MISSISSIPPI LEGISLATURE REGULAR SESSION 2017

By: Representative Clark To: Ways and Means

HOUSE BILL NO. 1621

AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR CERTAIN TAXPAYERS WHO INCUR CHILD CARE EXPENSES FOR A DEPENDENT CHILD TO ATTEND A CHILD CARE CENTER THAT IS QUALIFIED AS A STANDARD CHILD CARE CENTER OR COMPREHENSIVE CHILD CARE CENTER UNDER THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES VOLUNTARY CHILD CARE PROGRAM; TO PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; TO AUTHORIZE A REFUNDABLE INCOME TAX CREDIT FOR A TAXPAYER WHO IS QUALIFIED AS A STANDARD CHILD CARE CENTER OR COMPREHENSIVE CHILD CARE CENTER UNDER THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES VOLUNTARY CHILD CARE PROGRAM; TO PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; TO AUTHORIZE A REFUNDABLE INCOME TAX CREDIT FOR A TAXPAYER WHO IS EMPLOYED AS A TEACHER OR DIRECTOR WITH A CHILD CARE CENTER THAT IS QUALIFIED AS A STANDARD CHILD CARE CENTER OR COMPREHENSIVE CHILD CARE CENTER UNDER THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES VOLUNTARY CHILD CARE PROGRAM; TO PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; TO AUTHORIZE AN INCOME TAX CREDIT FOR A TAXPAYER WHO DONATES FUNDS TO A CHILD CARE CENTER THAT IS QUALIFIED AS A STANDARD CHILD CARE CENTER OR COMPREHENSIVE CHILD CARE CENTER UNDER THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES VOLUNTARY CHILD CARE PROGRAM; TO PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) A taxpayer shall be allowed a credit against the taxes imposed under this chapter for child care expenses paid for a dependent child of the taxpayer as provided in this section. In order to be eligible for the credit (a) the taxpayer's income or the taxpayer's family income, as the case may be, must not

exceed four hundred percent (400%) of the federal poverty level for the year for which a credit is claimed (b) the dependent child for which a credit is claimed must have attended a qualifying child care center for not less than eight (8) months during the year for which the credit is claimed and have been under six (6) years of age while attending the center and (c) the child care expenses for which a credit is claimed must have been incurred for such child to attend a child care center that is qualified as a standard child care center or comprehensive child care center under the Mississippi Department of Human Services voluntary child care program.

(2) The amount of the credit authorized in this section shall be Seven Hundred Fifty Dollars ($750.00) for each dependent child for which a credit is claimed under this section. Except as otherwise provided in this section, the tax credit shall not exceed the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. However, if the taxpayer's income or the taxpayer's family income, as the case may be, is less than two hundred fifty percent (250%) of the federal poverty level for the year for which the credit is claimed, then the taxpayer shall receive a refund from the Department of Revenue for the amount of such excess credit. Any tax credit claimed under this section but not used in any taxable year may be carried

forward for five (5) consecutive years from the close of the tax year in which the credit was earned.

SECTION 2. (1) A taxpayer who is qualified as a standard child care center or comprehensive child care center under the Mississippi Department of Human Services voluntary child care program shall be allowed a refundable credit against the taxes imposed under this chapter as provided in this section.

(2) (a) The amount of the credit for a taxpayer who is qualified as a standard child care center shall be the lesser of Five Hundred Dollars ($500.00) multiplied by the average monthly number of children attending the child care center during the year for which the credit is claimed or Fifteen Thousand Dollars ($15,000.00). The amount of the credit for a taxpayer who is qualified as a comprehensive child care center shall be the lesser of Seven Hundred Fifty Dollars ($750.00) multiplied by the average monthly number of children attending the child care center during the year for which the credit is claimed or Twenty Thousand Dollars ($20,000.00).

(b) If the amount of credit claimed by a taxpayer under this section exceeds the amount of income tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under the state income tax laws, except credit for tax payments made by or on behalf of the taxpayer, then the taxpayer shall receive a refund from the Department of Revenue for the amount of such excess.

SECTION 3. A taxpayer who is employed as a teacher or director with a child care center that is qualified as a standard child care center or comprehensive child care center under the Mississippi Department of Human Services voluntary child care program shall be allowed a refundable credit against the taxes imposed under this chapter as provided in this section. In order to be eligible for the credit, the taxpayer must have been employed in such capacity for more than nine (9) months during the tax year for which the credit is claimed. The amount of the credit for a taxpayer employed as a teacher or director with a child care center that is qualified as a standard child care center shall be Seven Hundred Fifty Dollars ($750.00). The amount of the credit for a taxpayer employed as a teacher or director with a child care center that is qualified as a comprehensive child care center shall be One Thousand Dollars ($1,000.00). If the amount of credit claimed by a taxpayer under this section exceeds the amount of income tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under the state income tax laws, except credit for tax payments made by or on behalf of the taxpayer, then the taxpayer shall receive a refund from the Department of Revenue for the amount of such excess.

SECTION 4. (1) A taxpayer who donates funds to a child care center that is qualified as a standard child care center or comprehensive child care center under the Mississippi Department

of Human Services voluntary child care program shall be allowed a credit against the taxes imposed under this chapter as provided in this section.

(2) The amount of the credit for a taxpayer under this section shall be the lesser of the amount of funds donated to a child care center during the year for which the credit is claimed or Five Thousand Dollars ($5,000.00). The tax credit shall not exceed the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. Any tax credit claimed under this section but not used or refunded in any taxable year may be carried forward for five (5) consecutive years from the close of the tax year in which the credit was earned.

SECTION 5. The Department of Revenue shall have all powers necessary to implement and administer the provisions of this act, and the Department of Revenue shall promulgate rules and regulations, in accordance with the Mississippi Administrative Procedures Law, necessary for the implementation of this section.

SECTION 6. Sections 1, 2, 3 and 4 of this act shall be codified as new sections in Chapter 7, Title 27, Mississippi Code of 1972.

SECTION 7. This act shall take effect and be in force from and after January 1, 2017.