

FILED FEB 18 1990

SENATE FILE

180

BY FREEMAN

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

A BILL FOR

1 An Act granting an additional dependent credit for a child who is
 2 also adopted under the state individual income tax and
 3 providing effective and retroactive applicability date
 4 provisions.

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

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SF 180 WAYS & MEANS

1 Section 1. NEW SECTION. 422.11D ADOPTED DEPENDENT
2 CREDIT.

3 1. The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by an adopted
5 dependent credit equal to one thousand dollars for each
6 dependent claimed who was legally adopted and is less than
7 seven years of age at the beginning of the tax year. Any
8 credit in excess of the tax liability is refundable. In lieu
9 of claiming a refund, the taxpayer may elect to have the
10 overpayment shown on the taxpayer's final, completed return
11 credited to the tax liability for the following tax year.
12 This credit is in addition to any credit allowed under section
13 422.12, subsection 1, paragraph "c".

14 2. Married taxpayers electing to file separate returns or
15 filing separately on a combined return may avail themselves of
16 the adopted dependent credit by allocating the adopted
17 dependent credit to each spouse in the proportion that each
18 spouse's respective net income bears to their total combined
19 net income. Taxpayers affected by the allocation provisions
20 of section 422.8 shall be permitted a deduction for the credit
21 only in the amount fairly and equitably allocable to Iowa
22 under rules prescribed by the director.

23 Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.

24 This Act, being deemed of immediate importance, takes effect
25 upon enactment and applies retroactively to January 1, 1999,
26 for tax years beginning on or after that date.

27 EXPLANATION

28 The bill provides an individual income tax credit of \$1,000
29 for each dependent who is adopted and is less than seven years
30 of age at the beginning of the tax year. The credit is
31 refundable or may be applied to the following year's taxes.

32 The bill takes effect upon enactment and applies
33 retroactively to January 1, 1999, for tax years beginning on
34 or after that date.

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