



Iowa General Assembly
Daily Bills, Amendments & Study Bills
March 27, 2009

House Amendment 1324

PAG LIN

1 1 Amend Senate File 389, as amended, passed, and
1 2 reprinted by the Senate, as follows:
1 3 #1. By striking page 1, line 2, through page 20,
1 4 line 27, and inserting the following:
1 5 <IOWA CHOICE HEALTH CARE COVERAGE COUNCIL
1 6 Section 1. Section 514E.1, subsections 15 and 22,
1 7 Code 2009, are amended to read as follows:
1 8 15. "Iowa choice health care coverage ~~advisory~~
1 9 council" or "~~advisory council~~" "council" means the
1 10 ~~advisory~~ council created in section 514E.6.
1 11 22. "Qualified health care coverage" means
1 12 creditable coverage which meets minimum standards of
1 13 quality and affordability ~~as determined by the~~
~~1 14 association by rule.~~
1 15 Sec. 2. Section 514E.2, subsection 3, unnumbered
1 16 paragraph 1, Code 2009, is amended to read as follows:
1 17 The association shall submit to the commissioner a
1 18 plan of operation for the association and any
1 19 amendments necessary or suitable to assure the fair,
1 20 reasonable, and equitable administration of the
1 21 association. ~~The plan of operation shall include~~
~~1 22 provisions for the development of a comprehensive~~
~~1 23 health care coverage plan as provided in section~~
~~1 24 514E.5. In developing the comprehensive plan the~~
~~1 25 association shall give deference to the~~
~~1 26 recommendations made by the advisory council as~~
~~1 27 provided in section 514E.6, subsection 1. The~~
~~1 28 association shall approve or disapprove but shall not~~
~~1 29 modify recommendations made by the advisory council.~~
~~1 30 Recommendations that are approved shall be included in~~
~~1 31 the plan of operation submitted to the commissioner.~~
~~1 32 Recommendations that are disapproved shall be~~
~~1 33 submitted to the commissioner with reasons for the~~
~~1 34 disapproval.~~ The plan of operation becomes effective
1 35 upon approval in writing by the commissioner prior to
1 36 the date on which the coverage under this chapter must
1 37 be made available. After notice and hearing, the
1 38 commissioner shall approve the plan of operation if
1 39 the plan is determined to be suitable to assure the
1 40 fair, reasonable, and equitable administration of the
1 41 association, and provides for the sharing of
1 42 association losses, if any, on an equitable and
1 43 proportionate basis among the member carriers. If the
1 44 association fails to submit a suitable plan of
1 45 operation within one hundred eighty days after the
1 46 appointment of the board of directors, or if at any
1 47 later time the association fails to submit suitable
1 48 amendments to the plan, the commissioner shall adopt,
1 49 pursuant to chapter 17A, rules necessary to implement
1 50 this section. The rules shall continue in force until



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2 1 modified by the commissioner or superseded by a plan
2 2 submitted by the association and approved by the
2 3 commissioner. In addition to other requirements, the
2 4 plan of operation shall provide for all of the
2 5 following:
2 6 Sec. 3. Section 514E.5, Code 2009, is amended by
2 7 striking the section and inserting in lieu thereof the
2 8 following:
2 9 514E.5 IOWA HEALTH CARE COVERAGE PLANS == COVERAGE
2 10 OF ALL CHILDREN == STUDY AND RECOMMENDATIONS REGARDING
2 11 COMPREHENSIVE COVERAGE.
2 12 1. The Iowa choice health care coverage council,
2 13 in collaboration with the Iowa Medicaid enterprise and
2 14 the hawk=i board, shall consider options and make
2 15 recommendations for a comprehensive health care
2 16 coverage plan to provide health care coverage to all
2 17 children without such coverage, that utilizes,
2 18 modifies, and enhances existing public programs,
2 19 including the medical assistance program and hawk=i
2 20 program and maximizes the ability of the state to
2 21 obtain federal funding and reimbursement for such
2 22 programs.
2 23 a. The council shall consider options and make
2 24 recommendations for the coordination of a children's
2 25 health care network in the state that acts as a
2 26 resource for consumers to transition seamlessly among
2 27 public and private health care coverage options,
2 28 including but not limited to medical assistance,
2 29 hawk=i, and Iowa choice programs.
2 30 b. The council shall also consider options and
2 31 make recommendations for providing access to private,
2 32 unsubsidized, affordable, qualified health care
2 33 coverage to children who are not otherwise eligible
2 34 for health care coverage through public programs.
2 35 2. The council shall consider options and make
2 36 recommendations for providing access to private,
2 37 unsubsidized, affordable, qualified health care
2 38 coverage to all Iowa children less than nineteen years
2 39 of age with a family income that is more than three
2 40 hundred percent of the federal poverty level and to
2 41 adults and families with a family income that is up to
2 42 four hundred percent of the federal poverty level who
2 43 are not otherwise eligible for health care coverage
2 44 through public programs.
2 45 a. The council shall consider options and make
2 46 recommendations concerning what constitutes qualified
2 47 health care coverage for adults and families who are
2 48 not eligible for a public program.
2 49 b. The council shall consider options and make
2 50 recommendations for a health care coverage program



