WAYS & MEANS

FILED JAN 10 2000

SENATE FILE 2003

BY MILLER

Passed Senate, Date ____________ Passed House, Date ____________

Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______

Approved ______________________________

A BILL FOR

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

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

SF 2003

WAYS & MEANS

TLSB 5417SS 78

mg/cls/14

S.F. 2003 H.F. ________

Section 1. Section 422.12C, subsection 1, Code 1999, is amended by striking the subsection and inserting in lieu thereof the following:

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

Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies retroactively to January 1, 2000, for tax years beginning on and after that date.

EXPLANATION

Present law allows a reduction in the taxpayer's individual income tax for a child and dependent care tax credit. The amount of the credit is equal to a percent of the federal child and dependent care credit provided in section 21 of the Internal Revenue Code based upon the taxpayer's state net income. The bill eliminates the state credit being a variable percent of the federal credit and provides that the state credit equals the amount of the federal credit.

The bill applies retroactively to January 1, 2000, for tax years beginning on or after that date.