

*Reprinted*

FEB 23 1990

HOUSE FILE 2546  
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HSB 606)

(SUCCESSOR TO HF 2380)

Passed House, Date 2/28/90 (~~3/12/87~~) Passed Senate, Date 4/5/90 (P.1583)  
Vote: Ayes 95 Nays 0 Vote: Ayes 49 Nays 1  
Approved May 6, 1990

A BILL FOR

5394 1 An Act relating to child day care and the state child and  
2 dependent care tax credit and providing a retroactive  
3 applicability date.

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

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HF 2546

1 DIVISION I

2 Section 1. Section 235A.15, subsection 2, paragraph e,  
3 Code Supplement 1989, is amended by adding the following new  
4 subparagraph:

5 NEW SUBPARAGRAPH. (7) To an employee or agent of the  
6 department of human services regarding a person who is  
7 providing child day care if the person is not registered or  
8 licensed to operate a child day care facility.

9 Sec. 2. Section 237A.20, Code 1989, is amended to read as  
10 follows:

11 237A.20 INJUNCTION.

12 A person who establishes, conducts, manages, or operates a  
13 center without a license or a group day care home without a  
14 certificate of registration may be restrained by temporary or  
15 permanent injunction. A person who has been convicted of a  
16 crime against a person or a person with a record of founded  
17 child abuse may be restrained by temporary or permanent  
18 injunction from providing unregistered, registered, or  
19 licensed child day care. The action may be instituted by the  
20 state, a political subdivision of the state, or an interested  
21 person.

22 Sec. 3. Section 692.2, subsection 1, paragraph c, Code  
23 Supplement 1989, is amended to read as follows:

24 c. The department of human services for the purposes of  
25 section 232.71, subsection 16, section 237.8, subsection 2,  
26 section 237A.5, section 237A.20, and section 600.8,  
27 subsections 1 and 2.

28 DIVISION II

29 Sec. 4. NEW SECTION. 237A.26 STATEWIDE RESOURCE AND  
30 REFERRAL SERVICES.

31 1. The department shall administer a statewide grant  
32 program for child day care resource and referral services.  
33 Grants shall only be awarded to community-based nonprofit  
34 incorporated agencies and public agencies. Grants shall be  
35 awarded to facilitate the establishment of regional resource

1 and referral agencies throughout the state, based upon the  
2 distribution of the child population in the state.

3 2. The department shall provide oversight of and annually  
4 evaluate an agency which is awarded a grant to provide  
5 resource and referral services to a region.

6 3. The department shall provide technical assistance to  
7 child day care facilities in meeting their insurance coverage  
8 needs at a reasonable cost.

9 4. In consultation with resource and referral agencies,  
10 the department shall provide opportunities to child day care  
11 facilities for group purchasing of equipment and supplies.

12 5. An agency which receives a grant to provide resource  
13 and referral services shall be encouraged to perform both of  
14 the following functions:

15 a. Organize assistance to family and group day care homes  
16 in a three tier approach which concentrates efforts on new  
17 providers, moderately experienced providers, and highly  
18 experienced providers as three distinct groups.

19 b. Operate in partnership with both public and private  
20 interests and coordinate resource and referral services with  
21 existing community services.

22 6. An agency, to be eligible to receive a grant to provide  
23 resource and referral services, must match the grant with  
24 financial resources equal to at least twenty-five percent of  
25 the amount of the grant. The financial resources may include  
26 a private donation, an in-kind contribution, or a public  
27 funding source other than a separate state grant for child  
28 care service improvement.

29 7. An agency, to be eligible to receive a grant to provide  
30 resource and referral services, must have a board of directors  
31 if the agency is an incorporated nonprofit agency or must have  
32 an advisory board if the agency is a public agency, to oversee  
33 the provision of resource and referral services. The board  
34 shall include providers, consumers, and other persons  
35 interested in the provision or delivery of child day care

1 services.

2 8. An agency which receives a child care resource and  
3 referral grant may provide all of the following services:

4 a. Assist families in selecting quality child care. The  
5 agency must provide referrals to registered and licensed child  
6 day care facilities and may provide referrals to unregistered  
7 providers.

8 b. Assist child day care providers in adopting appropriate  
9 program and business practices to provide quality child care  
10 services.

11 c. Provide information to the public regarding the  
12 availability of child day care services in the communities  
13 within the agency's region.

14 d. Actively encourage the development of new and expansion  
15 of existing child day care facilities in response to  
16 identified community needs.

17 e. Provide specialized services to employers, including  
18 the provision of resource and referral services to employee  
19 groups identified by the employer and the provision of  
20 technical assistance to develop employer-supported child day  
21 care programs operated on or near the work site.

22 f. Refer eligible child day care facilities to the federal  
23 child care food programs.

24 g. Loan toys, other equipment, and resource materials to  
25 child day care facilities.

26 h. Inform child day care facilities regarding technical  
27 assistance available from the department in obtaining  
28 insurance coverage at a reasonable cost.

29 i. Assist the department in providing child day care  
30 facilities with opportunities for group purchasing of  
31 equipment and supplies.

32 j. Administer funding designated within the grant to  
33 provide a substitute caregiver program for registered family  
34 and group day care homes.

35 Sec. 5. CHILD DAY CARE INSURANCE ASSISTANCE.

1 Pursuant to the requirements of section 237A.26 relating to  
 2 providing technical assistance to child day care facilities in  
 3 meeting their insurance needs, the department of human  
 4 services shall examine the feasibility of establishing a pool  
 5 with private insurers as a means of providing reasonably  
 6 priced umbrella insurance coverage of child day care  
 7 facilities. If establishing a pool is deemed to be feasible,  
 8 the insurance division of the department of commerce shall  
 9 assist the department of human services in establishing the  
 10 pool.

11 DIVISION III

12 Sec. 6. CHILD DEVELOPMENT EDUCATION ASSESSMENT.

13 The college aid commission shall assess the adequacy of the  
 14 supply of persons in the state educated in child development  
 15 and early childhood education who are qualified to provide  
 16 quality child day care services in the state. The commission  
 17 shall use the assessment to propose a loan repayment program  
 18 to assist persons who provide child day care services to  
 19 attain relevant education objectives. The loan repayment  
 20 program proposal must consider making repayable loans  
 21 available to persons obtaining associate and bachelor degrees  
 22 in child development or early childhood education. The  
 23 commission shall report its findings to the general assembly  
 24 on or before December 1, 1990.

25 DIVISION IV

5344 26 Sec. 7. Section 422.12, subsection 2, Code Supplement  
 27 1989, is amended by striking the subsection.

5344 28 Sec. 8. NEW SECTION. 422.12C CHILD AND DEPENDENT CARE  
 29 CREDIT -- REFUND.

5365, 5363 30 1. The taxes imposed under this division, less credits  
 31 allowed under sections 422.10 through 422.12B shall be reduced  
 32 by a child and dependent care credit equal to the following  
 33 percentages of the federal child and dependent care credit  
 34 provided in section 21 of the Internal Revenue Code:

35 a. For a taxpayer with an adjusted gross income of less

1 than ten thousand dollars, seventy percent.

2 b. For a taxpayer with an adjusted gross income of ten  
3 thousand dollars or more but less than twenty thousand  
4 dollars, sixty percent.

5 c. For a taxpayer with an adjusted gross income of twenty  
6 thousand dollars or more but less than twenty-five thousand  
7 dollars, fifty-five percent.

8 d. For a taxpayer with an adjusted gross income of twenty-  
9 five thousand dollars or more but less than thirty-five  
10 thousand dollars, fifty percent.

11 e. For a taxpayer with an adjusted gross income of thirty-  
12 five thousand dollars or more but less than forty thousand  
13 dollars, forty percent.

14 f. For a taxpayer with an adjusted gross income of forty  
15 thousand dollars or more but less than fifty thousand dollars,  
16 thirty-five percent.

17 g. For a taxpayer with an adjusted gross income of fifty  
18 thousand dollars or more, thirty percent.

19 2. Any credit in excess of the tax liability shall be  
20 refunded. In lieu of claiming a refund, a taxpayer may elect  
21 to have the overpayment shown on the taxpayer's final,  
22 completed return credited to the tax liability for the  
23 following taxable year.

24 3. Married taxpayers electing to file separate returns or  
25 filing separately on a combined return must allocate the child  
26 and dependent care credit to each spouse in the proportion  
27 that each spouse's respective net income bears to the total  
28 combined net income. Taxpayers affected by the allocation  
29 provisions of section 422.8 shall be permitted a deduction for  
30 the credit only in the amount fairly and equitably allocable  
31 to Iowa under rules prescribed by the director.

5394 32 Sec. 9. Section 422.21, unnumbered paragraph 5, Code  
33 Supplement 1989, is amended to read as follows:

34 The department shall provide on income tax forms or in the  
35 instruction booklets in a manner that will be noticeable to



1 their insurance coverage needs at a reasonable cost, and to  
2 provide opportunities to facilities for group purchasing of  
3 equipment and supplies. Agencies are encouraged to operate in  
4 a public-private partnership and to organize assistance to  
5 family and group day care homes according to certain  
6 priorities. Certain services may be provided by the resource  
7 and referral agencies.

8 The college aid commission is directed to assess the supply  
9 of persons in the state who are educated in child development  
10 and early childhood education in order to make a proposal to  
11 the general assembly by December 1, 1990, regarding the  
12 establishment of a loan repayment program for persons who will  
13 provide child day care services.

14 The state child and dependent care tax credit is made  
15 refundable and revised in order to provide a larger credit to  
16 low-income taxpayers and is retroactively applicable to tax  
17 years beginning on or after January 1, 1990.

18 The department of revenue and finance is directed to  
19 restructure the tax withholding tables to provide the child  
20 and dependent care tax credit to eligible taxpayers at the  
21 time of withholding.

22 The state child and dependent care tax credit is included  
23 in notification provisions for the earned income tax credit.