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3 1 called Iowa choice which offers private qualified
3 2 health care coverage with options to purchase at least
3 3 three levels of benefits including a gold plan which
3 4 offers a comprehensive benefits package, a silver plan
3 5 which offers a medium benefits package, and a bronze
3 6 plan which offers a basic benefits package. The
3 7 council shall consider options and make
3 8 recommendations for providing an array of benefits
3 9 through the Iowa choice program that may include
3 10 physical, mental, and dental health care coverages.
3 11 3. The council shall also consider options and
3 12 make recommendations to offer a program to provide
3 13 coverage under the state health or medical group
3 14 insurance plan to nonstate public employees, including
3 15 employees of counties, cities, schools, area education
3 16 agencies, and community colleges, and employees of
3 17 nonprofit employers and small employers and to pool
3 18 such employees with the state plan.
3 19 4. The council shall study the ramifications of
3 20 requiring each employer in the state with more than
3 21 ten employees to adopt and maintain a cafeteria plan
3 22 that satisfies section 125 of the Internal Revenue
3 23 Code of 1986.
3 24 5. As part of considering options and making
3 25 recommendations for a comprehensive health care
3 26 coverage plan, the council may collaborate with health
3 27 insurance carriers to do including but not limited to
3 28 the following:
3 29 a. Design solutions to issues relating to
3 30 guaranteed issuance of insurance, preexisting
3 31 condition exclusions, portability, and allowable
3 32 pooling and rating classifications.
3 33 b. Formulate principles that ensure fair and
3 34 appropriate practices relating to issues involving
3 35 individual health care policies such as rescission and
3 36 preexisting condition clauses, and that provide for a
3 37 binding third-party review process to resolve disputes
3 38 related to such issues.
3 39 c. Design affordable, portable health care
3 40 coverage options for low-income children, adults, and
3 41 families.
3 42 d. Design a proposed premium schedule for health
3 43 care coverage options that are recommended by the
3 44 council which includes the development of rating
3 45 factors that are consistent with market conditions.
3 46 e. Design protocols to limit the transfer from
3 47 employer-sponsored or other private health care
3 48 coverage to state-developed health care coverage
3 49 plans.
3 50 6. The council shall submit a report of its



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4 1 recommendations for a comprehensive health care
4 2 coverage plan to the commissioner for review and
4 3 comment and the commissioner shall forward the report
4 4 and such comments to the general assembly no later
4 5 than February 15, 2010. The comprehensive health care
4 6 coverage plan shall become effective only upon
4 7 approval by the general assembly.
4 8 Sec. 4. Section 514E.6, Code 2009, is amended to
4 9 read as follows:
4 10 514E.6 IOWA CHOICE HEALTH CARE COVERAGE ~~ADVISORY~~
4 11 COUNCIL.
4 12 1. The Iowa choice health care coverage ~~advisory~~
4 13 council is created for the purpose of ~~assisting the~~
~~4 14 association with developing~~ considering the
4 15 recommending options to develop a comprehensive health
4 16 care coverage plan as provided in section 514E.5. The
4 17 ~~advisory~~ council shall consider options and make
4 18 recommendations concerning the design and
4 19 implementation of the comprehensive plan including but
4 20 not limited to a definition of what constitutes
4 21 qualified health care coverage, suggestions for the
4 22 design of health care coverage options, and
4 23 implementation of a health care coverage reporting
4 24 requirement.
4 25 2. The ~~advisory~~ council consists of the following
4 26 persons who are voting members unless otherwise
4 27 provided:
4 28 a. The two most recent former governors, or if one
4 29 or both of them are unable or unwilling to serve, a
4 30 person or persons appointed by the governor.
4 31 b. Seven members appointed by the director of
4 32 public health:
4 33 (1) A representative of the federation of Iowa
4 34 insurers.
4 35 (2) A health economist who resides in Iowa.
4 36 (3) Two consumers, one of whom shall be a
4 37 representative of a children's advocacy organization
4 38 and one of whom shall be a member of a minority.
4 39 (4) A representative of organized labor.
4 40 (5) A representative of an organization of
4 41 employers.
4 42 (6) A representative of the Iowa association of
4 43 health underwriters.
4 44 c. The following members shall be ex officio,
4 45 nonvoting members of the council:
4 46 (1) The commissioner of insurance, or a designee.
4 47 (2) The director of human services, or a designee.
4 48 (3) The director of public health, or a designee.
4 49 (4) Four members of the general assembly, one
4 50 appointed by the speaker of the house of



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5 1 representatives, one appointed by the minority leader
5 2 of the house of representatives, one appointed by the
5 3 majority leader of the senate, and one appointed by
5 4 the minority leader of the senate.

