

Regular Session, 2013

HOUSE BILL NO. 698

BY REPRESENTATIVE THOMPSON

TAX CREDITS: Provides relative to the School Readiness Tax Credits

1 AN ACT

2 To amend and reenact R.S. 47:6102, 6103(A)(1) and (2), and 6109(A) and to enact R.S.
3 47:6103(C), relative to income tax credits; to provide relative to school readiness tax
4 credits; to provide for certain definitions; to provide for the administration and
5 recapture of such credits; to require certain recommendations; to provide for
6 effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6102, 6103(A)(1) and (2), and 6109(A) are hereby amended and
9 reenacted and R.S. 47:6103(C) is hereby enacted to read as follows:

10 §6102. Definitions

11 For purposes of this Chapter, the following terms shall have the following
12 definitions:

13 (1) "Child" or "children" means people who are five years of age or less.

14 (2) "Child care facility" means any entity which the ~~Department of Children~~
15 ~~and Family Services~~ state administrator of the Child Care Development Fund
16 determines is eligible to participate in the quality rating system according to criteria
17 set forth by rule adopted in the manner provided for in R.S. 47:6103, has applied to
18 the Department of Children and Family Services for evaluation under such system,
19 and is participating in the system.

1 (3) "Child care provider" means a taxpayer who owns an eligible child care
2 facility or facilities.

3 (4) "Child care resource and referral agencies" means those agencies with
4 whom the ~~Department of Children and Family Services~~ department has contracted
5 to provide child care resource and referral.

6 (5) "Department" shall mean the state agency designated as the state
7 administrator of the Child Care Development Fund and responsible for distributing
8 and managing tax credits associated with the fund.

9 (6) "Eligible business child care expenses" means the total of the following
10 expenses of a business that supports quality child care as provided for in R.S.
11 47:6107:

12 (a) For the construction, renovation, expansion, or major repair of an eligible
13 child care facility, or for the purchase of equipment for such facility, or for the
14 maintenance and operation thereof, not to exceed fifty thousand dollars in expenses
15 per tax year.

16 (b) For payments made to an eligible child care facility for child care
17 services to support employees not to exceed five thousand dollars per child per tax
18 year.

19 (c) For the purchase of child care slots at eligible child care facilities actually
20 provided or reserved for children of employees not to exceed fifty thousand dollars
21 per tax year.

22 (6) (7) "Eligible child care director" means an individual as defined in Title
23 48 of the Louisiana Administrative Code, as amended, enrolled in the state
24 practitioner registry developed and maintained by the ~~Department of Children and~~
25 ~~Family Services~~ department, and who is employed in an eligible child care facility
26 which participates in the quality rating system.

27 (7) (8) "Eligible child care facility" means a child care facility which has
28 applied to the ~~Department of Children and Family Services~~ department for an

1 evaluation under its quality rating system and is participating in the quality rating
2 system.

3 ~~(8)~~ (9) "Eligible child care staff" means an individual enrolled in the state
4 practitioner registry developed and maintained by the ~~Department of Children and~~
5 ~~Family Services~~ department and who is employed in an eligible child care facility
6 which participates in the quality rating system and who otherwise meets the
7 qualifications provided for in Title 48 of the Louisiana Administrative Code, Chapter
8 53, as amended.

9 ~~(9)(a)~~ (10)(a) "Quality rating" means the number of "stars" awarded to an
10 eligible child care facility by the quality rating system.

11 (b) The quality rating of the facility shall be based on the initial rating of the
12 facility if it is the facility's first year participating in the quality rating system.
13 Thereafter, the quality rating shall be the rating of the facility as of July first of each
14 year.

15 ~~(10)~~ (11) "Quality rating system" means a rule promulgated by the
16 ~~Department of Children and Family Services~~ department implementing the Louisiana
17 Quality Rating System which establishes criteria for evaluating and rating the quality
18 of an eligible child care facility in terms of the award of "stars", with five "stars"
19 being the highest quality child care facility.