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HOUSE FILE 2546  
FISCAL NOTE

A fiscal note for House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2546 makes several changes in the statutes pertaining to child day care. The bill permits child abuse registry checks and release of criminal record information concerning unregistered child care providers. A person who has been convicted of a crime against a person, or who has a record of founded child abuse may be enjoined from providing child day care. A statewide grant program for resource and referral services is established in the Department of Human Services. The Department is given responsibility for providing oversight, evaluation and technical assistance for child day care programs. Resource and referral agencies are encouraged to operate in a public-private partnership.

The College Aid Commission is directed to assess the supply of persons in Iowa who are educated in child development and early childhood education. The Commission is required to make a proposal to the General Assembly by December 1, 1990 regarding the establishment of a loan repayment program for persons who will provide child day care services.

The state child and dependent care credit is made refundable and revised in order to provide a larger credit to low-income taxpayers and is retroactively applicable to January 1, 1990. The Department of Revenue and Finance is directed to restructure the tax withholding tables to reflect the child and dependent care credit.

**FISCAL IMPACT:**

The provisions of House File 2546 which expands child abuse registry and criminal history data checks are expected to have a minor fiscal impact, primarily from additional demands on the time of DHS staff. Expanding resource and referral agencies statewide is estimated to cost \$250,000 more than the FY 1990 level of grant funding. The oversight, evaluation, and technical assistance responsibilities that would be assumed by DHS staff is estimated to cost \$47,000. The FY 1991 Human Services appropriations bill includes \$50,000 in additional grant funding and funding for the additional staff position.

The College Aid Commission estimates that the study mandated in this bill would cost approximately \$2,000.

Making the child care and dependent care credit refundable coupled with changing the allowable percent of federal child care credit for the state child care credit from 45% to the proposed income-based schedule is estimated to increase the General Fund impact of the credit from \$14,235,000 to \$14,382,000. This is an increase of \$146,000 and is first expected to occur in FY 1991.

The total annual fiscal effect is estimated to be \$445,000.

Sources: Department of Human Services  
Department of Revenue and Finance  
Legislative Tax Model

(LSB 7361hz, JMN)

HOUSE FILE 2546

H-5383

- 1 Amend House File 2546 as follows:  
2 1. By striking page 4, line 35 through page 5,  
3 line 18 and inserting the following:  
4 "a. For a taxpayer with an adjusted gross income  
5 of less than ten thousand dollars, ninety-five  
6 percent.  
7 b. For a taxpayer with an adjusted gross income of  
8 ten thousand dollars or more but less than twenty  
9 thousand dollars, eighty-five percent.  
10 c. For a taxpayer with an adjusted gross income of  
11 twenty thousand dollars or more but less than twenty-  
12 five thousand dollars, seventy-five percent.  
13 d. For a taxpayer with an adjusted gross income of  
14 twenty-five thousand dollars or more but less than  
15 thirty thousand dollars, sixty percent.  
16 e. For a taxpayer with an adjusted gross income of  
17 thirty thousand dollars or more but less than thirty-  
18 five thousand dollars, forty percent.  
19 f. For a taxpayer with an adjusted gross income of  
20 thirty-five thousand dollars or more but less than  
21 forty thousand dollars, twenty-five percent.  
22 g. For a taxpayer with an adjusted gross income of  
23 forty thousand dollars or more but less than fifty  
24 thousand dollars, ten percent."

By HANSON of Delaware

H-5383 FILED FEBRUARY 27, 1990

*Lost 2/28 (p. 727)*

HOUSE FILE 2546

H-5416

- 1 Amend amendment, H-5383, to House File 2546, as  
2 follows:  
3 1. Page 1, line 5, by striking the word "ninety-  
4 five" and inserting the following: "one hundred".  
5 2. Page 1, line 18, by striking the word "forty"  
6 and inserting the following: "forty-five".

By HANSON of Delaware  
OSTERBERG of Linn

H-5416 FILED FEBRUARY 28, 1990

ADOPTED (p. 727)

HOUSE FILE 2546  
 AMENDMENT H-5383 TO HOUSE FILE 2546  
 FISCAL NOTE

A fiscal note for H-5383 to House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-5383 to House File 2546 revises the proposed schedule of allowable percent of federal child care credit contained in the bill. The schedule proposed by the amendment is shown below. House File 2546 also makes the child care credit refundable and this continues under the amendment.

Household AGI	Percent of Federal Credit
\$ 0 - 10,000	95%
\$10,000 - 20,000	85%
\$20,000 - 25,000	75%
\$25,000 - 30,000	60%
\$30,000 - 35,000	40%
\$35,000 - 40,000	25%
\$40,000 - 50,000	10%
\$50,000 +	none allowed

Under current law, the percent of federal child care credit allowed for state tax purposes is 45%.

Fiscal Impact on Child Care Credit

Estimated General Fund Reduction Due to Current Law Child Care Credit	Estimated General Fund Reduction Due to H-5383 Child Care Credit Proposal
\$14,235,000	\$13,161,000

This amendment is estimated to reduce the General Fund reduction due to the child care credit by \$1,074,000, beginning in FY 1991.

Sources: Department of Revenue and Finance  
 Legislative tax model

(LSB 736lhz.3, JMN)

FILED FEBRUARY 28, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2546

H-5385

1 Amend House File 2546 as follows:

2 1. By striking page 4, line 35 through page 5,  
3 line 18, and inserting the following:

4 "a. For a taxpayer with an adjusted gross income  
5 of less than ten thousand dollars, seventy-five  
6 percent.

7 b. For a taxpayer with an adjusted gross income of  
8 ten thousand dollars or more but less than twenty  
9 thousand dollars, seventy percent.

10 c. For a taxpayer with an adjusted gross income of  
11 twenty thousand dollars or more but less than twenty-  
12 five thousand dollars, sixty-five percent.

13 d. For a taxpayer with an adjusted gross income of  
14 twenty-five thousand dollars or more but less than  
15 thirty thousand dollars, sixty percent.

16 e. For a taxpayer with an adjusted gross income of  
17 thirty thousand dollars or more but less than thirty-  
18 five thousand dollars, fifty percent.

19 f. For a taxpayer with an adjusted gross income of  
20 thirty-five thousand dollars or more but less than  
21 forty thousand dollars, forty percent.

22 g. For a taxpayer with an adjusted gross income of  
23 forty thousand dollars or more but less than fifty  
24 thousand dollars, thirty-five percent."

By BROWN of Lucas

H-5385 FILED FEBRUARY 27, 1990

*Adopted 2/28/90 (p. 727)*

**HOUSE FILE 2546  
AMENDMENT H-5385 TO HOUSE FILE 2546  
FISCAL NOTE**

A fiscal note for H-5385 to House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-5385 to House File 2546 revises the proposed schedule of allowable percent of federal child care credit contained in the bill. The schedule proposed by the amendment is shown below. House File 2546 also makes the child care credit refundable and this continues under the amendment.

Household AGI	Percent of Federal Credit
\$ 0 - 10,000	75%
\$10,000 - 20,000	70%
\$20,000 - 25,000	65%
\$25,000 - 30,000	60%
\$30,000 - 35,000	50%
\$35,000 - 40,000	40%
\$40,000 - 50,000	35%
\$50,000 +	none allowed

Under current law, the percent of federal child care credit allowed for state tax purposes is 45%.

Fiscal Impact on Child Care Credit

Estimated General Fund Reduction Due to Current Law Child Care Credit	Estimated General Fund Reduction Due to H-5385 Child Care Credit Proposal
\$14,235,000	\$14,009,000

This amendment is estimated to reduce the General Fund reduction due to the child care credit by \$226,000 beginning in FY 1991.

Sources: Department of Revenue and Finance  
Legislative tax model

(LSB 736lhz.2, JMN)

FILED FEBRUARY 28, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2546

H-5394

1 Amend House File 2546 as follows:

2 1. Page 4, by inserting after line 25 the  
3 following:

4 "Sec. 100. Section 422.12, subsection 1, paragraph  
5 c, Code Supplement 1989, is amended by striking the  
6 paragraph and inserting in lieu thereof the following:

7 c. As used in this section, "dependent" has the  
8 same meaning as provided by the Internal Revenue Code.

9 For each dependent, an additional amount equal to the  
10 applicable amount in the following provisions apply:

11 (1) For a taxpayer with an adjusted gross income  
12 of ten thousand dollars or less, forty-five dollars.

13 (2) For a taxpayer with an adjusted gross income  
14 of more than ten thousand dollars, but less than  
15 twenty thousand dollars, thirty-five dollars.

16 (3) For a taxpayer with an adjusted gross income  
17 of more than twenty thousand dollars, but less than  
18 thirty thousand dollars, twenty-five dollars.

19 (4) For a taxpayer with an adjusted gross income  
20 of more than thirty thousand dollars, but less than  
21 forty thousand dollars, twenty dollars.

22 (5) For a taxpayer with an adjusted gross income  
23 of forty thousand dollars or more, fifteen dollars."

24 2. By striking page 4, line 28 through page 6,  
25 line 14.

26 3. Page 6, line 16, by striking the figures and  
27 word "7 and 8" and inserting the following: "100 and  
28 7".

29 4. Title page, line 1, by inserting after the  
30 words "care and" the following: "the dependent  
31 exemption credit and repealing".

By HANSON of Delaware

H-5394 FILED FEBRUARY 27, 1990

*Fast 2/28 (p. 124)*

HOUSE FILE 2546

H-5415

1 Amend the amendment, H-5394, to House File 2546, as  
2 follows:

3 1. Page 1, by inserting after line 1 the fol-  
4 lowing:

5 " . Page 2, line 24, by inserting before the  
6 word "financial" the following: "cash".

7 . Page 2, by striking line 25 and inserting  
8 the following: "the amount of the grant and the cash  
9 financial resources must be available for the purposes  
10 of the match prior to the awarding of the grant. The  
11 cash financial resources may include".

12 . Page 2, line 26, by striking the words ", an  
13 in-kind contribution,".

