

FILED FEB 9 2005

SENATE FILE 136  
BY KETTERING

WAYS & MEANS

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act increasing the child and dependent care credit under the  
2 individual income tax and including a retroactive  
3 applicability date provision.

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

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SF 136  
WAYS & MEANS

1 Section 1. Section 422.12C, subsection 1, Code 2005, is  
2 amended to read as follows:

3 1. The taxes imposed under this division, less the credits  
4 allowed under sections 422.11A, 422.11B, 422.12, and 422.12B  
5 shall be reduced by a child and dependent care credit equal to  
6 the following percentages of the federal child and dependent  
7 care credit provided in section 21 of the Internal Revenue  
8 Code:

9 a. For a taxpayer with net income of less than ~~ten~~ twenty  
10 thousand dollars, seventy-five percent.

11 b. For a taxpayer with net income of ~~ten~~ twenty thousand  
12 dollars or more but less than ~~twenty~~ forty thousand dollars,  
13 sixty-five percent.

14 c. For a taxpayer with net income of ~~twenty~~ forty thousand  
15 dollars or more but less than ~~twenty-five~~ fifty thousand  
16 dollars, fifty-five percent.

17 d. For a taxpayer with net income of ~~twenty-five~~ fifty  
18 thousand dollars or more but less than ~~thirty-five~~ seventy  
19 thousand dollars, fifty percent.

20 e. For a taxpayer with net income of ~~thirty-five~~ seventy  
21 thousand dollars or more but less than ~~forty~~ eighty thousand  
22 dollars, forty percent.

23 f. For a taxpayer with net income of ~~forty~~ eighty thousand  
24 dollars or more, zero percent.

25 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies  
26 retroactively to January 1, 2005, for tax years beginning on  
27 or after that date.

28 EXPLANATION

29 This bill increases the child and dependent care credit  
30 under the individual income tax by doubling each bracket  
31 limit. Thus, a taxpayer with less than \$80,000 in net income  
32 is eligible for the credit, while under present law, a  
33 taxpayer with less than \$40,000 in net income is eligible.  
34 The maximum credit bracket under the bill is expanded to  
35 include taxpayers with net incomes of less than \$20,000, while

1 under present law, taxpayers may only have net incomes of less  
2 than \$10,000 to receive the maximum credit.

3 The bill applies retroactively to January 1, 2005, for tax  
4 years beginning on or after that date.

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