

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 642 Session of
2005

INTRODUCED BY E. Z. TAYLOR, GINGRICH, HERSHEY, TIGUE, ADOLPH, BAKER, BARRAR, BASTIAN, BEBKO-JONES, BELARDI, BELFANTI, BOYD, BUNT, BUXTON, CALTAGIRONE, CAPPELLI, CAUSER, CAWLEY, CLYMER, CORNELL, CORRIGAN, CRAHALLA, DALLY, FABRIZIO, FORCIER, FRANKEL, FREEMAN, GANNON, GEIST, GEORGE, GILLESPIE, GOOD, GOODMAN, GRUCELA, HENNESSEY, HERMAN, HESS, JAMES, KILLION, LEDERER, LEH, LEVDANSKY, MAJOR, McCALL, R. MILLER, S. MILLER, MUNDY, MUSTIO, O'NEILL, PALLONE, PETRARCA, PICKETT, PISTELLA, RAYMOND, READSHAW, REICHLEY, ROSS, RUBLEY, SAINATO, SANTONI, SATHER, SCAVELLO, SCHRODER, SEMMEL, SHANER, THOMAS, WALKO, WATSON, WOJNAROSKI, WRIGHT, YOUNGBLOOD, YUDICHAK, ZUG, FLICK, COSTA AND TURZAI, MARCH 1, 2005

REFERRED TO COMMITTEE ON FINANCE, MARCH 1, 2005

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for a child and dependent care tax
11 credit.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 301 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended by
16 adding a subsection to read:

17 Section 301. Definitions.--The following words, terms and

1 phrases when used in this article shall have the meaning
2 ascribed to them in this section except where the context
3 clearly indicates a different meaning, and, unless specifically
4 provided otherwise, any reference in this article to the
5 Internal Revenue Code of 1986 shall mean the Internal Revenue
6 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as
7 amended to January 1, 1997:

8 * * *

9 (c.1a) "Child and dependent care expenses" means the total
10 of the amounts calculated under subclauses (i) and (ii) as
11 follows:

12 (i) Unreimbursed employment-related expenses that are used
13 in calculating the Federal child and dependent care credit under
14 section 21 of the Internal Revenue Code of 1986 (Public Law 99-
15 514, 26 U.S.C. § 1 et seq.), without regard to the limitations
16 in section 21(c) of the Internal Revenue Code of 1986.

17 (ii) Amounts deemed to be unreimbursed child and dependent
18 care expenses for qualified individuals described in section
19 21(b)(1) of the Internal Revenue Code of 1986: Provided, That
20 the amount deemed to be unreimbursed child and dependent care
21 expenses shall be equal to one hundred fifty dollars (\$150) per
22 month for each qualified individual, reduced by any child and
23 dependent care expenses included in calculating the amount under
24 subclause (i).

25 * * *

26 Section 2. The act is amended by adding a section to read:

27 Section 314.1. Child and Dependent Care Tax Credit.--(a) A
28 taxpayer shall be allowed a credit against the tax due under
29 this article for child and dependent care expenses as calculated
30 under this section.

1 (b) The credit shall be equal to the child and dependent
2 care expenses incurred by the taxpayer or the taxpayer's spouse
3 multiplied by the rate of tax specified in section 302.

4 (c) The credit provided by this section shall not exceed the
5 amount of tax otherwise due under this article.

6 Section 3. This act shall apply to tax years beginning on or
7 after January 1, 2005.

8 Section 4. This act shall take effect immediately.