
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)]

Thompson

HB No. 698

Abstract: Repeals, beginning July 1, 2015, the school readiness tax credits and establishes, beginning July 1, 2015, the school readiness expense tax credit.

Present law establishes school readiness tax credits in order to promote quality child care for children five years of age or less. Present law requires the Dept. of Children and Family Services (DCFS) to determine the eligibility of child care facilities, child care providers, child care directors, and staff for receipt of tax credits.

Proposed law retains present law but deletes references to DCFS and adds a definition for "department" which shall mean the state agency designated as the state administrator of the Child Care Development Fund. Further provides that the department shall be responsible for distributing and managing tax credits associated with the fund.

Present law provides for an individual income tax credit for child care expenses based on the quality rating of the child care facility which the child attends. The amount of the credit varies depending on the quality rating of the child care facility.

Present law provides for a refundable income or corporation franchise tax credit for child care providers. The amount of the credit shall be equal to an amount based upon the average monthly number of children who either participate in the Child Care Assistance Program or who are foster children in the custody of DCFS, and who are attending a child care facility or facilities operated by the child care provider, multiplied by an amount which shall be based upon the quality rating of each child care facility operated by the child care provider.

Present law provides for a refundable individual income tax credit for eligible child care directors and eligible child care staff. The amount of the credit varies based upon the qualifications of the provider.

Present law provides for a refundable income tax or corporation franchise tax credit for eligible business child care expenses supported by a business. The amount of the credit shall be based on a percentage of eligible business child care expenses depending upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility the child attends. Present law provides for an additional refundable income or corporation franchise tax for the payment by a business of fees and grants to child care resource and referral agencies not to exceed \$5,000 per tax year.

Proposed law repeals, beginning on July 1, 2015, the school readiness tax credits established pursuant to present law in favor of establishing a school readiness expense tax credit.

Proposed law provides beginning July 1, 2015, there shall be allowed an income tax credit for eligible school readiness expenses incurred by qualified persons and entities. The eligibility of a tax credit applicant shall be determined according to the applicant's performance achievements under the uniform accountability system established by the State Board of Elementary and Secondary Education, hereinafter the "board".

Proposed law requires the department to notify persons and entities of their eligibility for such credits on forms furnished by the department.

Proposed law requires the board to promulgate rules and regulations in accordance with the Administrative Procedure Act to establish guidelines regarding qualifications for the tax credits, notification of eligible applicants, the amount of such tax credits, and the distribution and administration of such tax credits. Further requires all rules and regulations to be subject to oversight by the House ways and means and Senate revenue and fiscal affairs committees.

Proposed law requires the department to strive to ensure that the eligibility of applicants and the amount of school readiness expense tax credits granted pursuant to proposed law is equitable in comparison to the eligibility of applicants and the amount of school readiness tax credits granted prior to July 1, 2015, provided the applicant maintains their eligibility.

Proposed law provides that if the applicant obtained a credit in violation of the law or any rule of the board, the applicant shall be subject to all applicable civil and criminal penalties. Additionally provides for the recovery of disallowed credits and the right of an applicant to appeal decisions of the secretary as permitted in accordance with present law.

Provisions of the present law and proposed law relative to the school readiness tax credit shall be effective July 1, 2013.

Provisions of proposed law establishing the school readiness expense tax credit shall be effective July 1, 2015.

(Amends R.S. 47:6102, 6103(A)(1) and (2), and 6109(A); Adds R.S. 47:6110; Repeals R.S. 47:6104-6109)