

1 Introduced by Committee on Education

2 Date:

3 Subject: Taxation; income tax; credit; child care expenses; COVID-19

4 Statement of purpose of bill as introduced: This bill proposes to provide a one-
5 time income tax credit for child care expenses paid during child care closures
6 due to COVID-19. Qualifying expenses are expenses paid by a taxpayer for
7 child care services that were not received because the taxpayer was not deemed
8 an essential worker under the Governor’s Executive Order.

9 An act relating to a COVID-19-related child care tax credit

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. COVID-19 CHILD CARE CLOSURE TAX CREDIT

12 (a) For taxable year 2020, a qualifying taxpayer of this State shall receive a
13 nonrefundable credit in the amount of \$500.00 per child against the tax
14 imposed under 32 V.S.A. § 5822 for qualifying child care expenses paid by the
15 taxpayer. A credit under this section shall be in addition to any child and
16 dependent care credit available under 32 V.S.A. § 5822(d) or 32 V.S.A.
17 § 5828c, provided the qualifying child care expenses are not claimed for more
18 than one credit.

19 (b) As used in this section:

1 (1) “Qualifying child care expense” means a cumulative payment of
2 \$500.00 or more per child paid to a child care provider or child care facility as
3 defined in 33 V.S.A. § 3511 for child care services that the taxpayer did not
4 receive for the taxpayer’s child between March 13, 2020 and June 1, 2020 due
5 to a closure related to COVID-19. The amount paid shall comply with
6 guidance issued by the Child Development Division, including, beginning on
7 April 6, 2020, an amount equal to or exceeding 50 percent of the tuition for the
8 billing period that the taxpayer would have paid but for the COVID-19-related
9 closure.

10 (2) “Qualifying taxpayer” means an individual whose services or
11 functions were not deemed critical to public health and safety pursuant to
12 Addendum 6 to the Governor’s Executive Order 01-20. Qualifying taxpayers
13 who are married filing jointly or surviving spouses shall not receive more than
14 one \$500.00 credit per child per return under this section.

15 Sec. 2. EFFECTIVE DATES

16 This act shall take effect on passage except, notwithstanding 1 V.S.A.
17 § 214, Sec. 1 (COVID-19 child care tax credit) shall take effect retroactively
18 on January 1, 2020 and apply to the taxable year beginning on January 1, 2020.