



February 1, 2017

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## SENATE BILL No. 364

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DIGEST OF SB 364 (Updated January 30, 2017 3:20 pm - DI MV)

**Citations Affected:** IC 6-3.1; noncode.

**Synopsis:** Child care tax credit. Provides a child care tax credit against state income tax liability if the taxpayer's adjusted gross income for the taxable year is not more than \$37,000. Provides that the credit is equal to the lesser of: (1) an amount ranging from \$50 to \$500, depending on the taxpayer's adjusted gross income; or (2) 20% of the taxpayer's employment related child care expenses. Provides that a taxpayer is not entitled to a carryback or refund of any unused tax credit, but the taxpayer may carry over excess credits to subsequent taxable years.

**Effective:** January 1, 2018.

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## Stoops

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January 10, 2017, read first time and referred to Committee on Rules and Legislative Procedure.  
January 31, 2017, amended; reassigned to Committee on Tax and Fiscal Policy.

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SB 364—LS 6514/DI 13





February 1, 2017

First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

## SENATE BILL No. 364

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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 6-3.1-35 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2018]:

4 **Chapter 35. 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**

SB 364—LS 6514/DI 13



- 1 applicable state and local laws.
- 2 **Sec. 3. As used in this chapter, "qualifying child" means an**  
 3 **individual who:**
- 4 (1) is the child, including an adopted child, stepchild, or foster  
 5 child, of the individual taxpayer;
- 6 (2) resides in Indiana with the individual taxpayer, including  
 7 the individual taxpayer's spouse in the case of a joint return,  
 8 for more than one-half (1/2) of the taxable year;
- 9 (3) is dependent on the individual taxpayer, including the  
 10 individual taxpayer's spouse in the case of a joint return, for  
 11 more than one-half (1/2) of the individual's support;
- 12 (4) is less than thirteen (13) years of age on the last day of the  
 13 taxable year; and
- 14 (5) is not married as of the last day of the taxable year.
- 15 **Sec. 4. As used in this chapter, "state income tax liability"**  
 16 **means the total income tax liability incurred under IC 6-3, as**  
 17 **computed after application of the credits that under IC 6-3.1-1-2**  
 18 **are to be applied before the credit provided by this chapter.**
- 19 **Sec. 5. An individual taxpayer, including an individual**  
 20 **taxpayer's spouse in the case of a joint return, who has:**
- 21 (1) employment related child care expenses during the taxable  
 22 year; and
- 23 (2) adjusted gross income, or combined adjusted gross income  
 24 with the taxpayer's spouse in the case of a joint return, of not  
 25 more than thirty-seven thousand dollars (\$37,000) for the  
 26 taxable year;
- 27 is entitled to a credit against the taxpayer's state income tax  
 28 liability for the taxable year.
- 29 **Sec. 6. The amount of a credit allowed under section 5 of this**  
 30 **chapter for a taxable year is equal to the following:**
- 31 (1) The lesser of:
- 32 (A) the amount of employment related child care expenses  
 33 incurred in the taxable year multiplied by twenty percent  
 34 (20%); or
- 35 (B) five hundred dollars (\$500);
- 36 if the taxpayer's adjusted gross income, or combined adjusted  
 37 gross income with the taxpayer's spouse in the case of a joint  
 38 return, is not more than twenty-eight thousand dollars  
 39 (\$28,000).
- 40 (2) The lesser of:
- 41 (A) the amount of employment related child care expenses  
 42 incurred in the taxable year multiplied by twenty percent



