

MEMO



DEC 13 2010

Senate of Pennsylvania

December 10, 2010

TO: ALL SENATORS

FROM: Stewart J. Greenleaf

*Stewart*

SUBJECT: Cosponsorship -- **Unreimbursed child and dependent care expenses**

I am reintroducing **Senate Bill 180**, amending the personal income tax provisions of the Tax Reform Code of 1971 (Act 2 of 1971), to exclude from the definition of compensation unreimbursed child and dependent care expenses. These are the same expenses that are used in calculating the similar federal tax credit. The maximum amount of expenses that are excludable from compensation may not exceed the amount allowed by the federal tax credit. Currently, the federal credit is up to 35% of the expenses.

In addition to the many Pennsylvanians who have unreimbursed child day care expenses, nearly one in four households is caring for an elderly relative. Over 20 states provide taxpayers with a tax credit for dependent care expenses for an elderly relative who is living with and financially dependent on the caregiver. Most of the states model their tax credit after the federal law.

The federal statute gives a tax credit for expenses incurred because the taxpayer's dependent child under the age of 13 needs services provided by a day care center or for before or after-school care or because the taxpayer's dependent or spouse is physically or mentally incapable of caring for himself and needs services at a dependent care center or for certain services in the home. The taxpayer must have paid child or dependent care expenses so that taxpayer could work or look for work.

*If you would like to cosponsor this legislation, please contact Pat Snively of my office by e-mailing her at [psnively@pasen.gov](mailto:psnively@pasen.gov).*