

FEB 15 2006
WAYS AND MEANS

HOUSE FILE 2375
BY REICHERT

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

A BILL FOR

1 An Act relating to the amount of early childhood development tax
2 credits allowed during a fiscal year and including a
3 retroactive applicability date provision.

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

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HF 2375

1 Section 1. Section 422.12C, subsection 2, paragraph a,
2 unnumbered paragraph 1, Code Supplement 2005, is amended to
3 read as follows:

4 In lieu of the child and dependent care credit authorized
5 in subsection 1, a taxpayer may claim an early childhood
6 development tax credit equal to twenty-five percent of the
7 first one thousand dollars which the taxpayer has paid to
8 others for each dependent, as defined in the Internal Revenue
9 Code, ages three through five for early childhood development
10 expenses. ~~In determining the amount of early childhood~~
11 ~~development expenses, such expenses paid during November and~~
12 ~~December of the previous tax year shall be considered paid in~~
13 ~~the tax year for which the tax credit is claimed.~~ This credit
14 is available to a taxpayer whose net income is less than
15 forty-five thousand dollars. If the early childhood
16 development tax credit is claimed for a tax year, the taxpayer
17 and the taxpayer's spouse shall not claim the child and
18 dependent care credit under subsection 1. As used in this
19 subsection, "early childhood development expenses" means
20 services provided to the dependent by a preschool, as defined
21 in section 237A.1, materials, and other activities as follows:

22 Sec. 2. Section 422.12C, subsection 2, paragraph b, Code
23 Supplement 2005, is amended by striking the paragraph.

24 Sec. 3. RETROACTIVE APPLICABILITY DATE. This Act applies
25 retroactively to January 1, 2006, for tax years beginning on
26 or after that date.

27 EXPLANATION

28 Present law limits the amount of early childhood
29 development tax credits allowed in any tax year to \$2.5
30 million. This bill strikes the provision relating to the
31 dollar amount limitation and other related provisions.

32 The bill applies retroactively to January 1, 2006, for tax
33 years beginning on or after that date.

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