

House File 227 - Introduced

HOUSE FILE 227

BY BOSSMAN

A BILL FOR

1 An Act creating exemptions from the computation of net income
2 for the individual income tax of amounts paid to a child
3 or dependent care provider, and including applicability
4 provisions.

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

1 Section 1. Section 422.7, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 6. *a.* Subtract child or dependent care
4 provider expenses, to the extent not otherwise deducted in
5 computing adjusted gross income.

6 *b.* For purposes of this subsection:

7 (1) "*Child*" and "*dependent*" both mean the same as a
8 qualifying individual as defined in section 21 of the Internal
9 Revenue Code.

10 (2) "*Partner*" means a person with whom another person
11 maintains a household and an intimate relationship, other than
12 persons legally married to each other.

13 *c.* This subsection does not apply unless the child or
14 dependent care provider expenses are reasonable and customary
15 for the services rendered, and the child or dependent care
16 provider is not the spouse, partner, or dependent child of the
17 taxpayer.

18 Sec. 2. APPLICABILITY. This Act applies to tax years
19 beginning on or after January 1, 2020.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill creates an exemption from the computation of net
24 income for the individual income tax of amounts paid to a
25 child or dependent care provider. A "child" and "dependent"
26 are defined to mean the same as a qualifying individual under
27 section 21 of the Internal Revenue Code, which includes a
28 dependent of the taxpayer who has not attained 13 years of age,
29 and other dependents who reside with the taxpayer and who are
30 unable to physically or mentally care for themselves.

31 The bill does not apply unless the child or dependent care
32 provider expenses are reasonable and customary for the services
33 rendered, and the child or dependent care provider is not the
34 spouse, partner, or dependent child of the taxpayer. The bill
35 defines "partner" to mean a person with whom another person

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1 maintains a household and an intimate relationship, other than
2 persons legally married to each other.

3 Current law allows a person to qualify for a child and
4 dependent care tax credit under Code section 422.12C if the
5 taxpayer's net income is less \$45,000.