5 5 3. The members of the council appointed by the
5 6 director of public health shall be appointed for terms
5 7 of six years beginning and ending as provided in
5 8 section 69.19. Such a member of the board is eligible
5 9 for reappointment. The director shall fill a vacancy
5 10 for the remainder of the unexpired term.

5 11 4. The members of the council shall annually elect
5 12 one voting member as chairperson and one as vice
5 13 chairperson. Meetings of the council shall be held at
5 14 the call of the chairperson or at the request of a
5 15 majority of the council's members.

5 16 5. The members of the council shall not receive
5 17 compensation for the performance of their duties as
5 18 members but each member shall be paid necessary
5 19 expenses while engaged in the performance of duties of
5 20 the council. Any legislative member shall be paid the
5 21 per diem and expenses specified in section 2.10.

5 22 6. The members of the council are subject to and
5 23 are officials within the meaning of chapter 68B.>

5 24 #2. Page 21, line 18, by striking the word <In>
5 25 and inserting the following: <9. In>.

5 26 #3. Page 21, lines 18 and 19, by striking the
5 27 words and figures <subsections 1 through 7> and
5 28 inserting the following: <~~subsections 1 through 7~~
5 29 this section>.

5 30 #4. Page 26, by inserting after line 23 the
5 31 following:

5 32 <Sec. ____ . Section 249A.3, subsection 14, Code
5 33 2009, is amended to read as follows:

5 34 14. Once initial ongoing eligibility for ~~the~~
~~5 35 family medical assistance program-related medical~~
~~5 36 assistance~~ is determined for a child ~~described~~ under
5 37 ~~subsection 1, paragraph "b", "f", "g", "j", "k", "l",~~
~~5 38 or "n" or under subsection 2, paragraph "e", "f", or~~
~~5 39 "h" the age of nineteen~~, the department shall provide
5 40 continuous eligibility for a period of up to twelve
5 41 months regardless of changes in family circumstances,
5 42 until the child's next annual review of eligibility
5 43 under the medical assistance program, ~~if the child~~
~~5 44 would otherwise be determined ineligible due to excess~~
~~5 45 countable income but otherwise remains eligible with~~
5 46 the exception of the following children:

5 47 a. A newborn child of a medical
5 48 assistance=eligible woman.

5 49 b. A child whose eligibility was determined under
5 50 the medically needy program.



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6 1 c. A child who is eligible under a state-only
6 2 funded program.
6 3 d. A child who is no longer an Iowa resident.
6 4 e. A child who is incarcerated in a jail or other
6 5 correctional institution.>
6 6 #5. Page 30, line 13, by striking the word
6 7 <prior>.
6 8 #6. Page 31, by striking line 11 and inserting the
6 9 following: <amounts, and graduated premiums based on
6 10 a rationally developed sliding fee schedule, in
6 11 accordance with federal>.
6 12 #7. Page 35, by inserting after line 28 the
6 13 following:
6 14 <Sec. ____ . EFFECTIVE DATE == RETROACTIVE
6 15 APPLICABILITY. The section of this division of this
6 16 Act amending section 249A.3, subsection 14, being
6 17 deemed of immediate importance, takes effect upon
6 18 enactment and is retroactively applicable to July 1,
6 19 2008.>
6 20 #8. Page 42, by striking lines 16 and 17 and
6 21 inserting the following: <interest or earnings on
6 22 moneys deposited in the fund or in the accounts within
6 23 the fund shall be credited to the fund or the accounts
6 24 within the fund, as applicable.>
6 25 #9. Page 44, line 17, by striking the words <and
6 26 a> and inserting the following: <and any>.
6 27 #10. Page 44, line 23, by striking the word
6 28 <purposes> and inserting the following: <purpose>.
6 29 #11. By striking page 53, line 23, through page
6 30 67, line 33, and inserting the following:
6 31 <DIVISION
6 32 HEALTH CARE TRANSPARENCY>
6 33 #12. By striking page 68, line 14, through page
6 34 69, line 20.
6 35 #13. Title page, line 2, by striking the words
6 36 <providing penalties,>.
6 37 #14. By renumbering as necessary.
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6 40
6 41 COMMITTEE ON HUMAN RESOURCES
6 42 SMITH of Marshall, Chairperson
6 43 SF 389.711 83
6 44 av:pf/rj/22592



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House Amendment 1325

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1 1 Amend Senate File 279, as amended, passed, and
1 2 reprinted by the Senate, as follows:
1 3 #1. Page 1, line 15, by inserting after the word
1 4 <notification.> the following: <The petitioner shall
1 5 provide written notice concerning the anticipated
1 6 construction to the last known address of the owners
1 7 of record of the property where construction will
1 8 occur and to the parties residing on such property.>
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1 12 COMMITTEE ON COMMERCE
1 13 PETERSEN of Polk, Chairperson
1 14 SF 279.702 83
1 15 rn/nh/22593
1 16
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House Amendment 1326

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1 1 Amend Senate File 379, as passed by the Senate, as
1 2 follows:
1 3 #1. Page 1, line 35, by striking the word <adjust>
1 4 and inserting the following: <examine and consider
1 5 adjusting>.

