

House Study Bill 8

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

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:
5 TLSB 1509YC 81
6 mg/pj/5

PAG LIN

1 1 Section 1. Section 422.12C, subsection 1, paragraph f,
1 2 Code 2005, is amended to read as follows:
1 3 f. For a taxpayer with net income of forty thousand
1 4 dollars or more, ~~zero but less than fifty thousand dollars,~~
1 5 thirty percent.
1 6 Sec. 2. Section 422.12C, subsection 1, Code 2005, is
1 7 amended by adding the following new paragraphs:
1 8 NEW PARAGRAPH. g. For a taxpayer with net income of fifty
1 9 thousand dollars or more but less than sixty thousand dollars,
1 10 twenty percent.
1 11 NEW PARAGRAPH. h. For a taxpayer with net income of sixty
1 12 thousand dollars or more but less than seventy thousand
1 13 dollars, ten percent.
1 14 NEW PARAGRAPH. i. For a taxpayer with net income of
1 15 seventy thousand dollars or more, zero percent.
1 16 Sec. 3. APPLICABILITY DATE. This Act applies
1 17 retroactively to January 1, 2005, for tax years beginning on
1 18 or after that date.

EXPLANATION

1 19
1 20 Under present law, a child and dependent care credit is
1 21 allowed under the individual income tax. This credit is a
1 22 percentage of the federal credit for those with Iowa net
1 23 incomes of less than \$40,000. This bill expands this credit
1 24 to those with net income of up to \$70,000. The bill provides
1 25 that those with net incomes between \$40,000 and \$50,000
1 26 receive a credit equal to 30 percent of the federal credit.
1 27 Those between \$50,000 and \$60,000 receive a 20 percent credit,
1 28 those between \$60,000 and \$70,000 receive a 10 percent credit,
1 29 and those with \$70,000 or over in net income receive no
1 30 credit.
1 31 The bill applies retroactively beginning with the 2005 tax
1 32 year.
1 33 LSB 1509YC 81
1 34 mg/pj/5