

Senate File 47 - Introduced

SENATE FILE 47
BY KETTERING

A BILL FOR

1 An Act increasing the amount and extending the availability of
2 the child and dependent care and early childhood development
3 tax credits and including retroactive applicability
4 provisions.

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

1 Section 1. Section 422.12C, subsection 1, Code 2011, is
2 amended to read as follows:

3 1. The taxes imposed under this division, less the amounts
4 of nonrefundable credits allowed under this division, shall
5 be reduced by a child and dependent care credit equal to the
6 following percentages of the federal child and dependent care
7 credit provided in section 21 of the Internal Revenue Code:

8 a. For a taxpayer with net income of less than ten thousand
9 dollars, ~~seventy-five~~ one hundred percent.

10 b. For a taxpayer with net income of ten thousand dollars
11 or more but less than twenty thousand dollars, ~~sixty-five~~
12 seventy-five percent.

13 c. For a taxpayer with net income of twenty thousand dollars
14 or more but less than ~~twenty-five~~ thirty thousand dollars,
15 ~~fifty-five~~ sixty-five percent.

16 d. For a taxpayer with net income of ~~twenty-five~~ thirty
17 thousand dollars or more but less than ~~thirty-five~~ forty
18 thousand dollars, ~~fifty~~ fifty-five percent.

19 e. For a taxpayer with net income of ~~thirty-five~~ forty
20 thousand dollars or more but less than ~~forty~~ fifty thousand
21 dollars, ~~forty~~ fifty percent.

22 f. For a taxpayer with net income of ~~forty~~ fifty thousand
23 dollars or more but less than ~~forty-five~~ sixty thousand
24 dollars, ~~thirty~~ forty percent.

25 g. For a taxpayer with net income of ~~forty-five~~ sixty
26 thousand dollars or more, ~~zero~~ but less than eighty thousand
27 dollars, thirty percent.

28 h. For a taxpayer with net income of eighty thousand dollars
29 or more, zero percent.

30 Sec. 2. Section 422.12C, subsection 2, unnumbered paragraph
31 1, Code 2011, is amended to read as follows:

32 The taxes imposed under this division, less the amounts
33 of nonrefundable credits allowed under this division, may be
34 reduced by an early childhood development tax credit equal to
35 twenty-five percent of the first one thousand dollars which

1 the taxpayer has paid to others for each dependent, as defined
 2 in the Internal Revenue Code, ages three through five for
 3 early childhood development expenses. In determining the
 4 amount of early childhood development expenses for the tax year
 5 beginning in the 2006 calendar year only, such expenses paid
 6 during November and December of the previous tax year shall
 7 be considered paid in the tax year for which the tax credit
 8 is claimed. This credit is available to a taxpayer whose net
 9 income is less than ~~forty-five~~ eighty thousand dollars. If the
 10 early childhood development tax credit is claimed for a tax
 11 year, the taxpayer and the taxpayer's spouse shall not claim
 12 the child and dependent care credit under subsection 1. As
 13 used in this subsection, "*early childhood development expenses*"
 14 means services provided to the dependent by a preschool, as
 15 defined in section 237A.1, materials, and other activities as
 16 follows:

17 Sec. 3. RETROACTIVE APPLICABILITY DATE. This Act applies
 18 retroactively to January 1, 2011, for tax years beginning on
 19 or after that date.

20 EXPLANATION

21 This bill extends the availability of the child and
 22 dependent care tax credit and the early childhood development
 23 tax credit to taxpayers with net incomes of less than \$80,000.
 24 Currently, the credits are available to taxpayers with net
 25 incomes of less than \$45,000.

26 The bill also changes the schedule for determining the
 27 amount of the child and dependent care tax credit. The credit
 28 is equal to a percent of the federal child and dependent care
 29 tax credit as follows:

30 <u>Net Income Between</u>	<u>Percentage</u>
31 0 - \$10,000	75
32 \$10,000 - \$20,000	65
33 \$20,000 - \$25,000	55
34 \$25,000 - \$35,000	50
35 \$35,000 - \$40,000	40

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1 \$40,000 - \$45,000 30

2 \$45,000 or more 0

3 The bill provides a new schedule as follows:

4 Net Income Between Percentage

5 0 - \$10,000 100

6 \$10,000 - \$20,000 75

7 \$20,000 - \$30,000 65

8 \$30,000 - \$40,000 55

9 \$40,000 - \$50,000 50

10 \$50,000 - \$60,000 40

11 \$60,000 - \$80,000 30

12 \$80,000 or more 0

13 The bill applies retroactively to January 1, 2011, for tax
14 years beginning on or after that date.