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1 9 COMMITTEE ON COMMERCE
1 10 PETERSEN of Polk, Chairperson
1 11 SF 379.201 83
1 12 av/rj/23092
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House Amendment 1327

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1 1 Amend Senate File 323, as amended, passed, and
1 2 reprinted by the Senate, as follows:
1 3 #1. Page 1, by striking line 27 and inserting the
1 4 following: <child would be required to register under
1 5 chapter 692A but for the exemption under section
1 6 692A.2, subsection 6, while the child is in foster
1 7 care.>
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1 11 COMMITTEE ON HUMAN RESOURCES
1 12 SMITH of Marshall, Chairperson
1 13 SF 323.201 83
1 14 jp/nh/11730
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House Amendment 1328

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1 1 Amend Senate File 374, as passed by the Senate, as
1 2 follows:
1 3 #1. By striking everything after the enacting
1 4 clause and inserting the following:
1 5 <Section 1. Section 321A.3, subsection 8, Code
1 6 2009, is amended to read as follows:
1 7 8. a. (1) A person ~~making a request for a record~~
~~or an abstract who purchases a certified abstract of~~
1 9 ~~an operating record directly from the department under~~
1 10 ~~this section that is subject to a fee shall only use~~
1 11 ~~the record or abstract requested, sell, disclose, or~~
1 12 ~~distribute the abstract or any portion of the abstract~~
1 13 ~~one time, for one purpose, and it the person shall not~~
1 14 ~~supply that record abstract or any portion of that~~
1 15 ~~abstract to more than one other person. Any~~
~~subsequent use of the same record or abstract shall~~
1 17 ~~require that the~~ The person shall make a subsequent
1 18 request for the record or abstract and pay an
1 19 additional fee for the request in the same manner as
1 20 provided for the initial request for any subsequent
1 21 use, sale, disclosure, or distribution of the same
1 22 certified abstract or any portion of the abstract or
1 23 to supply the same certified abstract or any portion
1 24 of the abstract to another person, except as provided
1 25 in subparagraph (2).
1 26 (2) Notwithstanding the limitation on use, sale,
1 27 disclosure, and distribution of a certified abstract
1 28 under subparagraph (1), a person who purchases a
1 29 certified abstract under this section may provide a
1 30 copy of the previously purchased certified abstract to
1 31 the person who is an insurer who was originally
1 32 supplied the certified abstract by the person who
1 33 purchased the certified abstract.
1 34 b. A person who is supplied a certified abstract
1 35 or any portion of the abstract by a person who
1 36 purchases the certified abstract under paragraph "a"
1 37 shall only use the abstract one time, for one purpose,
1 38 and shall not reuse, sell, disclose, or distribute the
1 39 abstract or any portion of the abstract except as
1 40 provided in paragraph "c".
1 41 c. A person who is an insurer or an insurance
1 42 producer licensed under chapter 522B who purchases a
1 43 certified abstract under this section or a person who
1 44 is supplied a certified abstract or any portion of the
1 45 abstract pursuant to paragraph "b" may use the
1 46 certified abstract pursuant to this paragraph "c" for
1 47 more than one use for the following purposes:
1 48 (1) Consumer disclosure purposes, as defined by
1 49 rule of the department.
1 50 (2) Internal auditing purposes, or similar