By METCALF of Polk

H-5415 FILED FEBRUARY 28, 1990

ADOPTED *(p. 122)*

**HOUSE FILE 2546  
AMENDMENT H-5394 TO HOUSE FILE 2546  
FISCAL NOTE**

A fiscal note for H-5394 to House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-5394 to House File 2546 repeals the current child care credit and increases the credit amounts allowed for dependents for taxpayers with certain adjusted gross income brackets. The amendment also strikes language in H.F. 2546 providing for a revised refundable child care credit.

The schedule proposed for increasing the dependent care credits is shown below:

Taxpayer Adjusted Gross Income =====	Current Credit Amount Allowed =====	Proposed Credit Amount Allowed =====
\$ 0 - 10,000	\$15	\$45
\$10,000 - 20,000	\$15	\$35
\$20,000 - 30,000	\$15	\$25
\$30,000 - 40,000	\$15	\$20
\$40,000 +	\$15	\$15

Fiscal Impact

	FY 1991 Impact to General Fund =====
Repeals Current Child Care Credit	\$14,235,000
Increase Dependent Exemptions by AGI	(\$ 5,448,000) =====
Net Impact to G.F.	\$ 8,787,000

Source: Department of Revenue and Finance  
Legislative Tax Model

(LSB 7361hz.4, JMN)

FILED FEBRUARY 28, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

## HOUSE FILE 2546

5419

Amend the amendment, H-5394, to House File 2546 as follows:

1. Page 1, by striking lines 4 through 25 and inserting the following:

"Sec. 100. Section 422.12, subsection 1, paragraph c, Code Supplement 1989, is amended by striking the paragraph."

. By striking page 4, line 28 through page 6, line 14, and inserting the following:

"NEW SECTION. DEPENDENT EXEMPTION CREDIT --  
REFUND.

As used in this section "dependent" has the same meaning as provided by the Internal Revenue Code.

1. The taxes imposed under this division, less credits allowed under sections 422.10 through 422.12B, shall be reduced by a dependent exemption credit. For each dependent, an amount equal to the applicable amount in the following provisions applies:

a. For a taxpayer with an adjusted gross income of five thousand dollars or less, sixty dollars.

b. For a taxpayer with an adjusted gross income of more than five thousand dollars, but less than eight thousand dollars, fifty-five dollars.

c. For a taxpayer with an adjusted gross income of more than eight thousand dollars, but less than ten thousand dollars, fifty dollars.

d. For a taxpayer with an adjusted gross income of more than ten thousand dollars, but less than twelve thousand dollars, forty-five dollars.

e. For a taxpayer with an adjusted gross income of more than twelve thousand dollars, but less than sixteen thousand dollars, forty dollars.

f. For a taxpayer with an adjusted gross income of more than sixteen thousand dollars, but less than eighteen thousand dollars, thirty-five dollars.

g. For a taxpayer with an adjusted gross income of more than eighteen thousand dollars, but less than twenty thousand dollars, thirty dollars.

h. For a taxpayer with an adjusted gross income of more than twenty thousand dollars, but less than thirty thousand dollars, twenty-five dollars.

i. For a taxpayer with an adjusted gross income of more than thirty thousand dollars, but less than thirty-five thousand dollars, twenty dollars.

j. For a taxpayer with an adjusted gross income of thirty-five thousand dollars or more, fifteen dollars.

2. Any credit in excess of the tax liability shall be refunded. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax



H-5419

Page 2

1 liability for the following taxable year.  
2 3. Married taxpayers electing to file separate  
3 returns or filing separately on a combined return must  
4 determine the credit under subsection 1 based upon  
5 their combined adjusted gross incomes and allocate the  
6 total credit amount to each spouse in the proportion  
7 that each spouse's respective adjusted gross income  
8 bears to the total combined adjusted gross income.""

By HANSON of Delaware

H-5419 FILED FEBRUARY 28, 1990

ADOPTED (p. 723)

HOUSE FILE 2546

H-5423

1 Amend the amendment, H-5383, to House File 2546, as  
2 follows:

3 1. Page 1, by inserting after line 24 the  
4 following:

5 "\_\_\_\_. Page 6, by striking lines 8 through 14 and  
6 inserting the following:

7 "Sec. \_\_\_\_ . Section 422.16, subsection 1,  
8 unnumbered paragraph 1, Code Supplement 1989, is  
9 amended to read as follows:

10 Every withholding agent and every employer as  
11 defined in this chapter and further defined in the  
12 Internal Revenue Code, with respect to income tax  
13 collected at source, making payment of wages to a  
14 nonresident employee working in Iowa, or to a resident  
15 employee, shall deduct and withhold from the wages an  
16 amount which will approximate the employee's annual  
17 tax liability on a calendar year basis, calculated on  
18 the basis of tables to be prepared by the department  
19 and schedules or percentage rates, based on the wages,  
20 to be prescribed by the department. Every employee or  
21 other person shall declare to the employer or  
22 withholding agent the number of the employee's or  
23 other person's personal exemptions and dependency  
24 exemptions or credits to be used in applying the  
25 tables and schedules or percentage rates. However, no  
26 greater number of personal or dependency exemptions or  
27 credits may be declared by the employee or other  
28 person than the number to which the employee or other  
29 person is entitled except as allowed under section  
30 3402(m)(1) of the Internal Revenue Code and as allowed  
31 for the child and dependent care credit provided in  
32 section 422.12C. The claiming of exemptions or  
33 credits in excess of entitlement is a serious  
34 misdemeanor.""

By HANSON of Delaware

H-5423 FILED FEBRUARY 28, 1990

ADOPTED (p. 726)

**HOUSE FILE 2546  
AS PASSED BY THE HOUSE  
FISCAL NOTE**

A fiscal note for House File 2546 as Passed by the House is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2546 as passed by the House makes a several changes in the statutes pertaining to child day care. The bill permits child abuse registry checks and release of criminal record information concerning unregistered child care providers. A person who has been convicted of a crime against a person, or who has a record of founded child abuse may be enjoined from providing child day care. A statewide grant program for resource and referral services is established in the Department of Human Services. The Department is given responsibility for providing oversight, evaluation and technical assistance for child day care programs. Resource and referral agencies are encouraged to operate in a public-private partnership.

The College Aid Commission is directed to assess the supply of persons in Iowa who are educated in child development and early childhood education. The Commission is required to make a proposal to the General Assembly by December 1, 1990 regarding the establishment of a loan repayment program for persons who will provide child day care services.

The state child and dependent care credit is made refundable and revised in order to provide a larger credit to low-income taxpayers and is retroactively applicable to January 1, 1990. The Department of Revenue and Finance is directed to restructure the tax withholding tables to reflect the child and dependent care credit.

**FISCAL IMPACT:**

The provisions of House File 2546 which expands child abuse registry and criminal history data checks are expected to have a minor fiscal impact, primarily from additional demands on the time of DHS staff. Expanding resource and referral agencies statewide is estimated to cost \$250,000 more than the FY 1990 level of grant funding. The oversight, evaluation, and technical assistance responsibilities that would be assumed by DHS staff is estimated to cost \$47,000. The FY 1991 Human Services appropriations bill includes \$50,000 in additional grant funding and funding for the additional staff position.

The College Aid Commission estimates that the study mandated in this bill would cost approximately \$2,000.

Making the child care and dependent care credit refundable coupled with changing the allowable percent of federal child care credit for the state child care credit from 45% to the proposed income-based schedule is estimated to decrease the General Fund impact of the credit from \$14,235,000 to \$14,009,000. This is a decrease of \$226,000 and is first expected to occur in FY 1991.

-2-

The total annual fiscal effect is estimated to be \$73,000.

Sources: Department of Human Services  
Department of Revenue and Finance  
Legislative Tax Model

(LSB 7361hz.5, JMN)

FILED MARCH 12, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

van. Army, The  
San Approp.

HOUSE FILE 2546  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 606)

(SUCCESSOR TO HF 2380)

(As Amended and Passed by the House February 28, 1990)

<sup>file 2546</sup>  
Passed House, Date 4/6/90 (p. 2132) Passed Senate, Date 4/5/90 (p. 1583)  
Vote: Ayes 91 Nays 0 Vote: Ayes 49 Nays 1  
Approved May 6, 1990

**A BILL FOR**

- 1 An Act relating to child day care and the state child and
- 2 dependent care tax credit and providing a retroactive
- 3 applicability date.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 5
- 6 House Amendments \_\_\_\_\_
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DIVISION I

1  
2 Section 1. Section 235A.15, subsection 2, paragraph e,  
3 Code Supplement 1989, is amended by adding the following new  
4 subparagraph:

5 NEW SUBPARAGRAPH. (7) To an employee or agent of the  
6 department of human services regarding a person who is  
7 providing child day care if the person is not registered or  
8 licensed to operate a child day care facility.

9 Sec. 2. Section 237A.20, Code 1989, is amended to read as  
10 follows:

11 237A.20 INJUNCTION.

12 A person who establishes, conducts, manages, or operates a  
13 center without a license or a group day care home without a  
14 certificate of registration may be restrained by temporary or  
15 permanent injunction. A person who has been convicted of a  
16 crime against a person or a person with a record of founded  
17 child abuse may be restrained by temporary or permanent  
18 injunction from providing unregistered, registered, or  
19 licensed child day care. The action may be instituted by the  
20 state, a political subdivision of the state, or an interested  
21 person.

22 Sec. 3. Section 692.2, subsection 1, paragraph c, Code  
23 Supplement 1989, is amended to read as follows:

24 c. The department of human services for the purposes of  
25 section 232.71, subsection 16, section 237.8, subsection 2,  
26 section 237A.5, section 237A.20, and section 600.8,  
27 subsections 1 and 2.

28 DIVISION II

29 Sec. 4. NEW SECTION. 237A.26 STATEWIDE RESOURCE AND  
30 REFERRAL SERVICES.

31 1. The department shall administer a statewide grant  
32 program for child day care resource and referral services.  
33 Grants shall only be awarded to community-based nonprofit  
34 incorporated agencies and public agencies. Grants shall be  
35 awarded to facilitate the establishment of regional resource

1 and referral agencies throughout the state, based upon the  
2 distribution of the child population in the state.

