SENATE FILE 2

BY MILLER

Passed Senate, Date _____   Passed House, 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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1   Section 1. Section 422.12C, subsection 1, Code 2001, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:
4   1. The taxes imposed under this division, less the credits
5 allowed under sections 422.11A, 422.11B, 422.12, and 422.12B,
6 shall be reduced by a child and dependent care credit equal to
7 the federal child and dependent care credit provided in
8 section 21 of the Internal Revenue Code.
9   Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
10 retroactively to January 1, 2001, for tax years beginning on
11 or after that date.
12   EXPLANATION
13   Present law allows a reduction in the taxpayer's individual
14 income tax for a child and dependent care tax credit. The
15 amount of the credit is equal to a percent of the federal
16 child and dependent care credit provided in section 21 of the
17 Internal Revenue Code based upon the taxpayer's state net
18 income. The bill eliminates the state credit being a variable
19 percent of the federal credit and provides that the state
20 credit equals the amount of the federal credit.
21   The bill applies retroactively to January 1, 2001, for tax
22 years beginning on or after that date.
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