Senate Amendment 3377

1 1   Amend House File 877, as amended, passed, and
1 2 reprinted by the House, as follows:
1 3 #1. Page 10, by inserting after line 7 the
1 4 following:
1 5   <DIVISION ___
1 6   EARLY CHILDHOOD DEVELOPMENT TAX CREDIT
1 7   Sec. ___. NEW SECTION. 422.12A EARLY CHILDHOOD
1 8 DEVELOPMENT TAX CREDIT.
1 9   1. The taxes imposed under this division, less the
1 10 amounts of nonrefundable credits allowed under this
1 11 division, may be reduced by an early childhood
1 12 development tax credit equal to fifty percent of the
1 13 first one thousand dollars which the taxpayer has paid
1 14 to others for each dependent, as defined in the
1 15 Internal Revenue Code, ages three through five for
1 16 early childhood development expenses. If the early
1 17 childhood development tax credit is claimed for a tax
1 18 year, the taxpayer and the taxpayer's spouse shall not
1 19 claim the child and dependent care credit under
1 20 section 422.12C for that same dependent. As used in
1 21 this subsection, "early childhood development
1 22 expenses" means services provided to the dependent by
1 23 a preschool, as defined in section 237A.1, materials,
1 24 and other activities as follows:
1 25   a. Books that improve child development, including
1 26 textbooks, music books, art books, teacher's editions,
1 27 and reading books.
1 28   b. Instructional materials required to be used in
1 29 a lesson activity, including but not limited to paper,
1 30 notebooks, pencils, and art supplies.
1 31   c. Lesson plans and curricula.
1 32   d. Child development and educational activities
1 33 outside the home, including drama, art, music, and
1 34 museum activities, and the entrance fees for such
1 35 activities.
1 36   "Early childhood development expenses" does not
1 37 include food, lodging, or membership fees relating to
1 38 child development and educational activities outside
1 39 the home; or services, materials, or activities for
1 40 the teaching of religious tenets, doctrines, or
1 41 worship, the purpose of which is to inculcate those
1 42 tenets, doctrines, or worship.
1 43   2. Any credit in excess of the tax liability shall
1 44 be refunded. In lieu of claiming a refund, a taxpayer
1 45 may elect to have the overpayment shown on the
1 46 taxpayer's final, completed return credited to the tax
1 47 liability for the following taxable year.
1 48   3. Married taxpayers who have filed joint federal
1 49 returns electing to file separate returns or to file
1 50 separately on a combined return form must determine
2 1 the early childhood development tax credit under
2 2 subsection 1 based upon their combined net income and
2 3 allocate the total credit amount to each spouse in the
2 4 proportion that each spouse's respective net income
2 5 bears to the total combined net income.
2 6   Sec. ___. Section 422.12C, subsection 2, Code
2 7 2007, is amended by striking the subsection.
2 8   Sec. ___. Section 422.12C, subsection 4, Code
2 9 2007, is amended to read as follows:
2 10   4. Married taxpayers who have filed joint federal
2 11 returns electing to file separate returns or to file
2 12 separately on a combined return form must determine
2 13 the child and dependent care credit under subsection 1
2 14 or the early childhood development tax credit under
2 15 subsection 2 based upon their combined net income and
2 16 allocate the total credit amount to each spouse in the
2 17 proportion that each spouse's respective net income
2 18 bears to the total combined net income. Nonresidents
2 19 or part=year residents of Iowa must determine their
2 20 Iowa child and dependent care credit in the ratio of
2 21 their Iowa source net income to their all source net
2 22 income. Nonresidents or part=year residents who are
2 23 married and elect to file separate returns or to file
2 24 separately on a combined return form must allocate the

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2 25 Iowa child and dependent care credit between the
2 26 spouses in the ratio of each spouse's Iowa source net
2 27 income to the combined Iowa source net income of the
2 28 taxpayers.
2 29      Sec. ___.  RETROACTIVE APPLICABILITY DATE.  This
2 30 division of this Act applies retroactively to January
2 31 1, 2007, for tax years beginning on or after that
2 32 date.
2 33                      DIVISION ___
2 34                   EMERGENCY RULES>
2 35 #2.  Title page, line 2, by inserting after the
2 36 word <children> the following:  <, amending the early
2 37 childhood development tax credit, including a
2 38 retroactive applicability date provision,>.
2 39
2 40
2 41 _____
2 42 BRAD ZAUN
2 43 JERRY BEHN
2 44 PAUL McKINLEY
2 45 DAVE MULDER
2 46 DAVID JOHNSON
2 47 PAT WARD
2 48 MARK ZIEMAN
2 49 DAVID L. HARTSUCH
2 50 NANCY J. BOETTGER
3  1 HF 877.509 82
3  2 mg/je/8347
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