HLS 21RS-547 ORIGINAL

2021 Regular Session

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HOUSE BILL NO. 592

BY REPRESENTATIVE HILFERTY

TAX/INCOME TAX: Establishes an income tax deduction for certain early childhood care and education expenses

AN ACT

2 To enact R.S. 47:297.16, relative to individual income tax; to provide for an individual 3 income tax deduction for certain early childhood care and education expenses; to 4 provide for the amount of the deduction; to provide for limitations and requirements; 5 to authorize the promulgation of rules; to provide for applicability; to provide for an 6 effective date; and to provide for related matters. 7 Be it enacted by the Legislature of Louisiana: 8 Section 1. R.S. 47:297.16 is hereby enacted to read as follows: 9 §297.16. Tax deduction; early childhood care and education expenses 10 A.(1) There shall be allowed a deduction from tax table income for early 11 childhood care and education expenses paid during the taxable year by a taxpayer for 12 the care or education of a child from birth to four years of age, if the child qualifies 13 as a dependency exemption on the taxpayer's Louisiana income tax return for the 14 taxable year or the prior taxable year. The deduction authorized by this Section shall 15 be equal to the actual amount of early childhood care and education expenses paid 16 by the taxpayer for each child or five thousand dollars per child, whichever is less. 17 (2) The amount of the deduction authorized by this Section shall not exceed 18 the total taxable income of the taxpayer claiming the deduction. 19 (3) The deduction authorized pursuant to the provisions of this Section shall 20 be in lieu of the credits authorized pursuant to the provisions R.S. 47:297.4 and 6104.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	B. For purposes of this Section, early childhood care and education expenses
2	shall include amounts expended for the care or education of a child provided by a
3	person other than a parent or the primary caregiver with whom the child resides
4	including amounts paid to licensed childcare facilities, in-home care providers, and
5	preschool and pre-kindergarten providers.
6	C. The taxpayer claiming the deduction authorized pursuant to the provisions
7	of this Section shall maintain all records necessary to verify the amount of early
8	childhood care and education expenses claimed and if requested, shall provide the
9	records to the Department of Revenue when filing the taxpayer's tax return.
10	D. The secretary of the Department of Revenue may promulgate rules in
11	accordance with the Administrative Procedure Act to implement the provisions of
12	this Section including rules related to the submission of documentation when
13	claiming the deduction.
14	Section 2. The provisions of this Act shall be applicable to amounts paid on or after
15	January 1, 2022.
16	Section 3. This Act shall become effective on January 1, 2022.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 592 Original

2021 Regular Session

Hilferty

**Abstract:** Authorizes an income tax deduction equal to \$5,000 per child, per year, for early childhood care and education expenses paid for the care or education of a child from birth to four years of age.

Proposed law authorizes an individual income tax deduction for early childhood care and education expenses paid during the taxable year by a taxpayer for the care or education of a child from birth to four years of age, if the child qualifies as a dependency exemption on the taxpayer's La. income tax return for the taxable year or the prior taxable year. The amount of the deduction shall equal the actual amount of early childhood care and education expenses paid by the taxpayer for each child or \$5,000 per child, whichever is less.

<u>Proposed law</u> prohibits the amount of the deduction from exceeding the total taxable income of the taxpayer and requires the deduction to be in lieu of tax credits authorized in present <u>law</u> for certain childcare expenses and school readiness childcare expenses.

Proposed law defines early childhood care and education expenses to include amounts expended for the care or education of a child provided by a person other than a parent or the

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primary caregiver with whom the child resides including amounts paid to licensed childcare facilities, in-home care providers, and preschool and pre-kindergarten providers.

<u>Proposed law</u> requires the taxpayer claiming the deduction to maintain all records necessary to verify the amount of expenses claimed and if requested, to provide the records to the Dept. of Revenue when filing their tax return.

<u>Proposed law</u> authorizes the promulgation of rules in accordance with <u>present law</u> (Administrative Procedure Act) to implement the provisions of <u>proposed law</u> including rules related to the submission of documentation when claiming the deduction.

Applicable to amounts paid on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:297.16)