

2010 Supplement to *Making Care Less Taxing*¹

| State | Basic Provision | Eligible Expenses | Refundable | Maximum: One Child/Dependent | Maximum: Two or More Children/Dependents |
|-------|--|---|---|------------------------------------|--|
| GA | A <i>credit</i> of 30% of the “claimed and allowed” federal CADC credit. | Expenses eligible for the federal CADC credit. | No | \$315 | \$630 |
| LA | A “child care expense” <i>credit</i> of a specified percentage of the state child care credit ² “claimed” ³ for expenses at a child care facility rated two stars or higher by the state quality rating system as follows: ⁴ <ul style="list-style-type: none"> • 200% if expense is for a five-star facility • 150% if expense is for a four-star facility • 100% if expense is for a three-star facility • 50% if expense is for a two-star facility. | Expenses eligible for the federal CADC credit, except that expenses are limited to care for a child age five and under. | Yes, if federal AGI is \$25,000 or less. ⁵ | \$1,050 | \$2,100 |

¹ This chart is a supplement to Appendix A of the National Women’s Law Center’s April 2006 report, *Making Care Less Taxing: Improving State Child and Dependent Care Tax Provisions*, which describes state child and dependent care (CADC) provisions in effect for tax year 2005. *Making Care Less Taxing* is available at <http://www.nwlc.org/pdf/MakingCareLessTaxing2006.pdf>. The changes described in this chart occurred since December 2005, and are in effect for tax year 2009, unless otherwise noted. This supplement to Appendix A and Appendix A, taken together, provide a complete picture of state CADC provisions in effect for tax year 2009, except to the extent that indexing of some provisions or changes in tax rates since 2005 may have affected their values.

² An eligible tax filer may claim both the new state child care expense credit and the existing state child care credit described in *Making Care Less Taxing*.

³ The Louisiana statute expressly provides that for families with federal adjusted gross income (AGI) of \$25,000 or less the Louisiana child care credit is calculated based on the federal credit “before it is reduced by the amount of an individual’s federal income tax.” Hence the new child care expense credit for these families is calculated based on the unreduced federal credit as well. For families with federal AGI over \$25,000, both credits are calculated based on a reduced federal credit.

⁴ The child care expense credit is one of four new refundable “school readiness” tax credits tied to the state’s new voluntary child care quality rating system. In addition to the child care expense credit that individual families may claim, a second credit is available to the owners of child care facilities with at least a two-star quality rating; a third credit is available to businesses that support child care facilities with at least a two-star quality rating and/or resource and referral agencies; and a fourth credit is available to directors and staff employed at a child care facility participating in the quality rating system who have at least a “level-one qualification,” as defined by the Department of Social Services. Rules governing the quality rating system were issued on December 20, 2007. All four new credits were effective for tax year 2008, to the extent they are claimed against income tax, and for the tax year 2009, to the extent they are claimed against franchise tax.

⁵ For taxpayers with AGI over \$25,000, if the credit exceeds the income tax due, the unused amount of the credit may be carried forward as a credit against tax liability in subsequent years, for up to five years.

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| NC | <p>A <i>credit</i> of a specified percentage of eligible expenses, as follows:</p> <ul style="list-style-type: none"> • For children under age 7 and other qualifying dependents incapable of self-care: <ul style="list-style-type: none"> • 13% if federal AGI is 0-\$25,000, depending on the filing status of the tax filer • 11.5% if federal AGI is \$12,501-\$40,000, depending on the filing status of the tax filer • 10% if federal AGI is \$20,000-\$40,000 and over, depending on the filing status of the tax filer. • For children age 7 and over: <ul style="list-style-type: none"> • 9% if federal AGI is 0-\$25,000, depending on the filing status of the tax filer • 8% if federal AGI is \$12,501-\$40,000, depending on the filing status of the tax filer • 7% if federal AGI is \$20,000-\$40,000 and over, depending on the filing status of the tax filer. | Expenses eligible for the federal CADC credit. | No | \$390 | \$780 |
| OK | <p>A <i>credit</i> of 20% of the “allowed” federal “credit for child care expenses,” except that if Oklahoma AGI is less than federal AGI, the Oklahoma credit is prorated based on the ratio that Oklahoma AGI bears to federal AGI.⁶</p> | Expenses eligible for the federal CADC credit. ⁷ | No | \$210 | \$420 |

⁶ An eligible tax filer must choose between this credit and a credit of 5% of the federal child tax credit “allowed,” “whichever amount is greater.” Neither credit is available if federal AGI is over \$100,000 and both credits are prorated based on the ratio that Oklahoma AGI bears to federal AGI.

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| OR | <p>A “working family child care” <i>credit</i>⁸ of a specified percentage of child care expenses, rounded to the nearest \$50, as follows:</p> <ul style="list-style-type: none"> • 40% of eligible expenses if federal AGI is 200% of federal poverty level or less • 36% if federal AGI is 201%-210% • 32% if federal AGI is 211%-220% • 24% if federal AGI is 221%-230% • 16% if federal AGI is 231%-240% • 8% if federal AGI is 241%-250%.⁹ <p>No credit is allowed if federal AGI or Oregon AGI is above 250% of federal poverty level, if investment income is \$3,100¹⁰ or more, or if Oregon earned income is less than \$7,850.¹¹</p> | Expenses (without a dollar limitation) for care provided to a child under age 13 or to an older child with a disability if the care allows a tax filer to be gainfully employed, seek employment, or attend school on a full-time or part-time basis. ¹² | Yes | No dollar limit ¹³ | No dollar limit ¹⁴ |

⁷ It is unclear from the Oklahoma statute and tax forms for tax year 2009 whether care expenses other than for children are eligible for the credit.

⁸ The credit is repealed effective January 2, 2014.

⁹ Depending on household size, the maximum AGI limits of 250% of poverty range from \$27,101 (one-person household) to \$92,551 (eight-person household) for tax year 2009.

¹⁰ This amount is indexed for inflation.

¹¹ This amount also cannot exceed the amount an individual would earn if the individual worked 1,040 hours at the Oregon minimum wage, rounded to the next lower multiple of \$50. At the current Oregon minimum wage of \$8.40/hour, this amount would be \$8,736 or, rounded to the next lower multiple of \$50, \$8,700 for tax year 2009. The minimum wage for Oregon remains at \$8.40/hour for 2010.

¹² A tax filer is not disqualified from claiming the credit only because the filer’s spouse has a disability that prevents the spouse “from providing child care, being gainfully employed, seeking employment and attending school.” The statute defines “disability” as “a physical or cognitive condition that results in a person requiring assistance with activities of daily living.”

¹³ With expenses at \$3,000, the limit in most states, the maximum benefit would be \$1,200.

¹⁴ With expenses at \$6,000, the limit in most states, the maximum benefit would be \$2,400.