

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Miller, Y.B.

3. Committee Senate Finance

4. Title Income Tax: Tax Credits for Child Day-Care
Facilities

2. Bill Number SB 110

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would increase the Day-Care Facility Investment Tax Credit from the lesser of 25% of the facility cost or \$25,000 to the lesser of 35% of the facility cost or \$30,000. This bill would also increase the cap on the credit from \$100,000 to \$150,000 per fiscal year.

This bill is effective for taxable years beginning on or after January 1, 2002.

6. No Fiscal Impact or Fiscal Impact Estimates are: Not provided. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

The administrative costs to the department to implement this bill would be minimal.

The effect of this bill on General Fund revenues is expected to be minimal. No taxpayer has ever applied and qualified for the credit.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Social Services

10. Technical amendment necessary: No

11. Other comments:

Generally

In 1996, the General Assembly enacted an investment tax credit for any employer who establishes a licensed child day-care center primarily for the children of employees. The credit is equal to the greater of 25% of the cost of the facility up to \$25,000. Approved applications for the credit would have the assumed credit value of \$25,000. Total credit approved by the Department of Taxation may not exceed \$100,000 in any fiscal year. Therefore, a maximum of four taxpayers could be approved for day-care facilities annually.

Proposed Legislation

This bill would increase the maximum credit which could be claimed by a taxpayer from the lesser of 25% of the facility cost or \$25,000 to the lesser of 35% of the facility cost of \$30,000. The total credit that may be approved by the Department of Taxation would increase from \$100,000 to \$150,000.

cc : Secretary of Finance

Date: 1/9/02/NMS

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