3 2. The department shall provide oversight of and annually  
4 evaluate an agency which is awarded a grant to provide  
5 resource and referral services to a region.

6 3. The department shall provide technical assistance to  
7 child day care facilities in meeting their insurance coverage  
8 needs at a reasonable cost.

9 4. In consultation with resource and referral agencies,  
10 the department shall provide opportunities to child day care  
11 facilities for group purchasing of equipment and supplies.

12 5. An agency which receives a grant to provide resource  
13 and referral services shall be encouraged to perform both of  
14 the following functions:

15 a. Organize assistance to family and group day care homes  
16 in a three tier approach which concentrates efforts on new  
17 providers, moderately experienced providers, and highly  
18 experienced providers as three distinct groups.

19 b. Operate in partnership with both public and private  
20 interests and coordinate resource and referral services with  
21 existing community services.

22 6. An agency, to be eligible to receive a grant to provide  
23 resource and referral services, must match the grant with  
24 financial resources equal to at least twenty-five percent of  
25 the amount of the grant. The financial resources may include  
26 a private donation, an in-kind contribution, or a public  
27 funding source other than a separate state grant for child  
28 care service improvement.

29 7. An agency, to be eligible to receive a grant to provide  
30 resource and referral services, must have a board of directors  
31 if the agency is an incorporated nonprofit agency or must have  
32 an advisory board if the agency is a public agency, to oversee  
33 the provision of resource and referral services. The board  
34 shall include providers, consumers, and other persons  
35 interested in the provision or delivery of child day care

1 services.

2 8. An agency which receives a child care resource and  
3 referral grant may provide all of the following services:

4 a. Assist families in selecting quality child care. The  
5 agency must provide referrals to registered and licensed child  
6 day care facilities and may provide referrals to unregistered  
7 providers.

8 b. Assist child day care providers in adopting appropriate  
9 program and business practices to provide quality child care  
10 services.

11 c. Provide information to the public regarding the  
12 availability of child day care services in the communities  
13 within the agency's region.

14 d. Actively encourage the development of new and expansion  
15 of existing child day care facilities in response to  
16 identified community needs.

17 e. Provide specialized services to employers, including  
18 the provision of resource and referral services to employee  
19 groups identified by the employer and the provision of  
20 technical assistance to develop employer-supported child day  
21 care programs operated on or near the work site.

22 f. Refer eligible child day care facilities to the federal  
23 child care food programs.

24 g. Loan toys, other equipment, and resource materials to  
25 child day care facilities.

26 h. Inform child day care facilities regarding technical  
27 assistance available from the department in obtaining  
28 insurance coverage at a reasonable cost.

29 i. Assist the department in providing child day care  
30 facilities with opportunities for group purchasing of  
31 equipment and supplies.

32 j. Administer funding designated within the grant to  
33 provide a substitute caregiver program for registered family  
34 and group day care homes.

35 Sec. 5. CHILD DAY CARE INSURANCE ASSISTANCE.

1 Pursuant to the requirements of section 237A.26 relating to  
2 providing technical assistance to child day care facilities in  
3 meeting their insurance needs, the department of human  
4 services shall examine the feasibility of establishing a pool  
5 with private insurers as a means of providing reasonably  
6 priced umbrella insurance coverage of child day care  
7 facilities. If establishing a pool is deemed to be feasible,  
8 the insurance division of the department of commerce shall  
9 assist the department of human services in establishing the  
10 pool.

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## DIVISION III

12 Sec. 6. CHILD DEVELOPMENT EDUCATION ASSESSMENT.

13 The college aid commission shall assess the adequacy of the  
14 supply of persons in the state educated in child development  
15 and early childhood education who are qualified to provide  
16 quality child day care services in the state. The commission  
17 shall use the assessment to propose a loan repayment program  
18 to assist persons who provide child day care services to  
19 attain relevant education objectives. The loan repayment  
20 program proposal must consider making repayable loans  
21 available to persons obtaining associate and bachelor degrees  
22 in child development or early childhood education. The  
23 commission shall report its findings to the general assembly  
24 on or before December 1, 1990.

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## DIVISION IV

26 Sec. 7. Section 422.12, subsection 2, Code Supplement  
27 1989, is amended by striking the subsection.

28 Sec. 8. NEW SECTION. 422.12C CHILD AND DEPENDENT CARE  
29 CREDIT -- REFUND.

30 1. The taxes imposed under this division, less credits  
31 allowed under sections 422.10 through 422.12B shall be reduced  
32 by a child and dependent care credit equal to the following  
33 percentages of the federal child and dependent care credit  
34 provided in section 21 of the Internal Revenue Code:

35 a. For a taxpayer with an adjusted gross income of less



1 than ten thousand dollars, seventy-five percent.

2 b. For a taxpayer with an adjusted gross income of ten  
3 thousand dollars or more but less than twenty thousand  
4 dollars, seventy percent.

5 c. For a taxpayer with an adjusted gross income of twenty  
6 thousand dollars or more but less than twenty-five thousand  
7 dollars, sixty-five percent.

8 d. For a taxpayer with an adjusted gross income of twenty-  
9 five thousand dollars or more but less than thirty thousand  
10 dollars, sixty percent.

11 e. For a taxpayer with an adjusted gross income of thirty  
12 thousand dollars or more but less than thirty-five thousand  
13 dollars, fifty percent.

14 f. For a taxpayer with an adjusted gross income of thirty-  
15 five thousand dollars or more but less than forty thousand  
16 dollars, forty percent.

17 g. For a taxpayer with an adjusted gross income of forty  
18 thousand dollars or more but less than fifty thousand dollars,  
19 thirty-five percent.

20 2. Any credit in excess of the tax liability shall be  
21 refunded. In lieu of claiming a refund, a taxpayer may elect  
22 to have the overpayment shown on the taxpayer's final,  
23 completed return credited to the tax liability for the  
24 following taxable year.

25 3. Married taxpayers electing to file separate returns or  
26 filing separately on a combined return must allocate the child  
27 and dependent care credit to each spouse in the proportion  
28 that each spouse's respective net income bears to the total  
29 combined net income. Taxpayers affected by the allocation  
30 provisions of section 422.8 shall be permitted a deduction for  
31 the credit only in the amount fairly and equitably allocable  
32 to Iowa under rules prescribed by the director.

33 Sec. 9. Section 422.21, unnumbered paragraph 5, Code  
34 Supplement 1989, is amended to read as follows:

35 The department shall provide on income tax forms or in the

1 instruction booklets in a manner that will be noticeable to  
2 the taxpayers a statement that, even though the taxpayer may  
3 not have any federal or state income tax liability, the  
4 taxpayer may be eligible for the federal earned income tax  
5 credit or state child and dependent care credit. The  
6 statement shall also contain notice of where the taxpayer may  
7 check on the taxpayer's eligibility for this-credit these  
8 credits.

9       Sec. 10. CHILD AND DEPENDENT CARE TAX CREDIT --  
10 WITHHOLDING.

11       The department of revenue and finance shall modify the  
12 income tax withholding provisions to permit an eligible  
13 taxpayer to receive the child and dependent care tax credit at  
14 the time of withholding, effective for tax years beginning on  
15 or after January 1, 1991.

16       Sec. 11. RETROACTIVE APPLICABILITY.

17       Sections 7 and 8 of this Act apply retroactively to tax  
18 years beginning on or after January 1, 1990.

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HOUSE FILE 2546

S-5779

1 Amend House File 2546, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 4, by inserting after line 10 the  
4 following:

5 "Sec. \_\_\_\_ . RESOURCE AND REFERRAL PROGRAMS, OTHER  
6 CHILD CARE ASSISTANCE.

7 There is appropriated from the general fund of the  
8 state to the department of human services for the  
9 fiscal year beginning July 1, 1990, and ending June  
10 30, 1991, the following amounts, or so much thereof as  
11 is necessary, to be used for the purposes designated:

12 1. For grants to public agencies and private  
13 nonprofit organizations which provide child day care  
14 resource and referral programs:

15 ..... \$ 500,000

16 As a condition, qualification, and limitation of  
17 the funds appropriated in this section, a task force  
18 is established which shall include representatives of  
19 all of the following entities: the department of  
20 human services, the child development coordinating  
21 council, the department of education, the area  
22 education agencies, the cooperative extension service  
23 of Iowa state university of science and technology,  
24 the state day care advisory committee, and child day  
25 care resource and referral agencies. The task force  
26 shall develop, and provide for dissemination of, a  
27 manual or materials to assist local school districts  
28 and communities in conducting a needs assessment for  
29 child day care services and in developing a community  
30 support structure for meeting needs identified by the  
31 assessment.

32 2. For grants to fund costs relating to child day  
33 care start-up, fire safety, and equipment:

34 ..... \$ 760,000

35 The funds appropriated in this subsection shall be  
36 allocated and administered as provided in sections  
37 237A.13 through 237A.18. However, \$50,000 shall be  
38 used for start-up grants to child day care facilities  
39 located in rural counties with a population of less  
40 than 20,000 or in cities with a population of less  
41 than 5,000. A child day care program established by a  
42 school pursuant to section 279.49 may receive a grant.  
43 The order of priority for granting funds appropriated  
44 in this subsection is as follows: start-up; fire  
45 safety; and equipment. If available, the funds  
46 appropriated in this subsection shall be matched with  
47 federal funds. The department shall adopt rules to  
48 implement this subsection, including a provision that  
49 the maximum amount granted to a grantee is \$10,000."

