

Income tax; credit; state child and dependent care tax credit;  
establish.

INCOME TAX: Credit; CHILDREN: Child care

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 270.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 270. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2        2001, IF A TAXPAYER CLAIMS A CREDIT FOR HOUSEHOLD AND DEPENDENT  
3        CARE SERVICES UNDER SECTION 21 OF THE INTERNAL REVENUE CODE ON  
4        HIS OR HER FEDERAL TAX RETURN, THE TAXPAYER MAY CLAIM A CREDIT ON  
5        HIS OR HER RETURN AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO  
6        THE AMOUNT SPENT IN THE TAX YEAR ON EMPLOYMENT-RELATED EXPENSES  
7        AS DEFINED IN SECTION 21 OF THE INTERNAL REVENUE CODE OR 10% OF  
8        THE MAXIMUM CREDIT AMOUNT ALLOWED UNDER THAT SECTION, WHICHEVER  
9        IS LESS.

1           (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX  
2 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE  
3 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

4           (3) IN CALCULATING THE AMOUNT OF A CREDIT UNDER THIS SEC-  
5 TION, A TAXPAYER SHALL NOT INCLUDE ANY EXPENSES DEDUCTED UNDER  
6 ANY OTHER SECTION OF THIS ACT.