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2 1 internal purposes as defined by rule of the
2 2 department.
2 3 (3) Internal purposes in a manner consistent with
2 4 the federal Driver's Privacy Protection Act, 18 U.S.C.
2 5 } 2721=2725, by a person who is an insurer.
2 6 (4) To show compliance with the retention
2 7 requirements imposed under this section or other
2 8 applicable law.
2 9 (5) By an insurer, to provide a copy to an
2 10 insurance producer licensed under chapter 522B and
2 11 appointed by the insurer for purposes of a specific
2 12 application for coverage. However, a producer who is
2 13 provided a certified abstract pursuant to this
2 14 subparagraph shall not reuse, sell, disclose, or
2 15 distribute the abstract with respect to any
2 16 transaction not associated with the insurer who
2 17 appointed the producer.
2 18 (6) To provide a copy to an insurer for purposes
2 19 of a specific application for coverage if the person
2 20 requesting the certified abstract is an insurance
2 21 producer licensed under chapter 522B and appointed by
2 22 the insurer for purposes of the specific application
2 23 for coverage.
2 24 (7) To provide a copy to an affiliate of the
2 25 person who is an insurer who originally purchased or
2 26 was supplied the certified abstract. An affiliate who
2 27 receives a copy of a certified abstract pursuant to
2 28 this subparagraph shall only use the copy of the
2 29 abstract one time and shall not reuse, sell, disclose,
2 30 or distribute the copy to any other person, except as
2 31 provided under subparagraphs (1) through (5) in the
2 32 same manner as permitted for a person who is an
2 33 insurer.
2 34 d. For purposes of this subsection, "affiliate"
2 35 means a person who directly or indirectly, through one
2 36 or more intermediaries, controls, is controlled by, or
2 37 is under common control with the person who is an
2 38 insurer.
2 39 e. A person requesting a record or an abstract who
2 40 purchases a certified abstract directly from the
2 41 department pursuant to this section shall keep records
2 42 for a period of five years identifying ~~who the record~~
2 43 ~~or the persons to whom the abstract is provided to,~~
2 44 ~~and the use of the record or abstract, for a period of~~
2 45 ~~five years.~~ Records maintained pursuant to this
2 46 subsection shall be made available to the department
2 47 upon request. A person who is otherwise supplied a
2 48 certified abstract and who then provides that abstract
2 49 to another person for a purpose other than the
2 50 purposes identified under paragraph "c" shall also be



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3 1 subject to the recordkeeping requirements under this
3 2 paragraph.
3 3 f. A person shall not ~~sell, retain, distribute,~~
3 4 ~~provide, or transfer any record or use, sell,~~
3 5 disclose, or distribute any abstract information or
3 6 portion of the ~~record or~~ abstract information acquired
3 7 under this ~~agreement~~ section except as authorized by
3 8 this section and any applicable rules of the
3 9 department, and consistent with the federal Driver's
3 10 Privacy Protection Act, 18 U.S.C. } 2721==2725.>
3 11
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3 14 COMMITTEE ON COMMERCE
3 15 PETERSEN of Polk, Chairperson
3 16 SF 374.302 83
3 17 dea/nh/12516



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House Study Bill 284

HOUSE FILE
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

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

A BILL FOR

1 An Act relating to the individual income tax by providing for
2 reduced tax rates, the elimination of federal deductibility,
3 increasing the credits for elderly and blind individuals,
4 increasing the amount of the earned income tax credit, and
5 adjusting the eligibility for the child and dependent care tax
6 credit and early childhood development tax credit and
7 including a retroactive applicability date provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 2673YC 83
10 tw/mg:sc/14



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House Study Bill 284 continued

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1 1 Section 1. Section 422.4, subsection 1, paragraphs b and
 1 2 c, Code 2009, are amended to read as follows:
 1 3 b. "Cumulative inflation factor" means the product of the
 1 4 annual inflation factor for the ~~1988~~ 2009 calendar year and
 1 5 all annual inflation factors for subsequent calendar years as
 1 6 determined pursuant to this subsection. The cumulative
 1 7 inflation factor applies to all tax years beginning on or
 1 8 after January 1 of the calendar year for which the latest
 1 9 annual inflation factor has been determined.

1 10 c. The annual inflation factor for the ~~1988~~ 2009 calendar
 1 11 year is one hundred percent.

1 12 Sec. 2. Section 422.4, subsection 16, Code 2009, is
 1 13 amended to read as follows:

1 14 16. The words "taxable income" mean the net income as
 1 15 defined in section 422.7 minus the deductions allowed by
 1 16 section 422.9, in the case of individuals; in the case of
 1 17 estates or trusts, the words "taxable income" mean the taxable
 1 18 income (without a deduction for personal exemption) as
 1 19 computed for federal income tax purposes under the Internal
 1 20 Revenue Code, but with the adjustments specified in section
 1 21 422.7 plus the Iowa income tax deducted in computing the
 1 22 federal taxable income ~~and minus federal income taxes as~~
 1 23 ~~provided in section 422.9.~~

1 24 Sec. 3. Section 422.5, subsection 1, paragraphs a through
 1 25 i, Code 2009, are amended to read as follows:

	<u>For tax years beginning</u>
	<u>in the calendar year:</u>
	<u>2009 2010 and</u>
	<u>subsequent</u>
	<u>calendar years</u>

1 31 a. On all taxable income from
 1 32 zero through one thousand four
 1 33 hundred seven dollars, ~~thirty-six~~
 1 34 ~~hundredths of one percent.~~: 0.30% 0.31%