50 2. Page 4, line 13, by striking the words

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Page 2

1 "college aid commission" and inserting the following:  
2 "department of human services".  
3 3. Page 4, line 16, by inserting before the word  
4 "commission" the following: "college aid".  
5 4. Page 4, by striking line 23 and inserting the  
6 following: "department shall report its findings,  
7 including the commission's loan repayment program  
8 proposal, to the general assembly".  
9 5. Page 5, line 4, by striking the word "seventy"  
10 and inserting the following: "sixty-five".  
11 6. Page 5, line 7, by striking the word "sixty-  
12 five" and inserting the following: "fifty-five".  
13 7. Page 5, lines 9 and 10, by striking the words  
14 "thirty thousand dollars, sixty percent" and inserting  
15 the following: "thirty-five thousand dollars, fifty  
16 percent."  
17 8. Page 5, by striking lines 11 through 13.  
18 9. Page 5, line 14, by striking the letter "f"  
19 and inserting the following: "e".  
20 10. Page 5, by striking lines 17 through 19 and  
21 inserting the following:  
22 "f. For a taxpayer with an adjusted gross income  
23 of forty thousand dollars or more but less than forty-  
24 five thousand dollars, thirty percent.  
25 g. For a taxpayer with an adjusted gross income of  
26 forty-five thousand dollars or more but less than  
27 fifty thousand dollars, twenty percent.  
28 h. For a taxpayer with an adjusted gross income of  
29 fifty thousand dollars or more, ten percent."  
30 11. Page 5, by striking lines 25 through 32 and  
31 inserting the following:  
32 "3. Married taxpayers who have filed joint federal  
33 returns electing to file separate returns or to file  
34 separately on a combined return form must determine  
35 the child and dependent care credit under subsection 1  
36 based upon their combined adjusted gross income and  
37 allocate the total credit amount to each spouse in the  
38 proportion that each spouse's respective adjusted  
39 gross income bears to the total combined adjusted  
40 gross income.  
41 Sec. \_\_\_\_\_. Section 422.16, subsection 1, unnumbered  
42 paragraph 1, Code Supplement 1989, is amended to read  
43 as follows:  
44 Every withholding agent and every employer as  
45 defined in this chapter and further defined in the  
46 Internal Revenue Code, with respect to income tax  
47 collected at source, making payment of wages to a  
48 nonresident employee working in Iowa, or to a resident  
49 employee, shall deduct and withhold from the wages an  
50 amount which will approximate the employee's annual

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1 tax liability on a calendar year basis, calculated on  
2 the basis of tables to be prepared by the department  
3 and schedules or percentage rates, based on the wages,  
4 to be prescribed by the department. Every employee or  
5 other person shall declare to the employer or  
6 withholding agent the number of the employee's or  
7 other person's personal exemptions and dependency  
8 exemptions or credits to be used in applying the  
9 tables and schedules or percentage rates. However, no  
10 greater number of personal or dependency exemptions or  
11 credits may be declared by the employee or other  
12 person than the number to which the employee or other  
13 person is entitled except as allowed under section  
14 3402(m)(1) of the Internal Revenue Code and as allowed  
15 for the child and dependent care credit provided in  
16 section 422.12C. The claiming of exemptions or  
17 credits in excess of entitlement is a serious  
18 misdemeanor.

19 Sec. \_\_\_\_ . RULES.

20 The department of human services may adopt  
21 administrative rules under section 17A.4, subsection  
22 2, and section 17A.5, subsection 2, paragraph "b", to  
23 implement the section of this Act relating to grants  
24 for child day care start-up, fire safety, and  
25 equipment. The rules shall be effective immediately  
26 upon filing, unless a later date is specified in the  
27 rules. The rules shall also be published as a notice  
28 of intended action as provided in section 17A.4."

29 12. Page 6, by striking lines 9 through 15.

30 13. Title page, line 2, by striking the word  
31 "credit" and inserting the following: "credit, making  
32 an appropriation,".

33 14. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS

WILLIAM W. DIELEMAN, Chairperson

S-5779 FILED MARCH 29, 1990

*Adopted amendments by S 852A 4/3 (p. 1493)*

HOUSE FILE 2546  
FISCAL NOTE

A fiscal note for S-5779 to House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

S-5779 to House File 2546 appropriates a total of \$1,260,000 from the General Fund to the Department of Human Services for grants to public agencies and private non-profit child-care agencies and for grants to fund costs relating to child day care start-up, fire safety, and equipment.

The amendment also modifies the child care credit allowed for state tax purposes. The modified child care credit contained in this amendment is estimated to reduce the tax expenditure for the state child care credit by \$1,260,000 in FY 1991 as compared to current law.

Fiscal Impact--S-5779

G.F. Impact, FY 1991

DHS Appropriations:	(\$1,260,000)
Child Care Credit	
Expenditure Savings:	\$1,260,000
=====	=====
NET EFFECT	\$ 0

Sources: Department of Revenue and Finance  
Legislative Tax Model

(LSB 7361HZ.6. JMN)

FILED APRIL 2, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2546

S-5923

1 Amend House File 2546 as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 4, by inserting before line 11, the  
4 following:

5 "Sec. \_\_\_\_ . RECEIPT OF FEDERAL FUNDS.

6 When unanticipated federal moneys are received  
7 which may be used for the purposes of child day care  
8 resource and referral programs or child day care  
9 start-up grants, the federal moneys shall be used  
10 before state moneys appropriated for these purposes  
11 are further expended and the federal moneys received  
12 shall be considered to be in addition to the amounts  
13 of the state appropriations."

By EMIL HUSAK

S-5923 FILED APRIL 5, 1990  
ADOPTED (p. 1583)

## HOUSE FILE 2546

S-5853

1 Amend amendment, S-5779, to House File 2546, as  
 2 amended, passed, and reprinted by the House, as  
 3 follows:

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DIV. 4 1. Page 1, by inserting after line 2, the  
 A 5 following:  
 6 "\_\_\_\_. Page 4, line 10, by inserting after the  
 7 word "pool." the following: "If a proposal for an  
 8 insurance pool is developed, 120 days prior to  
 9 proposing administrative rules for a pool, the  
 10 department of human services shall submit a report to  
 11 the legislative council providing a rationale as to  
 12 the need to establish the pool."

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DIV.13 2. By striking page 2, line 9, through page 3,  
 B 14 line 32, and inserting the following:  
 15 "\_\_\_\_. By striking page 4, line 26 through page 6,  
 16 line 18, and inserting the following:  
 17 "Sec. \_\_\_\_ . RULES.  
 18 The department of human services may adopt  
 19 administrative rules under section 17A.4, subsection  
 20 2, and section 17A.5, subsection 2, paragraph "b", to  
 21 implement the section of this Act relating to grants  
 22 for child day care start-up, fire safety, and  
 23 equipment. The rules shall be effective immediately  
 24 upon filing, unless a later date is specified in the  
 25 rules. The rules shall also be published as a notice  
 26 of intended action as provided in section 17A.4."  
 27 \_\_\_\_ . Title page, by striking lines 1 through 3  
 28 and inserting the following: "An Act relating to  
 29 child day care and making an appropriation."

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30 \_\_\_\_ . By renumbering as necessary.

By JULIA GENTLEMAN  
 MAGGIE TINSMAN  
 LINN FUHRMAN

RICHARD F. DRAKE  
 WILLIAM W. DIELEMAN

S-5853 FILED APRIL 3, 1990

DIV. A-ADOPTED, DIV. B-LOST

## HOUSE FILE 2546

S-5906

1 Amend the amendment, S-5779, to House File 2546, as  
 2 amended, passed, and reprinted by the House, as  
 3 follows:  
 4 1. Page 1, line 49, by striking the figure  
 5 "10,000." and inserting the following: "10,000.  
 6 3. As a condition, qualification, and limitation  
 7 of the funds appropriated in this section,  
 8 unanticipated federal moneys received which may be  
 9 used for the purposes designated in this section shall  
 10 supplant the funds appropriated in this section."

By EMIL J. HUSAK

S-5906 FILED APRIL 4, 1990

o/o 4/5 (p. 1583)



HOUSE FILE 2546  
SENATE AMENDMENT H-6146 TO HOUSE FILE <sup>2546</sup> 2564  
FISCAL NOTE

A fiscal note for Senate Amendment H-6146 to House File 2546 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-6146 to House File 2546 appropriates \$1,260,000 from the General Fund in FY 1991 to the Department of Human Services for certain grants.

The amendment modifies the child care credit allowed for state tax purposes. The modified child care credit contained in this amendment is estimated to reduce the tax expenditure for the state child care credit by \$1,260,000 in FY 1991 as compared to current law.

The amendment requires the Department of Human Services to submit a report to the Legislative Council providing a rationale as to the need to establish an insurance pool if the Department determines establishment of such a pool would be feasible. The amendment inserts language requiring the use of unanticipated federal funds in the place of state appropriations made for purposes of child day care resource and referral programs or child day care start-up grants.

The amendment makes the Department of Human Services instead of the College Aid Commission responsible for assessing the adequacy of the supply of persons educated in child development and reporting the findings to the General Assembly by December 1, 1990.

The amendment provides for income tax withholding tables to allow for an adjustment for taxpayers eligible for the child and dependent care credit.

Fiscal Impact--H.F. 2546 as Amended by H-6146

The revised child and dependent care tax credit will reduce the state tax expenditure for this credit by an estimated \$1,260,000 beginning in FY 1991. The amendment appropriates \$1,260,000 from the General Fund in FY 1991 to the Department of Human Services for grants to public agencies and private non-profit child-care agencies and for grants to fund costs relating to child day care start-up, fire safety, and equipment.

Sources: Department of Revenue and Finance  
Legislative Tax Model

(LSB 7361hz.7, JMN)

FILED APRIL 5, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE AMENDMENT TO HOUSE FILE 2546

H-6146

1 Amend House File 2546, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 4, line 10, by inserting after the word  
4 "pool." the following: "If a proposal for an  
5 insurance pool is developed, 120 days prior to  
6 proposing administrative rules for a pool, the  
7 department of human services shall submit a report to  
8 the legislative council providing a rationale as to  
9 the need to establish the pool."

10 2. Page 4, by inserting after line 10 the  
11 following:

12 "Sec. \_\_\_\_ . RESOURCE AND REFERRAL PROGRAMS, OTHER  
13 CHILD CARE ASSISTANCE.

