

HB 2054 STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 05/31/17

Action: Without recommendation as to passage and be referred to Tax Credits.

Vote: 8-0-1-0

Yeas: 8 - Barnhart, Bentz, Buehler, Hernandez, Johnson, Marsh, Nosse, Smith Warner

Exc: 1 - Smith G

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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WHAT THE MEASURE DOES:

Removes rulemaking authority from the DOR to determine if C-corporation tax credits may be claimed by S-corporation shareholders.

Makes four changes to the Working Family Dependent Care tax credit:

1. Disallows a credit for amounts of dependent care paid with pre-tax dollars;
2. Aligns the timing of the date for determining the age of the dependent with federal law;
3. Requires taxpayers to have earned income to claim the tax credit; and
4. Disallows the credit for taxpayers who have either a capital loss or net operating loss in that year

Changes apply to January 1, 2018.

ISSUES DISCUSSED:

- Implementation of the new Working Family Dependent Care tax credit
- Tax credits claimed by C-corporations and S-corporation shareholders

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

These proposed changes are a mix of technical fixes and policy clarifications. The Working Family Dependent Care tax credit was created in 2015. The policy merged the former Working Family Child Care and Dependant Care tax credits.