1 35 b. On all taxable income



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2	1	exceeding one thousand <u>four hundred</u>		
2	2	<u>seven</u> dollars but not exceeding two		
2	3	thousand <u>eight hundred fourteen</u>		
2	4	dollars, seventy-two hundredths of		
2	5	one percent.:	0.59%	0.60%
2	6	c. On all taxable income		
2	7	exceeding two thousand <u>eight hundred</u>		
2	8	<u>fourteen</u> dollars but not exceeding		
2	9	four <u>five</u> thousand <u>six hundred</u>		
2	10	<u>twenty-eight</u> dollars,		
2	11	two and forty-three hundredths		
2	12	percent.:	1.95%	2.00%
2	13	d. On all taxable income		
2	14	exceeding four <u>five</u> thousand <u>six</u>		
2	15	<u>hundred twenty-eight</u> dollars but		
2	16	not exceeding nine <u>twelve</u> thousand		
2	17	<u>six hundred sixty-three</u> dollars,		
2	18	four and one-half percent.:	4.18%	4.28%
2	19	e. On all taxable income		
2	20	exceeding nine <u>twelve</u> thousand		
2	21	<u>six hundred sixty-three</u> dollars but		
2	22	not exceeding fifteen <u>twenty-one</u>		
2	23	thousand <u>one hundred five</u> dollars,		
2	24	six and twelve hundredths		
2	25	percent.:	5.42%	5.56%
2	26	f. On all taxable income		
2	27	exceeding fifteen <u>twenty-one</u>		
2	28	thousand <u>one hundred five</u> dollars		
2	29	but not exceeding twenty <u>twenty-eight</u>		
2	30	thousand <u>one hundred forty</u> dollars,		
2	31	six and forty-eight hundredths		
2	32	percent.:	5.42%	5.56%
2	33	g. On all taxable income		
2	34	exceeding twenty <u>twenty-eight</u>		
2	35	thousand <u>one hundred forty</u> dollars		



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3 1 but not exceeding ~~thirty~~ forty-two
 3 2 thousand two hundred ten dollars,
~~3 3 six and eight-tenths percent.:~~ 5.73% 5.87%
 3 4 h. On all taxable income
 3 5 exceeding ~~thirty~~ forty-two thousand
 3 6 two hundred ten dollars but not
 3 7 exceeding ~~forty-five~~ sixty-three
 3 8 thousand three hundred fifteen
 3 9 dollars, ~~seven and ninety-two~~
~~3 10 hundredths percent.:~~ 6.16% 6.30%
 3 11 i. On all taxable income
 3 12 exceeding ~~forty-five~~ sixty-three
 3 13 thousand three hundred fifteen
 3 14 dollars, ~~eight and ninety-eight~~
~~3 15 hundredths percent.:~~ 6.98% 6.98%
 3 16 Sec. 4. Section 422.9, subsection 2, paragraph b, Code
 3 17 2009, is amended to read as follows:
 3 18 b. ~~Add the amount of federal income taxes paid or accrued,~~
~~3 19 as the case may be, during the tax year and subtract any~~
~~3 20 federal income tax refunds received during the tax year. Add~~
 3 21 the amount of federal income taxes paid in a tax year
 3 22 beginning on or after January 1, 2009, but before January 1,
 3 23 2010, to the extent payment is for a tax year beginning prior
 3 24 to January 1, 2009. Subtract the amount of federal income tax
 3 25 refunds received in a tax year beginning on or after January
 3 26 1, 2009, but before January 1, 2010, to the extent that the
 3 27 federal income tax was deducted on an Iowa individual income
 3 28 tax return for a tax year beginning prior to January 1, 2009.
 3 29 Where married persons, who have filed a joint federal income
 3 30 tax return, file separately, such total shall be divided
 3 31 between them according to the portion of the total paid or
 3 32 accrued, as the case may be, by each. Federal income taxes
 3 33 paid for a tax year in which an Iowa return was not required
 3 34 to be filed shall not be added and federal income tax refunds
 3 35 received from a tax year in which an Iowa return was not



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4 1 required to be filed shall not be subtracted.

4 2 Sec. 5. Section 422.12, subsection 1, paragraphs d and e,
4 3 Code 2009, are amended to read as follows:

4 4 d. For a single individual, husband, wife, or head of
4 5 household, an additional exemption of ~~twenty~~ forty dollars for
4 6 each of said individuals who has attained the age of
4 7 sixty-five years before the close of the tax year or on the
4 8 first day following the end of the tax year.

4 9 e. For a single individual, husband, wife, or head of
4 10 household, an additional exemption of ~~twenty~~ forty dollars for
4 11 each of said individuals who is blind at the close of the tax
4 12 year. For the purposes of this paragraph, an individual is
4 13 blind only if the individual's central visual acuity does not
4 14 exceed twenty-two hundredths in the better eye with correcting
4 15 lenses, or if the individual's visual acuity is greater than
4 16 twenty-two hundredths but is accompanied by a limitation in
4 17 the fields of vision such that the widest diameter of the
4 18 visual field subtends an angle no greater than twenty degrees.