14 There is appropriated from the general fund of the  
15 state to the department of human services for the  
16 fiscal year beginning July 1, 1990, and ending June  
17 30, 1991, the following amounts, or so much thereof as  
18 is necessary, to be used for the purposes designated:

19 1. For grants to public agencies and private  
20 nonprofit organizations which provide child day care  
21 resource and referral programs:

22 ..... \$ 500,000

23 As a condition, qualification, and limitation of  
24 the funds appropriated in this section, a task force  
25 is established which shall include representatives of  
26 all of the following entities: the department of  
27 human services, the child development coordinating  
28 council, the department of education, the area  
29 education agencies, the cooperative extension service  
30 of Iowa state university of science and technology,  
31 the state day care advisory committee, and child day  
32 care resource and referral agencies. The task force  
33 shall develop, and provide for dissemination of, a  
34 manual or materials to assist local school districts  
35 and communities in conducting a needs assessment for  
36 child day care services and in developing a community  
37 support structure for meeting needs identified by the  
38 assessment.

39 2. For grants to fund costs relating to child day  
40 care start-up, fire safety, and equipment:

41 ..... \$ 760,000

42 The funds appropriated in this subsection shall be  
43 allocated and administered as provided in sections  
44 237A.13 through 237A.18. However, \$50,000 shall be  
45 used for start-up grants to child day care facilities  
46 located in rural counties with a population of less  
47 than 20,000 or in cities with a population of less  
48 than 5,000. A child day care program established by a  
49 school pursuant to section 279 40 may receive a grant.  
50 The order of priority for granting funds appropriated

H-6146

Page 2

1 in this subsection is as follows: start-up; fire  
2 safety; and equipment. If available, the funds  
3 appropriated in this subsection shall be matched with  
4 federal funds. The department shall adopt rules to  
5 implement this subsection, including a provision that  
6 the maximum amount granted to a grantee is \$10,000."

7 3. Page 4, by inserting before line 11, the  
8 following:

9 "Sec. \_\_\_\_ . RECEIPT OF FEDERAL FUNDS.

10 When unanticipated federal moneys are received  
11 which may be used for the purposes of child day care  
12 resource and referral programs or child day care  
13 start-up grants, the federal moneys shall be used  
14 before state moneys appropriated for these purposes  
15 are further expended and the federal moneys received  
16 shall be considered to be in addition to the amounts  
17 of the state appropriations."

18 4. Page 4, line 13, by striking the words  
19 "college aid commission" and inserting the following:  
20 "department of human services".

21 5. Page 4, line 16, by inserting before the word  
22 "commission" the following: "college aid".

23 6. Page 4, by striking line 23 and inserting the  
24 following: "department shall report its findings,  
25 including the commission's loan repayment program  
26 proposal, to the general assembly".

27 7. Page 5, line 4, by striking the word "seventy"  
28 and inserting the following: "sixty-five".

29 8. Page 5, line 7, by striking the word "sixty-  
30 five" and inserting the following: "fifty-five".

31 9. Page 5, lines 9 and 10, by striking the words  
32 "thirty thousand dollars, sixty percent" and inserting  
33 the following: "thirty-five thousand dollars, fifty  
34 percent."

35 10. Page 5, by striking lines 11 through 13.

36 11. Page 5, line 14, by striking the letter "f"  
37 and inserting the following: "e".

38 12. Page 5, by striking lines 17 through 19 and  
39 inserting the following:

40 "f. For a taxpayer with an adjusted gross income  
41 of forty thousand dollars or more but less than forty-  
42 five thousand dollars, thirty percent.

43 g. For a taxpayer with an adjusted gross income of  
44 forty-five thousand dollars or more but less than  
45 fifty thousand dollars, twenty percent.

46 h. For a taxpayer with an adjusted gross income of  
47 fifty thousand dollars or more, ten percent."

48 13. Page 5, by striking lines 25 through 32 and  
49 inserting the following:

50 "3. Married taxpayers who have filed joint federal

1 returns electing to file separate returns or to file  
 2 separately on a combined return form must determine  
 3 the child and dependent care credit under subsection 1  
 4 based upon their combined adjusted gross income and  
 5 allocate the total credit amount to each spouse in the  
 6 proportion that each spouse's respective adjusted  
 7 gross income bears to the total combined adjusted  
 8 gross income.

9 Sec. \_\_\_\_\_. Section 422.16, subsection 1, unnumbered  
 10 paragraph 1, Code Supplement 1989, is amended to read  
 11 as follows:

12 Every withholding agent and every employer as  
 13 defined in this chapter and further defined in the  
 14 Internal Revenue Code, with respect to income tax  
 15 collected at source, making payment of wages to a  
 16 nonresident employee working in Iowa, or to a resident  
 17 employee, shall deduct and withhold from the wages an  
 18 amount which will approximate the employee's annual  
 19 tax liability on a calendar year basis, calculated on  
 20 the basis of tables to be prepared by the department  
 21 and schedules or percentage rates, based on the wages,  
 22 to be prescribed by the department. Every employee or  
 23 other person shall declare to the employer or  
 24 withholding agent the number of the employee's or  
 25 other person's personal exemptions and dependency  
 26 exemptions or credits to be used in applying the  
 27 tables and schedules or percentage rates. However, no  
 28 greater number of personal or dependency exemptions or  
 29 credits may be declared by the employee or other  
 30 person than the number to which the employee or other  
 31 person is entitled except as allowed under section  
 32 3402(m)(1) of the Internal Revenue Code and as allowed  
 33 for the child and dependent care credit provided in  
 34 section 422.12C. The claiming of exemptions or  
 35 credits in excess of entitlement is a serious  
 36 misdemeanor.

37 Sec. \_\_\_\_\_. RULES.

38 The department of human services may adopt  
 39 administrative rules under section 17A.4, subsection  
 40 2, and section 17A.5, subsection 2, paragraph "b", to  
 41 implement the section of this Act relating to grants  
 42 for child day care start-up, fire safety, and  
 43 equipment. The rules shall be effective immediately  
 44 upon filing, unless a later date is specified in the  
 45 rules. The rules shall also be published as a notice  
 46 of intended action as provided in section 17A.4."

47 14. Page 6, by striking lines 9 through 15.

48 15. Title page, line 2, by striking the word  
 49 "credit" and inserting the following: "credit, making  
 50 an appropriation,".

Page 4

16. By renumbering, relettering, or redesignating  
 2 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-6146 FILED APRIL 5, 1990  
*Laura concurred 4/6 (p. 2132)*

HSB 606

HUMAN RESOURCES

Succeeded By  
SF (HF) 2546

*Child Protection &  
Juvenile Justice*  
*Teaford  
Nielsen  
Haverland  
Kittler  
Spennet*

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED CHILD CARE  
EVALUATION STUDY COMMITTEE  
BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to child day care and the state child and  
2 dependent care tax credit.

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

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DIVISION I

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Section 1. Section 237A.1, subsection 7, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

"Child day care" means the care, supervision, or guidance of a child by a person other than the parent, guardian, relative, or custodian for periods of two-hours-or-more-and less than twenty-four hours per day per child on a regular basis in a place other than the child's home, but does not include care, supervision, or guidance of a child by any of the following:

Sec. 2. Section 237A.1, subsection 8, Code Supplement 1989, is amended to read as follows:

8. "Child care center" or "center" means a facility providing child day care for seven or more children, except when the facility is registered as a family day care home or group day care home.

Sec. 3. Section 237A.1, subsection 9, paragraph a, Code Supplement 1989, is amended to read as follows:

a. "Family day care home" means a facility person or program which provides child day care to less than seven children at any one time or to less than twelve children at any one time as authorized by section 237A.3, subsection 1.

Sec. 4. Section 237A.2, unnumbered paragraph 4, Code 1989, is amended to read as follows:

A facility program which is not a child care center by reason of the definition of child day care in section 237A.1, subsection 7, but which provides care, supervision or guidance to a child may be issued a license if the facility program complies with all the provisions of this chapter.

Sec. 5. Section 237A.3, subsection 1, Code 1989, is amended to read as follows:

1. A person who operates or establishes a family day care home may apply to the department for registration under this chapter. The department shall issue a certificate of

1 registration upon receipt of a statement from the family day  
2 care home that the home complies with rules adopted by the  
3 department. The registration certificate shall be posted in a  
4 conspicuous place in the family day care home, shall state the  
5 name of the registrant, the number of individuals who may be  
6 received for care at any one time and the address of the home,  
7 and shall include a check list of registration compliances.  
8 No greater number of children than is authorized by the  
9 certificate shall be kept in the family day care home at any  
10 one time. However, a registered or unregistered family day  
11 care home may provide care for more than six but less than  
12 twelve children at one time for a period of less than two  
13 hours, but shall not do so unless the home does not provide  
14 care at one time for more than six children who are not  
15 attending school full time on a regular basis. In determining  
16 the number of children cared for at one time in a registered  
17 or unregistered family day care home, if the person who  
18 operates or establishes the home is a child's parent,  
19 guardian, relative, or custodian and the child is not  
20 attending school full time on a regular basis, the child shall  
21 be considered to be receiving child day care from the person  
22 and shall be counted as one of the children cared for in the  
23 home. The registration process may be repeated on an annual  
24 basis. A facility child day care provider or program which is  
25 not a family day care home by reason of the definition of  
26 child day care in section 237A.1, subsection 7, but which  
27 provides care, supervision or guidance to a child may be  
28 issued a certificate of registration under this chapter.

29 Sec. 6. Section 237A.19, Code 1989, is amended by adding  
30 the following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. A person who has been convicted  
32 of a crime against a person under a law of any state shall not  
33 provide child day care unless an evaluation of the crime has  
34 been made by the department of human services which concludes  
35 that the crime does not merit prohibition of providing child

1 day care. In its evaluation, the department shall consider  
2 the nature and seriousness of the crime, the time elapsed  
3 since the commission of the crime, the circumstances under  
4 which the crime was committed, the degree of rehabilitation,  
5 and the number of crimes committed by the person involved. If  
6 the department concludes, as a result of the evaluation, that  
7 the crime merits prohibition of providing child day care, the  
8 department shall notify the person. A person who continues to  
9 provide child day care after notice from the department is  
10 guilty of a serious misdemeanor. Each day of continued  
11 violation after notice from the department of the violation is  
12 a separate offense. A single charge alleging continuing  
13 violation may be made in lieu of filing charges for each day  
14 of violation.

