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**HOUSE BILL NO. 1047**

Offered January 8, 2014

Prefiled January 8, 2014

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13, creating the Working Families Child Care Tax Credit, an individual income tax credit for certain child-care expenses incurred by a parent or legal guardian.*

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Patrons—Peace and Krupicka

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Referred to Committee on Finance**Be it enacted by the General Assembly of Virginia:**

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13 as follows:

**§58.1-339.13. Child-care expenses tax credit.**

A. As used in this section, unless the context requires a different meaning:

"Child-care program" means a regularly operating service arrangement for children where, during the absence of a parent or guardian, a person or organization has agreed to assume responsibility for the supervision, protection, and well-being of a child for less than a 24-hour period.

"Eligible child-care expenses" means amounts charged by a child-care program participating in the Virginia Star Quality Initiative for the enrollment in the program of a child age six years or younger.

"Virginia Star Quality Initiative" means a quality rating and improvement system for child-care programs administered through a public-private partnership that includes the Office of Early Childhood Development of the Department of Social Services.

B. For taxable years beginning on or after January 1, 2015, a parent or legal guardian shall be allowed a credit against the tax imposed by § 58.1-320 for eligible child-care expenses paid by the parent or legal guardian during the taxable year. No credit shall be allowed to any single individual whose Virginia adjusted gross income for the taxable year is in excess of \$65,000 or to married individuals with Virginia adjusted gross income in excess of \$90,000 for the taxable year. In addition, no credit shall be allowed for any child that has not been enrolled for at least 11 months during the taxable year in a child-care program participating in the Virginia Star Quality Initiative, which program must have achieved at least a Star 1-level rating from the Virginia Star Quality Initiative for such period of time.

The credit shall equal \$100 per eligible child, not to exceed \$300 for the taxable year for any parent or legal guardian.

C. The amount of the credit claimed by any parent or legal guardian shall not exceed the total amount of tax imposed by this chapter upon such individual for the taxable year.

2. That the Tax Commissioner shall develop guidelines implementing the provisions of this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia).

INTRODUCED

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