

By: Senator(s) Farris

To: Finance

SENATE BILL NO. 2263

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, 2001, 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, 2001, 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, 2001.

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, 2001.

