

JAN 27 2006
WAYS AND MEANS

HOUSE FILE 2160

BY UPMEYER, PAULSEN, DOLECHECK,
ELGIN, ROBERTS, JENKINS,
TYMESON, CHAMBERS, WILDERDYKE,
HOFFMAN, and HEATON

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

A BILL FOR

1 An Act relating to the net income limit for eligibility for the
2 early childhood development tax credit.

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

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HF 2160

1 Section 1. Section 422.12C, subsection 2, paragraph a,
2 unnumbered paragraph 1, Code Supplement 2005, is amended to
3 read as follows:

4 In lieu of the child and dependent care credit authorized
5 in subsection 1, a taxpayer may claim an early childhood
6 development tax credit equal to twenty-five percent of the
7 first one thousand dollars which the taxpayer has paid to
8 others for each dependent, as defined in the Internal Revenue
9 Code, ages three through five for early childhood development
10 expenses. In determining the amount of early childhood
11 development expenses, such expenses paid during November and
12 December of the previous tax year shall be considered paid in
13 the tax year for which the tax credit is claimed. This credit
14 is available to a taxpayer whose net income is less than
15 forty-five fifty thousand dollars for the 2006 tax year,
16 fifty-five thousand dollars for the 2007 tax year, and sixty
17 thousand dollars for the 2008 and subsequent tax years. If
18 the early childhood development tax credit is claimed for a
19 tax year, the taxpayer and the taxpayer's spouse shall not
20 claim the child and dependent care credit under subsection 1.
21 As used in this subsection, "early childhood development
22 expenses" means services provided to the dependent by a
23 preschool, as defined in section 237A.1, materials, and other
24 activities as follows:

25 EXPLANATION

26 Current law limits the early childhood development tax
27 credit to taxpayers whose net incomes are less than \$45,000 in
28 the 2006 tax year. This bill increases this limit to net
29 incomes of less than \$50,000 in the 2006 tax year, \$55,000 in
30 the 2007 tax year, and \$60,000 in the 2008 and subsequent tax
31 years.

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