or a refund under this chapter on a form designated by the
10 department.
11 SECTION 3. [EFFECTIVE JANUARY 1, 2001] IC 6-3.1-20, as
12 added by this act, applies only to taxable years that begin after
13 December 31, 2000."
14 Renumber all SECTIONS consecutively.
(Reference is to SB 21 as printed January 25, 2000.)

Senator BOWSER