

By: Farris

To: Finance

SENATE BILL NO. 2741

1 AN ACT TO PROVIDE A STATE INCOME TAX CREDIT FOR CERTAIN
2 DEPENDENT CARE SERVICES BASED ON A PERCENTAGE OF THE FEDERAL
3 DEPENDENT CARE INCOME TAX CREDIT; AND FOR RELATED PURPOSES.

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

5 SECTION 1. (1) A credit shall be allowed to individuals
6 against the income tax imposed by the Mississippi Income Tax Act,
7 as amended, Chapter 7, Title 27, Mississippi Code of 1972, for
8 expenses for household and dependent care services necessary for
9 gainful employment in the manner prescribed by subsection (2) of
10 this section. Section 21 of the Internal Revenue Code of 1986, as
11 amended and in effect on January 1, 2000, is adopted for purposes
12 of determining the allowable credit under the Mississippi Income
13 Tax Act, as amended, Chapter 7, Title 27, Mississippi Code of
14 1972, for household and dependent care services necessary for
15 gainful employment. The amount of credit shall be ten percent
16 (10%) of the federal credit allowable.

17 (2) (a) A credit, which is equal to twenty percent (20%) of
18 the federal child care credit as allowed under Section 21 of the
19 Internal Revenue Code, as in effect on January 1, 2000, shall be
20 allowed to qualified individuals against the income tax imposed by
21 the Mississippi Income Tax Act, as amended, Chapter 7, Title 27,
22 Mississippi Code of 1972. The twenty percent (20%) child care
23 credit is refundable. The excess of the credit over tax liability
24 will be returned to the taxpayer as an overpayment of tax.

25 (i) A "qualified individual" is a taxpayer who has
26 a dependent child under the age of thirteen (13) with respect to

27 whom the taxpayer is entitled to an exemption under Section
28 27-7-21, and who incurs child care expenses necessary for gainful
29 employment at an approved child care facility.

30 (ii) An "approved child care facility" is a child
31 care facility which provided an appropriate early childhood
32 program, and which is certified by the State Department of
33 Education.

34 (b) A taxpayer cannot claim both the credit allowed in
35 subsection (1) of this section and the credit allowed in
36 subsection (2) of this section.

37 (3) The credits allowed in this section shall be effective
38 for taxable years beginning January 1, 2000.

39 (4) The provisions of this section shall be codified in
40 Chapter 7, Title 27, Mississippi Code of 1972.

41 SECTION 2. This act shall take effect and be in force from
42 and after January 1, 2000.