

JAN 28 2004
WAYS AND MEANS

HOUSE FILE 2111
BY ALONS, CHAMBERS, HEATON,
KURTENBACH, and HEDDENS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act modifying income requirements for the child and dependent
2 care state income tax credit for taxpayers with a child with
3 special needs and providing for retroactive applicability.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

HF 2111

1 Section 1. Section 422.12C, Code 2003, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 1A. For the purposes of this subsection,
4 "child with special needs" means the same as "family member"
5 as defined in section 225C.35. Notwithstanding subsection 1,
6 regardless of net income, if a taxpayer resides in a county in
7 which the department of human services does not offer the
8 children-at-home program and the taxpayer has a dependent
9 child with special needs, the taxes imposed under this
10 division, less the credits allowed under sections 422.11A,
11 422.11B, 422.12, and 422.12B, shall be reduced by a child and
12 dependent care credit equal to one hundred percent of the
13 federal child and dependent care credit provided in section 21
14 of the Internal Revenue Code.

15 Sec. 2. RETROACTIVE APPLICABILITY. This Act is
16 retroactively applicable to the tax year beginning January 1,
17 2004, and is applicable on and after that date.

18 EXPLANATION

19 This bill modifies the income requirements of the child and
20 dependent care state income tax credit for taxpayers with a
21 child with special needs.

22 Under current law, this credit is provided as a percentage
23 of the federal child and dependent care credit on a sliding
24 scale, depending upon the net income of the taxpayer. The
25 credit is completely phased out for taxpayers with a net
26 income of \$40,000 or more.

27 The bill provides that a taxpayer who resides in a county
28 in which the department of human services does not offer the
29 children-at-home program and who has a dependent child with
30 special needs is eligible for 100 percent of the federal child
31 and dependent care credit, regardless of the taxpayer's net
32 income. The children-at-home program provides grant funding
33 in 14 counties to families with a special needs child, based
34 upon eligibility criteria used for the family support subsidy
35 program, except for annual income. Under the bill, a "child

1 with special needs" means the same as the definition of
2 "family member" for the family support subsidy program in Code
3 section 225C.35: a person who is less than 18 years of age
4 and who by educational determination has a moderate, severe,
5 or profound educational disability or special health care
6 needs, or who otherwise meets the definition of developmental
7 disability in federal law.

8 The bill is retroactively applicable to the tax year
9 beginning July 1, 2004, and is effective on and after that
10 date.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35