20 (12) "Tiered Kindergarten Readiness Improvement System" means the
21 system established pursuant to R.S. 17:407.23.

22 (13) "The Early Childhood Care and Education Network" means the network
23 established pursuant to R.S. 17:407.23.

24 (14) "Eligible early childhood learning centers" means successful early
25 childhood learning centers according to rules and regulations promulgated by the
26 State Board of Elementary and Secondary Education for the Tiered Kindergarten
27 Readiness Improvement System, and which maintain a Type III license.

1 §6103. Implementation

2 A.(1) ~~The Department of Children and Family Services~~ department, in
3 consultation with the Department of Revenue, shall promulgate rules and regulations
4 for the purpose of developing and implementing the provisions of this Chapter in
5 accordance with the provisions of the Administrative Procedure Act.

6 (2) ~~The Department of Children and Family Services~~ department is
7 authorized to use the emergency rulemaking process for the first set of rules
8 developing and implementing this Chapter. Prior to adoption of the emergency rule,
9 the department shall provide written notification that it intends to publish such rule
10 in the State Register and the rule shall be subject to approval by the Senate
11 Committee on Revenue and Fiscal Affairs and the House Committee on Ways and
12 Means. However, if such committees do not take action on the rule within sixty days
13 of publication in the State Register, the rule shall become effective.

14 * * *

15 C. The department, in collaboration with the State Board of Elementary and
16 Secondary Education, shall make recommendations for legislation no later than
17 January 1, 2015, to align the tax credits provided for in this Chapter with the Early
18 Childhood Care and Education Network which promotes kindergarten readiness in
19 eligible early childhood learning centers and which evaluates eligible centers
20 utilizing the letter grade system adopted through rules promulgated by the State
21 Board of Elementary and Secondary Education for determining the success of an
22 eligible center.

23 * * *

24 §6109. Recapture of credits

25 A. If the ~~Department of Children and Family Services or the Department of~~
26 ~~Revenue find~~ Department of Revenue or the department find that a child care
27 facility, a business, or an individual has obtained a tax credit in violation of the
28 provisions of this Chapter, including but not limited to fraud or misrepresentation,
29 then the taxpayer's state income tax for such taxable period shall be increased by

1 such amount necessary for the recapture of the tax credit provided for in this
2 Chapter.

3 * * *

4 Section 2. This Act shall become effective on July 1, 2013; if vetoed by the
5 governor and subsequently approved by the legislature, this Act shall become effective on
6 July 1, 2013, or on the day following such approval by the legislature, whichever is later.

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: Requires the department, in collaboration with BESE, to make recommendations for legislation no later than Jan. 1, 2015, to align the tax credits in present law with the Early Childhood Care and Education Network.

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.

Proposed law adds definitions for "Tiered Kindergarten Readiness Improvement System", "The Early Childhood Care and Education Network", and "Eligible early childhood learning centers".

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 requires the department, in collaboration with the State Board of Elementary and Secondary Education (BESE), to make recommendations for legislation no later than Jan. 1, 2015, to align the tax credits provided for in present law with the Early Childhood Care and Education Network which promotes kindergarten readiness in eligible early childhood learning centers and which evaluates eligible centers utilizing the letter grade system adopted through rules promulgated by BESE for determining the success of an eligible center.

Effective July 1, 2013.

(Amends R.S. 47:6102, 6103(A)(1) and (2), and 6109(A); Adds R.S. 47:6103(C))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Adds definitions for the Tiered Kindergarten Readiness Improvement System, the Early Childhood Care and Education Network, and eligible early childhood learning centers.
2. Adds requirement that the Department of Revenue work in consultation with the department to promulgate rules and regulation to implement present law.
3. Adds requirement that the department, in collaboration with BESE, make recommendations for legislation no later than Jan. 1, 2015, to align the tax credits authorized in present law with the Early Childhood Care and Education Network.
4. Deletes provisions which repealed the tax credits in present law in favor of establishing a school readiness expense tax credit.