

Senate Study Bill 3181 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act relating to the child and dependent care credit
2 available against the individual income tax, and including
3 retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.12C, subsection 1, Code 2014, is
2 amended to read as follows:

3 1. a. The taxes imposed under this division, less the
4 amounts of nonrefundable credits allowed under this division,
5 shall be reduced by a child and dependent care credit equal to
6 the following percentages of the federal child and dependent
7 care credit provided in section 21 of the Internal Revenue
8 Code, without regard to whether or not the federal credit was
9 limited by the taxpayer's federal tax liability:

10 a. (1) For a taxpayer with net income of less than ~~ten~~
11 fourteen thousand nine hundred eighty dollars, ~~seventy-five~~
12 ninety-three and seventy-five hundredths percent.

13 b. (2) For a taxpayer with net income of ~~ten~~ fourteen
14 thousand nine hundred eighty dollars or more but less than
15 ~~twenty~~ twenty-nine thousand nine hundred sixty dollars,
16 ~~sixty-five~~ eighty-one and twenty-five hundredths percent.

17 c. (3) For a taxpayer with net income of ~~twenty~~ twenty-nine
18 thousand nine hundred sixty dollars or more but less than
19 ~~twenty-five~~ thirty-seven thousand four hundred fifty dollars,
20 ~~fifty-five~~ sixty-eight and seventy-five hundredths percent.

21 d. (4) For a taxpayer with net income of ~~twenty-five~~
22 thirty-seven thousand four hundred fifty dollars or more but
23 less than ~~thirty-five~~ fifty-two thousand four hundred thirty
24 dollars, ~~fifty~~ sixty-two and five-tenths percent.

25 e. (5) For a taxpayer with net income of ~~thirty-five~~
26 fifty-two thousand four hundred thirty dollars or more but less
27 than ~~forty~~ fifty-nine thousand nine hundred twenty dollars,
28 ~~forty~~ fifty percent.

29 f. (6) For a taxpayer with net income of ~~forty~~ fifty-nine
30 thousand nine hundred twenty dollars or more but less than
31 ~~forty-five~~ sixty-seven thousand four hundred ten dollars,
32 ~~thirty~~ thirty-seven and five-tenths percent.

33 g. (7) For a taxpayer with net income of ~~forty-five~~
34 sixty-seven thousand four hundred ten dollars or more, zero
35 percent.

1 taxpayer was eligible to claim against federal tax liability.

2 The bill amends Code section 422.12C to provide that the
3 Iowa credit will be calculated as a percentage of the federal
4 credit, whether or not the federal credit was limited by the
5 taxpayer's federal tax liability.

6 The bill also increases the net income amounts and credit
7 percentages in each of the seven graduated brackets used to
8 calculate the credit. The credit percentages in these seven
9 brackets currently range from a high of 75 percent of the
10 federal credit for taxpayers with net income of less than
11 \$10,000, to a low of 30 percent of the federal credit for
12 taxpayers with net income of \$40,000 or more but less than
13 \$45,000. The credit is currently unavailable to taxpayers
14 whose net income is \$45,000 or more. The bill increases these
15 to a high of 93.75 percent of the federal credit for taxpayers
16 with net income of less than \$14,980, and to a low of 37.50
17 percent of the federal credit for taxpayers with net income
18 of \$59,920 or more but less than \$67,410. The credit will be
19 unavailable to taxpayers whose net income is \$67,410 or more.

20 The bill also adjusts the future amount of each of the
21 net income amounts in the seven graduated credit brackets by
22 indexing the dollar amounts to inflation.

23 The bill applies retroactively to January 1, 2014, for tax
24 years beginning on or after that date.