4 19 Sec. 6. Section 422.12B, subsection 1, Code 2009, is
4 20 amended to read as follows:

4 21 1. The taxes imposed under this division less the credits
4 22 allowed under section 422.12 shall be reduced by an earned
4 23 income credit equal to ~~seven~~ eight percent of the federal
4 24 earned income credit provided in section 32 of the Internal
4 25 Revenue Code. Any credit in excess of the tax liability is
4 26 refundable.

4 27 Sec. 7. Section 422.12C, subsection 1, Code 2009, is
4 28 amended to read as follows:

4 29 1. a. The taxes imposed under this division, less the
4 30 amounts of nonrefundable credits allowed under this division,
4 31 shall be reduced by a child and dependent care credit equal to
4 32 the following percentages of the federal child and dependent
4 33 care credit provided in section 21 of the Internal Revenue
4 34 Code:

4 35 ~~a.~~ (1) For a taxpayer with net income of less than ten



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5 1 thousand dollars, ~~seventy-five~~ eighty percent.

5 2 ~~b.~~ (2) For a taxpayer with net income of ten thousand
5 3 dollars or more but less than twenty thousand dollars,
5 4 ~~sixty-five~~ seventy percent.

5 5 ~~e.~~ (3) For a taxpayer with net income of twenty thousand
5 6 dollars or more but less than twenty-five thousand dollars,
5 7 ~~fifty-five~~ sixty percent.

5 8 ~~d.~~ (4) For a taxpayer with net income of twenty-five
5 9 thousand dollars or more but less than thirty-five thousand
5 10 dollars, ~~fifty~~ fifty-five percent.

5 11 ~~e.~~ (5) For a taxpayer with net income of thirty-five
5 12 thousand dollars or more but less than forty thousand dollars,
5 13 ~~forty~~ forty-five percent.

5 14 ~~f.~~ (6) For a taxpayer with net income of forty thousand
5 15 dollars or more but less than forty-five thousand dollars,
5 16 ~~thirty~~ thirty-five percent.

5 17 ~~g.~~ (7) For a taxpayer with net income of forty-five
5 18 thousand dollars or more, ~~zero~~ but less than fifty thousand
5 19 dollars, thirty percent.

5 20 (8) For a taxpayer with net income of fifty thousand
5 21 dollars or more, zero percent.

5 22 b. (1) For the tax year beginning in the 2010 calendar
5 23 year and for each subsequent tax year, the dollar amounts set
5 24 forth in paragraph "a", subparagraphs (1) through (8), shall
5 25 be multiplied by the cumulative adjustment factor for that tax
5 26 year. "Cumulative adjustment factor" means the product of the
5 27 annual adjustment factor for the 2009 tax year and all annual
5 28 adjustment factors for subsequent tax years. The cumulative
5 29 adjustment factor applies to the tax year beginning in the
5 30 calendar year for which the latest annual adjustment factor
5 31 has been determined.

5 32 (2) The annual adjustment factor for the 2009 tax year is
5 33 one hundred percent. For each subsequent tax year, the annual
5 34 adjustment factor equals the annual inflation factor for the
5 35 calendar year, in which the tax year begins, as computed in



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6 1 section 422.4 for purposes of the individual income tax.

6 2 (3) The director shall determine for the 2010 tax year and

6 3 each subsequent tax year the annual and cumulative adjustment

6 4 factor for that tax year. The annual and cumulative

6 5 adjustment factors determined by the director are not rules as

6 6 defined in section 17A.2, subsection 11.

6 7 Sec. 8. Section 422.12C, subsection 2, unnumbered

6 8 paragraph 1, Code 2009, is amended to read as follows:

6 9 The taxes imposed under this division, less the amounts of

6 10 nonrefundable credits allowed under this division, may be

6 11 reduced by an early childhood development tax credit equal to

6 12 twenty-five percent of the first one thousand dollars which

6 13 the taxpayer has paid to others for each dependent, as defined

6 14 in the Internal Revenue Code, ages three through five for

6 15 early childhood development expenses. In determining the

6 16 amount of early childhood development expenses for the tax

6 17 year beginning in the 2006 calendar year only, such expenses

6 18 paid during November and December of the previous tax year

6 19 shall be considered paid in the tax year for which the tax

6 20 credit is claimed. This credit is available to a taxpayer

6 21 whose net income is less than ~~forty-five~~ fifty thousand

6 22 dollars. If the early childhood development tax credit is

6 23 claimed for a tax year, the taxpayer and the taxpayer's spouse

6 24 shall not claim the child and dependent care credit under

6 25 subsection 1. As used in this subsection, "early childhood

6 26 development expenses" means services provided to the dependent

6 27 by a preschool, as defined in section 237A.1, materials, and

6 28 other activities as follows:

6 29 Sec. 9. Section 422.21, unnumbered paragraph 5, Code 2009,

6 30 is amended to read as follows:

