

FEB 4 2003
WAYS AND MEANS

HOUSE FILE 118
BY S. OLSON

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

A BILL FOR

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

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

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HC 118

1 Section 1. Section 422.12C, subsection 1, paragraph f,
2 Code 2003, is amended to read as follows:

3 f. For a taxpayer with net income of forty thousand
4 dollars or more ~~7-zero~~ but less than fifty thousand dollars,
5 thirty percent.

6 Sec. 2. Section 422.12C, subsection 1, Code 2003, is
7 amended by adding the following new paragraphs:

8 NEW PARAGRAPH. g. For a taxpayer with net income of fifty
9 thousand dollars or more but less than sixty thousand dollars,
10 twenty percent.

11 NEW PARAGRAPH. h. For a taxpayer with net income of sixty
12 thousand dollars or more but less than seventy thousand
13 dollars, ten percent.

14 NEW PARAGRAPH. i. For a taxpayer with net income of
15 seventy thousand dollars or more, zero percent.

16 Sec. 3. APPLICABILITY DATE. This Act applies
17 retroactively to January 1, 2003, for tax years beginning on
18 or after that date.

19 EXPLANATION

20 Under present law, a child and dependent care credit is
21 allowed under the individual income tax. This credit is a
22 percentage of the federal credit for those with Iowa net
23 incomes of less than \$40,000. This bill expands this credit
24 to those with net income of up to \$70,000. The bill provides
25 that those with net incomes between \$40,000 and \$50,000
26 receive a credit equal to 30 percent of the federal credit.
27 Those between \$50,000 and \$60,000 receive a 20 percent credit,
28 those between \$60,000 and \$70,000 receive a 10 percent credit,
29 and those with \$70,000 or over in net income receive no
30 credit.

31 The bill applies retroactively beginning with the 2003 tax
32 year.

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