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DIVISION II

16 Sec. 7. NEW SECTION. 237A.26 STATEWIDE RESOURCE AND  
17 REFERRAL SERVICES.

18 1. The department shall administer a statewide grant  
19 program for child day care resource and referral services.  
20 Grants shall only be awarded to community-based nonprofit  
21 incorporated agencies and public agencies. Grants shall be  
22 awarded to facilitate the establishment of regional resource  
23 and referral agencies throughout the state, based upon the  
24 distribution of the child population in the state.

25 2. The department shall provide oversight of and annually  
26 evaluate an agency which is awarded a grant to provide  
27 resource and referral services to a region.

28 3. The department shall establish and administer a  
29 statewide liability insurance pool and a statewide supply and  
30 equipment purchasing pool which is made available through the  
31 regional resource and referral agencies to child day care  
32 facilities.

33 4. An agency which receives a grant to provide resource  
34 and referral services shall be encouraged to perform both of  
35 the following functions:



1 a. Organize assistance to family and group day care homes  
2 in a three tier approach which concentrates efforts on new  
3 providers, moderately experienced providers, and highly  
4 experienced providers as three distinct groups.

5 b. Operate in partnership with both public and private  
6 interests and coordinate resource and referral services with  
7 existing community services.

8 5. An agency, to be eligible to receive a grant to provide  
9 resource and referral services, must match the grant with  
10 financial resources equal to at least twenty-five percent of  
11 the amount of the grant. The financial resources may include  
12 a private donation, an in-kind contribution, or a public  
13 funding source other than a separate state grant for child  
14 care service improvement.

15 6. An agency, to be eligible to receive a grant to provide  
16 resource and referral services, must have a board of directors  
17 if the agency is an incorporated nonprofit agency or must have  
18 an advisory board if the agency is a public agency, to oversee  
19 the provision of resource and referral services. The board  
20 may include providers, consumers, and other persons interested  
21 in the provision or delivery of child day care services.

22 7. An agency which receives a child care resource and  
23 referral grant shall provide all of the following services:

24 a. Assist families in selecting quality child care. The  
25 agency must provide referrals to registered and licensed child  
26 day care facilities and may provide referrals to unregistered  
27 providers.

28 b. Assist child day care providers in adopting appropriate  
29 program and business practices to provide quality child care  
30 services.

31 c. Provide information to the public regarding the  
32 availability of child day care services in the communities  
33 within the agency's region.

34 d. Actively encourage the development of new and expansion  
35 of existing child day care facilities in response to

1 identified community needs.

2 e. Provide specialized services to employers, include the  
3 provision of resource and referral services to employee groups  
4 identified by the employer and the provision of technical  
5 assistance to develop employer-supported child day care  
6 programs operated on or near the work site.

7 f. Refer eligible child day care facilities to the federal  
8 child care food programs.

9 g. Loan toys, other equipment, and resource materials to  
10 child day care facilities.

11 h. Provide access to the statewide liability insurance  
12 pool developed by the department.

13 i. Provide access to the statewide supply and equipment  
14 purchasing program developed by the department.

15 j. Administer funding designated within the grant to  
16 provide a substitute caregiver program for registered family  
17 and group day care homes.

18 DIVISION III

19 Sec. 8. CHILD DEVELOPMENT EDUCATION ASSESSMENT.

20 The college aid commission shall assess the adequacy of the  
21 supply of persons in the state educated in child development  
22 and early childhood education who are qualified to provide  
23 quality child day care services in the state. The commission  
24 shall use the assessment to propose a loan repayment program  
25 to assist persons who provide child day care services to  
26 attain relevant education objectives. The loan repayment  
27 program proposal must consider making repayable loans  
28 available to persons obtaining associate and bachelor degrees  
29 in child development or early childhood education. The  
30 commission shall report its findings to the general assembly  
31 on or before December 1, 1990.

32 Sec. 9. REVIEW OF ADMINISTRATIVE RULES FOR CHILD DAY CARE  
33 PROGRAMS OPERATED IN SCHOOLS.

34 The department of human services and the department of  
35 education shall jointly establish a task force to review

1 administrative rules applicable to child day care programs  
2 operated in schools for school-age children. The task force  
3 shall evaluate the consistency among the rules and make  
4 recommendations as to whether changes in the rules are needed.  
5 The task force shall report to the general assembly on or  
6 before December 1, 1990.

7 Sec. 10. CHILD AND DEPENDENT CARE TAX CREDIT --  
8 REFUNDABILITY -- WITHHOLDING.

9 The department of revenue and finance shall analyze the  
10 fiscal effects of making the state child and dependent care  
11 tax credit refundable and investigate the feasibility of  
12 restructuring the income tax withholding tables to permit an  
13 eligible taxpayer to receive the child and dependent care tax  
14 credit at the time of withholding. The department shall  
15 report the results of its analysis and investigation to the  
16 general assembly on or before October 1, 1990.

17 DIVISION IV

18 Sec. 11. Section 422.12, subsection 2, Code Supplement  
19 1989, is amended to read as follows:

20 2. a. A child and dependent care credit equal to forty-  
21 five-percent the following percentages of the federal child  
22 and dependent care credit provided in section 21 of the  
23 Internal Revenue Code:

24 (1) For a taxpayer with an adjusted gross income of less  
25 than \_\_\_\_\_ thousand dollars, \_\_\_\_\_ percent.

26 (2) For a taxpayer with an adjusted gross income of \_\_\_\_\_  
27 thousand dollars or more but less than \_\_\_\_\_ thousand dollars,  
28 \_\_\_\_\_ percent.

29 (3) For a taxpayer with an adjusted gross income of \_\_\_\_\_  
30 thousand dollars or more, \_\_\_\_\_ percent.

31 b. Married taxpayers electing to file separate returns or  
32 filing separately on a combined return must allocate the child  
33 and dependent care credit to each spouse in the proportion  
34 that each spouse's respective net income bears to the total  
35 combined net income. Taxpayers affected by the allocation

1 provisions of section 422.8 shall be permitted a deduction for  
2 the credit only in the amount fairly and equitably allocable  
3 to Iowa under rules prescribed adopted by the director.

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EXPLANATION

5 This bill relates to child day care.

6 The bill amends the definition of child day care by  
7 eliminating the requirement that care be provided to a child  
8 for periods of two hours or more. The definition of child  
9 care center is amended to exclude a registered family day care  
10 home.

11 A registered or unregistered family day care home may  
12 provide child day care to more than six and less than twelve  
13 children at any one time for a period of less than two hours,  
14 but shall not do so unless no more than six of the children  
15 are not attending school full-time on a regular basis. In  
16 determining the number of children kept in a family day care  
17 home, if the person who operates or establishes the home is a  
18 child's parent, guardian, relative, or custodian and the child  
19 is not attending school on a full-time basis, the child is  
20 considered to be receiving child day care from the person and  
21 is to be counted as one of the children kept in the home.

22 A reference to the term "facility" in the provisions  
23 relating to unregistered family day care homes is changed to  
24 the terms "provider or program".

25 If a person would not be permitted to operate or be  
26 employed in a registered or licensed child day care program or  
27 facility as a result of a criminal record check and evaluation  
28 of the crime by the department of human services, the person  
29 is not permitted to provide child day care in any location.  
30 If the person continues to provide child day care following  
31 notice of the department's evaluation, the person commits a  
32 serious misdemeanor. Each day of continuing violation is a  
33 separate offense.

34 A statewide grant program for resource and referral  
35 services is established and placed under the authority of the

1 department of human services. The services are to be  
2 delivered by nonprofit or public agencies which are regionally  
3 located, based upon the distribution of the child population  
4 in the state.

5 The department is required to provide oversight and  
6 annually evaluate each resource and referral agency and to  
7 establish and administer a statewide liability insurance pool  
8 and a statewide supply and equipment purchasing pool which are  
9 made available to child care providers through the child care  
10 resource and referral agencies. Agencies are encouraged to  
11 operate in a public/private partnership and to organize  
12 assistance to family and group day care homes according to  
13 certain priorities. Certain services are required to be  
14 provided by the resource and referral agencies.

15 State agencies are required to perform various studies and  
16 make reports to the general assembly. The college aid  
17 commission is directed to assess the supply of persons in the  
18 state who are educated in child development and early  
19 childhood education in order to make a proposal to the general  
20 assembly by December 1, 1990, regarding the establishment of a  
21 loan repayment program for persons who will provide child day  
22 care services.

23 The department of human services and the department of  
24 education are directed to jointly establish a task force to  
25 review administrative rules applicable to child day care  
26 programs operated in schools and to make recommendations to  
27 the general assembly by December 1, 1990.

28 The department of revenue and finance is to analyze the  
29 fiscal effects of making the state child and dependent care  
30 tax credit refundable and investigate the feasibility of  
31 restructuring the tax withholding tables to provide the child  
32 and dependent care tax credit to eligible taxpayers at the  
33 time of withholding. The department's reports are to be made  
34 to the general assembly by October 1, 1990.

35 The state child and dependent care tax credit is revised in

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 order to provide a larger credit to low-income taxpayers.

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HOUSE FILE 2546

AN ACT  
RELATING TO CHILD DAY CARE AND THE STATE CHILD AND DEPENDENT  
CARE TAX CREDIT, MAKING AN APPROPRIATION, AND PROVIDING  
A RETROACTIVE APPLICABILITY DATE.

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

DIVISION I

Section 1. Section 235A.15, subsection 2, paragraph e, Code Supplement 1989, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) To an employee or agent of the department of human services regarding a person who is providing child day care if the person is not registered or licensed to operate a child day care facility.

Sec. 2. Section 237A.20, Code 1989, is amended to read as follows:

237A.20 INJUNCTION.