1           (20%); or  
 2           **(B) four hundred fifty dollars (\$450);**  
 3           **if the taxpayer's adjusted gross income, or combined adjusted**  
 4           **gross income with the taxpayer's spouse in the case of a joint**  
 5           **return, is more than twenty-eight thousand dollars (\$28,000)**  
 6           **but not more than twenty-nine thousand dollars (\$29,000).**  
 7           **(3) The lesser of:**  
 8           **(A) the amount of employment related child care expenses**  
 9           **incurred in the taxable year multiplied by twenty percent**  
 10           **(20%); or**  
 11           **(B) four hundred dollars (\$400);**  
 12           **if the taxpayer's adjusted gross income, or combined adjusted**  
 13           **gross income with the taxpayer's spouse in the case of a joint**  
 14           **return, is more than twenty-nine thousand dollars (\$29,000)**  
 15           **but not more than thirty thousand dollars (\$30,000).**  
 16           **(4) The lesser of:**  
 17           **(A) the amount of employment related child care expenses**  
 18           **incurred in the taxable year multiplied by twenty percent**  
 19           **(20%); or**  
 20           **(B) three hundred fifty dollars (\$350);**  
 21           **if the taxpayer's adjusted gross income, or combined adjusted**  
 22           **gross income with the taxpayer's spouse in the case of a joint**  
 23           **return, is more than thirty thousand dollars (\$30,000) but not**  
 24           **more than thirty-one thousand dollars (\$31,000).**  
 25           **(5) The lesser of:**  
 26           **(A) the amount of employment related child care expenses**  
 27           **incurred in the taxable year multiplied by twenty percent**  
 28           **(20%); or**  
 29           **(B) three hundred dollars (\$300);**  
 30           **if the taxpayer's adjusted gross income, or combined adjusted**  
 31           **gross income with the taxpayer's spouse in the case of a joint**  
 32           **return, is more than thirty-one thousand dollars (\$31,000) but**  
 33           **not more than thirty-two thousand dollars (\$32,000).**  
 34           **(6) The lesser of:**  
 35           **(A) the amount of employment related child care expenses**  
 36           **incurred in the taxable year multiplied by twenty percent**  
 37           **(20%); or**  
 38           **(B) two hundred fifty dollars (\$250);**  
 39           **if the taxpayer's adjusted gross income, or combined adjusted**  
 40           **gross income with the taxpayer's spouse in the case of a joint**  
 41           **return, is more than thirty-two thousand dollars (\$32,000) but**  
 42           **not more than thirty-three thousand dollars (\$33,000).**



- 1           **(7) The lesser of:**  
 2           **(A) the amount of employment related child care expenses**  
 3           **incurred in the taxable year multiplied by twenty percent**  
 4           **(20%); or**  
 5           **(B) two hundred dollars (\$200);**  
 6           **if the taxpayer's adjusted gross income, or combined adjusted**  
 7           **gross income with the taxpayer's spouse in the case of a joint**  
 8           **return, is more than thirty-three thousand dollars (\$33,000)**  
 9           **but not more than thirty-four thousand dollars (\$34,000).**
- 10          **(8) The lesser of:**  
 11          **(A) the amount of employment related child care expenses**  
 12          **incurred in the taxable year multiplied by twenty percent**  
 13          **(20%); or**  
 14          **(B) one hundred fifty dollars (\$150);**  
 15          **if the taxpayer's adjusted gross income, or combined adjusted**  
 16          **gross income with the taxpayer's spouse in the case of a joint**  
 17          **return, is more than thirty-four thousand dollars (\$34,000)**  
 18          **but not more than thirty-five thousand dollars (\$35,000).**
- 19          **(9) The lesser of:**  
 20          **(A) the amount of employment related child care expenses**  
 21          **incurred in the taxable year multiplied by twenty percent**  
 22          **(20%); or**  
 23          **(B) one hundred dollars (\$100);**  
 24          **if the taxpayer's adjusted gross income, or combined adjusted**  
 25          **gross income with the taxpayer's spouse in the case of a joint**  
 26          **return, is more than thirty-five thousand dollars (\$35,000) but**  
 27          **not more than thirty-six thousand dollars (\$36,000).**
- 28          **(10) The lesser of:**  
 29          **(A) the amount of employment related child care expenses**  
 30          **incurred in the taxable year multiplied by twenty percent**  
 31          **(20%); or**  
 32          **(B) fifty dollars (\$50);**  
 33          **if the taxpayer's adjusted gross income, or combined adjusted**  
 34          **gross income with the taxpayer's spouse in the case of a joint**  
 35          **return, is more than thirty-six thousand dollars (\$36,000) but**  
 36          **not more than thirty-seven thousand dollars (\$37,000).**
- 37          **Sec. 7. If both spouses reside in the same household, the total**  
 38          **amount of the credit computed under section 6 of this chapter may**  
 39          **be claimed only once.**
- 40          **Sec. 8. (a) If the credit provided under this chapter exceeds the**  
 41          **state income tax liability due from the taxpayer for the taxable**  
 42          **year, the excess may be used as a credit against the taxpayer's tax**



1 liability in subsequent taxable years. The amount of the credit  
2 carryover from a taxable year shall be reduced to the extent that  
3 the carryover is used by the taxpayer to obtain a credit under this  
4 chapter for any subsequent taxable year.

5 (b) A taxpayer is not entitled to a carryback or refund of an  
6 unused credit.

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

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

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

14 SECTION 2. [EFFECTIVE JANUARY 1, 2018] (a) IC 6-3.1-35, as  
15 added by this act, applies only to taxable years beginning after  
16 December 31, 2017.

17 (b) This SECTION expires January 1, 2021.



COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 364, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 364 as introduced.)

LONG, Chairperson

