

JAN 11 2006
WAYS AND MEANS

HOUSE FILE 2036
BY JENKINS

(COMPANION TO LSB 5231SS
BY BEALL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the amount of the charitable deduction for
2 host families of foreign exchange and other students under the
3 individual income tax and including a retroactive
4 applicability date provision.

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

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1 Section 1. Section 422.9, subsection 2, Code Supplement
2 2005, is amended by adding the following new paragraph:

3 NEW PARAGRAPH. j. (1) If the taxpayer has a charitable
4 deduction for maintaining certain students in the taxpayer's
5 household under section 170(g) of the Internal Revenue Code,
6 the limitation under section 170(g)(2) of the Internal Revenue
7 Code for state tax purposes for tax year 2006 equals two
8 hundred dollars.

9 (2) The two hundred dollar limitation in subparagraph (1)
10 shall be increased for each tax year beginning in the 2007 or
11 subsequent calendar year by an amount equal to the product of
12 two hundred dollars multiplied by a cost-of-living adjustment.
13 Any increase computed under this subparagraph that is not a
14 multiple of ten dollars shall be rounded to the next highest
15 ten dollars.

16 (3) For purposes of this lettered paragraph, "cost-of-
17 living adjustment" is the percentage determined under section
18 1(f)(3) of the Internal Revenue Code for the calendar year in
19 which the tax year begins where "calendar year 2005" is
20 substituted for the reference to "calendar year 1992" in
21 section 1(f)(3)(B) of the Internal Revenue Code.

22 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
23 retroactively to January 1, 2006, for tax years beginning on
24 or after that date.

25 EXPLANATION

26 This bill provides for an increase in the amount that a
27 taxpayer may claim as a charitable deduction for nonreimbursed
28 amounts paid per month to maintain certain students as members
29 of the taxpayer's household. Present federal law allows a
30 deduction of up to \$50 per month. The bill increases the
31 state deduction to \$200 for the 2006 tax year and increases
32 that amount further by a cost-of-living adjustment for
33 subsequent tax years.

34 The bill applies retroactively to January 1, 2006, for tax
35 years beginning on or after that date.