A person who establishes, conducts, manages, or operates a center without a license or a group day care home without a certificate of registration may be restrained by temporary or permanent injunction. A person who has been convicted of a crime against a person or a person with a record of founded child abuse may be restrained by temporary or permanent injunction from providing unregistered, registered, or licensed child day care. The action may be instituted by the state, a political subdivision of the state, or an interested person.

Sec. 3. Section 692.2, subsection 1, paragraph c, Code Supplement 1989, is amended to read as follows:

c. The department of human services for the purposes of section 232.71, subsection 16, section 237.8, subsection 2, section 237A.5, section 237A.20, and section 600.8,

subsections 1 and 2.

DIVISION II

Sec. 4. NEW SECTION. 237A.26 STATEWIDE RESOURCE AND REFERRAL SERVICES.

1. The department shall administer a statewide grant program for child day care resource and referral services. Grants shall only be awarded to community-based nonprofit incorporated agencies and public agencies. Grants shall be awarded to facilitate the establishment of regional resource and referral agencies throughout the state, based upon the distribution of the child population in the state.

2. The department shall provide oversight of and annually evaluate an agency which is awarded a grant to provide resource and referral services to a region.

3. The department shall provide technical assistance to child day care facilities in meeting their insurance coverage needs at a reasonable cost.

4. In consultation with resource and referral agencies, the department shall provide opportunities to child day care facilities for group purchasing of equipment and supplies.

5. An agency which receives a grant to provide resource and referral services shall be encouraged to perform both of the following functions:

a. Organize assistance to family and group day care homes in a three tier approach which concentrates efforts on new providers, moderately experienced providers, and highly experienced providers as three distinct groups.

b. Operate in partnership with both public and private interests and coordinate resource and referral services with existing community services.

6. An agency, to be eligible to receive a grant to provide resource and referral services, must match the grant with financial resources equal to at least twenty-five percent of the amount of the grant. The financial resources may include a private donation, an in-kind contribution, or a public

funding source other than a separate state grant for child care service improvement.

7. An agency, to be eligible to receive a grant to provide resource and referral services, must have a board of directors if the agency is an incorporated nonprofit agency or must have an advisory board if the agency is a public agency, to oversee the provision of resource and referral services. The board shall include providers, consumers, and other persons interested in the provision or delivery of child day care services.

8. An agency which receives a child care resource and referral grant may provide all of the following services:

- a. Assist families in selecting quality child care. The agency must provide referrals to registered and licensed child day care facilities and may provide referrals to unregistered providers.
- b. Assist child day care providers in adopting appropriate program and business practices to provide quality child care services.
- c. Provide information to the public regarding the availability of child day care services in the communities within the agency's region.
- d. Actively encourage the development of new and expansion of existing child day care facilities in response to identified community needs.
- e. Provide specialized services to employers, including the provision of resource and referral services to employee groups identified by the employer and the provision of technical assistance to develop employer-supported child day care programs operated on or near the work site.
- f. Refer eligible child day care facilities to the federal child care food programs.
- g. Loan toys, other equipment, and resource materials to child day care facilities.

h. Inform child day care facilities regarding technical assistance available from the department in obtaining insurance coverage at a reasonable cost.

i. Assist the department in providing child day care facilities with opportunities for group purchasing of equipment and supplies.

j. Administer funding designated within the grant to provide a substitute caregiver program for registered family and group day care homes.

Sec. 5. CHILD DAY CARE INSURANCE ASSISTANCE.

Pursuant to the requirements of section 237A.26 relating to providing technical assistance to child day care facilities in meeting their insurance needs, the department of human services shall examine the feasibility of establishing a pool with private insurers as a means of providing reasonably priced umbrella insurance coverage of child day care facilities. If establishing a pool is deemed to be feasible, the insurance division of the department of commerce shall assist the department of human services in establishing the pool. If a proposal for an insurance pool is developed, 120 days prior to proposing administrative rules for a pool, the department of human services shall submit a report to the legislative council providing a rationale as to the need to establish the pool.

Sec. 6. RESOURCE AND REFERRAL PROGRAMS, OTHER CHILD CARE ASSISTANCE.

There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1990, and ending June 30, 1991, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For grants to public agencies and private nonprofit organizations which provide child day care resource and referral programs:
- ..... \$ 500,000



As a condition, qualification, and limitation of the funds appropriated in this section, a task force is established which shall include representatives of all of the following entities: the department of human services, the child development coordinating council, the department of education, the area education agencies, the cooperative extension service of Iowa state university of science and technology, the state day care advisory committee, and child day care resource and referral agencies. The task force shall develop, and provide for dissemination of, a manual or materials to assist local school districts and communities in conducting a needs assessment for child day care services and in developing a community support structure for meeting needs identified by the assessment.

2. For grants to fund costs relating to child day care start-up, fire safety, and equipment:

..... \$ 760,000

The funds appropriated in this subsection shall be allocated and administered as provided in sections 237A.13 through 237A.18. However, \$50,000 shall be used for start-up grants to child day care facilities located in rural counties with a population of less than 20,000 or in cities with a population of less than 5,000. A child day care program established by a school pursuant to section 279.49 may receive a grant. The order of priority for granting funds appropriated in this subsection is as follows: start-up; fire safety; and equipment. If available, the funds appropriated in this subsection shall be matched with federal funds. The department shall adopt rules to implement this subsection, including a provision that the maximum amount granted to a grantee is \$10,000.

Sec. 7. RECEIPT OF FEDERAL FUNDS.

When unanticipated federal moneys are received which may be used for the purposes of child day care resource and referral programs or child day care start-up grants, the federal moneys

shall be used before state moneys appropriated for these purposes are further expended and the federal moneys received shall be considered to be in addition to the amounts of the state appropriations.

DIVISION III

Sec. 8. CHILD DEVELOPMENT EDUCATION ASSESSMENT.

The department of human services shall assess the adequacy of the supply of persons in the state educated in child development and early childhood education who are qualified to provide quality child day care services in the state. The college aid commission shall use the assessment to propose a loan repayment program to assist persons who provide child day care services to attain relevant education objectives. The loan repayment program proposal must consider making repayable loans available to persons obtaining associate and bachelor degrees in child development or early childhood education. The department shall report its findings, including the commission's loan repayment program proposal, to the general assembly on or before December 1, 1990.

DIVISION IV

Sec. 9. Section 422.12, subsection 2, Code Supplement 1989, is amended by striking the subsection.

Sec. 10. NEW SECTION. 422.12C CHILD AND DEPENDENT CARE CREDIT -- REFUND.

1. The taxes imposed under this division, less credits allowed under sections 422.10 through 422.12B shall be reduced by a child and dependent care credit equal to the following percentages of the federal child and dependent care credit provided in section 21 of the Internal Revenue Code:

a. For a taxpayer with an adjusted gross income of less than ten thousand dollars, seventy-five percent.

b. For a taxpayer with an adjusted gross income of ten thousand dollars or more but less than twenty thousand dollars, sixty-five percent.

c. For a taxpayer with an adjusted gross income of twenty thousand dollars or more but less than twenty-five thousand dollars, fifty-five percent.

d. For a taxpayer with an adjusted gross income of twenty-five thousand dollars or more but less than thirty-five thousand dollars, fifty percent.

e. For a taxpayer with an adjusted gross income of thirty-five thousand dollars or more but less than forty thousand dollars, forty percent.

f. For a taxpayer with an adjusted gross income of forty thousand dollars or more but less than forty-five thousand dollars, thirty percent.

g. For a taxpayer with an adjusted gross income of forty-five thousand dollars or more but less than fifty thousand dollars, twenty percent.

h. For a taxpayer with an adjusted gross income of fifty thousand dollars or more, ten percent.

2. Any credit in excess of the tax liability shall be refunded. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following taxable year.

3. Married taxpayers who have filed joint federal returns electing to file separate returns or to file separately on a combined return form must determine the child and dependent care credit under subsection 1 based upon their combined adjusted gross income and allocate the total credit amount to each spouse in the proportion that each spouse's respective adjusted gross income bears to the total combined adjusted gross income.

Sec. 11. Section 422.16, subsection 1, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

Every withholding agent and every employer as defined in this chapter and further defined in the Internal Revenue Code,

with respect to income tax collected at source, making payment of wages to a nonresident employee working in Iowa, or to a resident employee, shall deduct and withhold from the wages an amount which will approximate the employee's annual tax liability on a calendar year basis, calculated on the basis of tables to be prepared by the department and schedules or percentage rates, based on the wages, to be prescribed by the department. Every employee or other person shall declare to the employer or withholding agent the number of the employee's or other person's personal exemptions and dependency exemptions or credits to be used in applying the tables and schedules or percentage rates. However, no greater number of personal or dependency exemptions or credits may be declared by the employee or other person than the number to which the employee or other person is entitled except as allowed under section 3402(m)(1) of the Internal Revenue Code and as allowed for the child and dependent care credit provided in section 422.12C. The claiming of exemptions or credits in excess of entitlement is a serious misdemeanor.

Sec. 12. RULES.

The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the section of this Act relating to grants for child day care start-up, fire safety, and equipment. The rules shall be effective immediately upon filing, unless a later date is specified in the rules. The rules shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 13. Section 422.21, unnumbered paragraph 5, Code Supplement 1989, is amended to read as follows:

The department shall provide on income tax forms or in the instruction booklets in a manner that will be noticeable to the taxpayers a statement that, even though the taxpayer may not have any federal or state income tax liability, the taxpayer may be eligible for the federal earned income tax

credit or state child and dependent care credit. The statement shall also contain notice of where the taxpayer may check on the taxpayer's eligibility for this-credit these credits.

Sec. 14. RETROACTIVE APPLICABILITY.

Sections 9 and 10 of this Act apply retroactively to tax years beginning on or after January 1, 1990.

---

DONALD D. AVENSON  
Speaker of the House

---

JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2546, Seventy-third General Assembly.

---

JOSEPH O'HERN  
Chief Clerk of the House

Approved May 6, 1990

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TERRY E. BRANSTAD  
Governor