

Senate File 2257 - Introduced

SENATE FILE 2257

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A BILL FOR

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

1 Section 1. NEW SECTION. 422.12P Child tax credit.

2 1. As used in this section, "*child*" means the same as
3 dependent under section 21 of the Internal Revenue Code who has
4 not attained thirteen years of age.

5 2. *a.* The taxes imposed under this subchapter, less the
6 amounts of nonrefundable credits allowed under this subchapter,
7 shall be reduced by a child tax credit equal to the following
8 amounts per child in the case of married persons filing
9 jointly:

10 (1) For taxable income from zero through thirty-five
11 thousand dollars, one thousand two hundred dollars.

12 (2) For taxable income exceeding thirty-five thousand
13 dollars but not exceeding sixty thousand dollars, six hundred
14 dollars.

15 (3) For taxable income exceeding sixty thousand dollars
16 but not exceeding eighty-five thousand dollars, two hundred
17 dollars.

18 *b.* The taxes imposed under this subchapter, less the amounts
19 of nonrefundable credits allowed under this subchapter, shall
20 be reduced by a child tax credit equal to the following amounts
21 per child in the case of any other taxpayer other than married
22 persons filing jointly:

23 (1) For taxable income from zero through twenty-five
24 thousand dollars, one thousand two hundred dollars.

25 (2) For taxable income exceeding twenty-five thousand
26 dollars but not exceeding fifty thousand dollars, six hundred
27 dollars.

28 (3) For taxable income exceeding fifty thousand dollars
29 but not exceeding seventy-five thousand dollars, two hundred
30 dollars.

31 3. Any credit in excess of the tax liability is refundable.
32 In lieu of claiming a refund, the taxpayer may elect to have
33 the overpayment shown on the taxpayer's final, completed return
34 credited to the tax liability for the following tax year.

35 4. Nonresidents or part-year residents of Iowa must

1 determine their child tax credit under subsection 2 in the
2 ratio of their Iowa source net income to their all source net
3 income.

4 5. The department shall adopt rules pursuant to chapter 17A
5 to administer this section.

6 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
7 retroactively to January 1, 2024, for tax years beginning on
8 or after that date.

9 EXPLANATION

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

12 This bill creates a child tax credit available against the
13 individual income tax.

14 Under the bill, the child tax credit is a refundable tax
15 credit available for a taxpayer based upon the income of the
16 taxpayer and the number of dependent children the taxpayer has
17 under 13 years of age.

18 The tax credit is refundable and in lieu of claiming a
19 refund, the taxpayer may elect to have the overpayment shown
20 on the taxpayer's final, completed return credited to the tax
21 liability for the following tax year.

22 The bill requires nonresidents or part-year residents of
23 this state to determine their tax credit in the ratio of their
24 Iowa source net income to their all source net income.

25 The department of revenue is required to adopt rules to
26 administer the bill.

27 The bill applies retroactively to tax years beginning on or
28 after January 1, 2024.