

FILED FEB 3 1998

HUMAN RESOURCES

SENATE FILE 2096

BY PALMER, DVORSKY, KIBBIE,  
DELUHERY, and HARPER

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

A BILL FOR

1 An Act increasing the amount of net income that qualifies a  
2 taxpayer for the child and dependent care credit and including  
3 a retroactive applicability date provision.

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

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SENATE FILE 2296

S-5613

1 Amend the House amendment, S-5540, to Senate File  
2 2296, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by striking lines 25 through 33.

By ALLEN BORLAUG

S-5613 FILED APRIL 9, 1998

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S.F. 2096

1 Section 1. Section 422.12C, subsection 1, paragraphs e and  
2 f, Code Supplement 1997, are amended to read as follows:

3 e. For a taxpayer with net income of thirty-five thousand  
4 dollars or more ~~but less than forty thousand dollars~~, forty  
5 percent.

6 ~~For a taxpayer with net income of forty thousand~~  
7 ~~dollars or more, zero percent.~~

8 Sec. 2. This Act applies retroactively to January 1, 1998,  
9 for tax years beginning on or after that date.

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EXPLANATION

11 Present individual income tax law provides that a taxpayer  
12 that has net income between \$35,000 and \$40,000 is entitled to  
13 a child and dependent care credit equal to 40 percent of the  
14 federal credit. The taxpayer receives no credit if the  
15 taxpayer's net income is \$40,000 or more. The federal child  
16 and dependent care credit does not have an income ceiling thus  
17 this bill allows a state tax credit of 40 percent of federal  
18 child and dependent care credit for taxpayers whose net income  
19 is \$35,000 or over.

20 The bill applies retroactively to January 1, 1998, for tax  
21 years beginning on or after that date.

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