

House File 2337 - Introduced

HOUSE FILE 2337

BY GASSMAN

A BILL FOR

1 An Act exempting pay received for providing certain child care
2 services, and creating an additional personal exemption
3 credit against the individual income tax, and including
4 effective date and applicability provisions.

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

1 Section 1. Section 422.7, Code 2020, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 27A. *a.* Subtract, to the extent included,
4 the amount of pay received by a taxpayer for child care home
5 services.

6 *b.* As used in this section, "*child care home*" means the same
7 as defined in section 237A.1.

8 Sec. 2. NEW SECTION. **422.10C Additional personal exemption**
9 **credit — child.**

10 1. The taxes imposed under this division less the credits
11 allowed under this division, except for the credits for
12 withheld tax and estimated tax paid in section 422.16, shall
13 be reduced by an additional personal exemption credit in the
14 amount of one thousand dollars for each dependent.

15 2. The additional personal exemption credit shall be
16 added to any personal exemption claimed under section 422.12,
17 subsection 2.

18 3. The tax credit shall be reduced but not below zero by
19 the amount of the child and dependent care or early childhood
20 development tax credits claimed by the taxpayer pursuant to
21 section 422.12C.

22 4. Any credit in excess of the tax liability is refundable.
23 However, for nonresidents or part-year residents, the amount of
24 the credit in excess of the tax liability that may be refunded
25 shall be in the ratio of their Iowa source net income to their
26 all source net income under rules prescribed by the director.

27 5. For purposes of this section, "*dependent*" has the same
28 meaning as provided by the Internal Revenue Code, except the
29 dependent must be under the age of thirteen.

30 Sec. 3. **EFFECTIVE DATE.** This Act takes effect January 1,
31 2021.

32 Sec. 4. **APPLICABILITY.** This Act applies to tax years
33 beginning on or after January 1, 2021.

34 **EXPLANATION**

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill exempts certain pay received for providing
3 certain child care services, and creates an additional personal
4 exemption credit against the individual income tax.

5 The bill exempts from the individual income tax pay received
6 for providing child care home services. The bill defines
7 "child care home" to mean the same as defined in Code section
8 237A.1.

9 The bill provides that a taxpayer may claim an additional
10 personal exemption tax credit for each dependent in addition
11 to any personal exemption credit claimed under Code section
12 422.12(2).

13 The tax credit is equal to \$1,000 for each dependent, and is
14 refundable.

15 The tax credit shall be reduced but not below zero by the
16 amount of the child and dependent care or early childhood
17 development tax credits claimed by the taxpayer pursuant to
18 Code section 422.12C.

19 For purposes of the tax credit, the bill defines "dependent"
20 to mean the same as provided by the Internal Revenue Code,
21 except the dependent must be under the age of 13.

22 The bill takes effect January 1, 2021, and applies to tax
23 years beginning on or after that date.