6 31 The director shall determine for the ~~1989~~ 2010 and each

6 32 subsequent calendar year the annual and cumulative inflation

6 33 factors for each calendar year to be applied to tax years

6 34 beginning on or after January 1 of that calendar year. The

6 35 director shall compute the new dollar amounts as specified to



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7 1 be adjusted in section 422.5 by the latest cumulative
7 2 inflation factor and round off the result to the nearest one
7 3 dollar. The annual and cumulative inflation factors
7 4 determined by the director are not rules as defined in section
7 5 17A.2, subsection 11. The director shall determine for the
7 6 1990 calendar year and each subsequent calendar year the
7 7 annual and cumulative standard deduction factors to be applied
7 8 to tax years beginning on or after January 1 of that calendar
7 9 year. The director shall compute the new dollar amounts of
7 10 the standard deductions specified in section 422.9, subsection
7 11 1, by the latest cumulative standard deduction factor and
7 12 round off the result to the nearest ten dollars. The annual
7 13 and cumulative standard deduction factors determined by the
7 14 director are not rules as defined in section 17A.2, subsection
7 15 11.

7 16 Sec. 10. RETROACTIVE APPLICABILITY. This Act applies
7 17 retroactively to January 1, 2009, for tax years beginning on
7 18 or after that date.

7 19 EXPLANATION

7 20 This bill makes the following changes to the individual
7 21 income tax: (1) changes the tax rate on each of the current
7 22 income tax brackets for tax years 2009 and 2010 and subsequent
7 23 years; (2) eliminates the ability to deduct federal income
7 24 taxes paid and the requirement to include federal tax refunds;
7 25 (3) raises the tax credit for blind individuals and the tax
7 26 credit for elderly individuals from \$20 to \$40; (4) increases
7 27 the amount of the earned income tax credit that may be claimed
7 28 from 7 percent to 8 percent of the amount of the federal
7 29 credit; and (5) adjusts the child and dependent care tax
7 30 credit eligibility by indexing the income thresholds to
7 31 inflation, increasing by 5 percentage points the amount of the
7 32 federal tax credit that each income level may claim, and
7 33 creating a new threshold level for taxpayers earning \$45,000
7 34 or more per year but less than \$50,000.

7 35 Current law provides for an early childhood development tax



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8 1 credit equal to twenty-five percent of the first one thousand
8 2 dollars which the taxpayer has paid to others for each
8 3 dependent. The credit is limited to taxpayers earning less
8 4 than \$45,000. A taxpayer claiming the credit cannot also claim
8 5 the child and dependent care credit. The bill changes the
8 6 income eligibility limit for the early childhood development
8 7 tax credit to \$50,000.

8 8 The new income tax rates for tax year 2009 are as follows:
8 9 (1) on all taxable income from zero through \$1,407, 0.30
8 10 percent; (2) on all taxable income exceeding \$1,407 but not
8 11 exceeding \$2,814, 0.59 percent; (3) on all taxable income
8 12 exceeding \$2,814 but not exceeding \$5,628, 1.95 percent; (4)
8 13 on all taxable income exceeding \$5,628 but not exceeding
8 14 \$12,663, 4.18 percent; (5) on all taxable income exceeding
8 15 \$12,663 but not exceeding \$21,105, 5.42 percent; (6) on all
8 16 taxable income exceeding \$21,105 but not exceeding \$28,140,
8 17 5.42 percent; (7) on all taxable income exceeding \$28,140 but
8 18 not exceeding \$42,210, 5.73 percent; (8) on all taxable income
8 19 exceeding \$42,210 but not exceeding \$63,315, 6.16 percent; and
8 20 (9) on all taxable income exceeding \$63,315, 6.98 percent.

8 21 The new income tax rates for tax year 2010 are as follows:
8 22 (1) on all taxable income from zero through \$1,407, 0.31
8 23 percent; (2) on all taxable income exceeding \$1,407 but not
8 24 exceeding \$2,814, 0.60 percent; (3) on all taxable income
8 25 exceeding \$2,814 but not exceeding \$5,628, 2.0 percent; (4) on
8 26 all taxable income exceeding \$5,628 but not exceeding \$12,663,
8 27 4.28 percent; (5) on all taxable income exceeding \$12,663 but
8 28 not exceeding \$21,105, 5.56 percent; (6) on all taxable income
8 29 exceeding \$21,105 but not exceeding \$28,140, 5.56 percent; (7)
8 30 on all taxable income exceeding \$28,140 but not exceeding
8 31 \$42,210, 5.87 percent; (8) on all taxable income exceeding
8 32 \$42,210 but not exceeding \$63,315, 6.30 percent; and (9) on
8 33 all taxable income exceeding \$63,315, 6.98 percent. However,
8 34 these bracket amounts will be adjusted annually for inflation.

8 35 The bill applies retroactively to January 1, 2009, for tax



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- 9 1 years beginning on or after that date.
- 9 2 LSB 2673YC 83
- 9 3 tw/mg:sc/14.1