

JAN 11 1999
WAYS AND MEANS

HOUSE FILE 19
BY CORBETT, SIEGRIST, RAYHONS,
GREINER, DIX, GRUNDBERG,
EDDIE, HEATON, VAN FOSSEN,
ARNOLD, WELTER, JAGER, BAUDLER,
RAECKER, MARTIN, SUNDERBRUCH,
BLODGETT, BRAUNS, TYRRELL,
HOLMES, LORD, LARSON, DAVIS,
NELSON, BARRY, BRADLEY, HAHN,
BODDICKER, SUKUP, RANTS,
CORMACK, JACOBS, and METCALF

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

A BILL FOR

1 An Act increasing the child and dependent care credit under the
2 state individual income tax and including a retroactive
3 applicability date provision.

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

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HF 19

1 Section 1. Section 422.12C, subsection 1, Code 1999, is
2 amended to read as follows:

3 1. The taxes imposed under this division, less the credits
4 allowed under sections 422.11A, 422.11B, 422.12, and 422.12B
5 shall be reduced by a child and dependent care credit equal to
6 the following percentages of the federal child and dependent
7 care credit provided in section 21 of the Internal Revenue
8 Code:

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

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

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

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

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

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

26 g. For a taxpayer with net income of seventy-five thousand
27 dollars or more but less than one hundred thousand dollars,
28 twenty percent.

29 h. For a taxpayer with net income of one hundred thousand
30 dollars or more, zero percent.

31 Sec. 2. This Act applies retroactively to January 1, 1999,
32 for tax years beginning on or after that date.

33 EXPLANATION

34 The bill increases the child and dependent care credit
35 under the individual income tax. The credit is equal to a

1 percentage of the federal credit. Under present law the
2 highest credit is 75 percent if the taxpayer's net income is
3 less than \$10,000 with the credit phased out to zero for net
4 incomes of \$40,000 or more. Under the bill the highest credit
5 is 100 percent if the taxpayer's net income is less than
6 \$10,000 with the credit phased out to zero for net income of
7 \$100,000 or more.

8 The bill applies retroactively to January 1, 1999, for tax
9 years beginning on or after that date.

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