

FILED MAR 11 1999

SENATE FILE 416

BY REHBERG

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing an individual income tax credit for families
2 where one spouse remains at home to care for a young child and
3 including a retroactive applicability date provision.

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

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SF 416
WAYS & MEANS

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1 Section 1. NEW SECTION. 422.12F CHILD CARE TAX CREDIT.

2 1. The taxes imposed under this division, less all
3 nonrefundable credits, shall be reduced by a child care tax
4 credit for married taxpayers where one spouse is not gainfully
5 employed for longer than one month during the tax year and
6 that spouse provides household services and care for a
7 qualifying child. The amount of the credit shall be equal to
8 the following:

9 a. For married taxpayers with a net income of forty
10 thousand dollars or less, one hundred twenty dollars.

11 b. For married taxpayers with a net income of more than
12 forty thousand dollars, one hundred twenty dollars reduced by
13 ten dollars for each one thousand dollars or fraction of one
14 thousand dollars of net income in excess of forty thousand
15 dollars.

16 2. Any credit in excess of the tax liability is
17 nonrefundable. The credit is only available to married
18 taxpayers filing jointly. A taxpayer shall not claim a credit
19 under this section and section 422.12C for the same tax year.

20 3. "Qualifying child" means a dependent with respect to
21 whom the taxpayer is entitled to a deduction under section
22 151(c) of the Internal Revenue Code who is a child, stepchild,
23 or adopted child, or other lineal descendent of the taxpayer
24 and who is less than five years of age at the end of the tax
25 year.

26 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
27 retroactively to January 1, 1999, for tax years beginning on
28 or after that date.

29 EXPLANATION

30 The bill provides a \$120 individual income tax credit for
31 married taxpayers where one spouse remains at home to provide
32 household services and care for a qualifying child and who is
33 not gainfully employed for longer than 30 days during the tax
34 year. The \$120 credit is for taxpayers with net incomes of
35 not more than \$40,000. The credit is reduced by \$10 for each

1 \$1,000 (or fractions thereof) of net income in excess of
2 \$40,000.

3 A qualifying child is a dependent who is a child,
4 stepchild, adopted child, or other lineal dependent of the
5 taxpayer who is less than five years old at the end of the tax
6 year.

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

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