FILED
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CLERK SUPREME COURT

IN THE COURT OF APPEALS OF IOWA

No. 0-42 / 89-696

IN RE THE MARRIAGE OF TERI GODFREY AND DOUGLAS C. GODFREY

Upon the petition of

TERI GODFREY n/k/a TERI GILLENWATER,

Petitioner-Appellee,

And Concerning

DOUGLAS C. GODFREY,

Respondent-Appellant.

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Appeal from the Iowa District Court for Polk County, Richard A. Strickler, Judge.

Appellant appeals the trial court's refusal to modify his dissolution decree to grant him tax exemptions for the parties' two children. **AFFIRMED.**

Eric Borseth of the Borseth Law Office, Pleasant Hill, for appellant.

Dennis L. Eaton, Des Moines, for appellee.

Considered by Donielson, P.J., and Sackett and Habhab, JJ.

SACKETT, J.

The only issue in this appeal is whether the trial court's decision refusing to modify the dissolution decree and award the tax dependency exemptions for the parties' two minor children to petitioner-appellee Teri Godfrey was equitable. We find it was and affirm the trial court.

The parties' marriage was dissolved in 1979. Respondent-appellant Douglas Godfrey was ordered to pay child support for children born in 1974 and 1976 of thirty-five dollars per week per child. The decree was silent as to which parent would claim the tax dependency exemption. Douglas apparently claimed the exemption for the children because he paid more than $1,200 per child per year, and under then existing tax law he could claim the exemption unless Teri could prove she provided more support than Douglas.

The decree was modified early in 1984, and Douglas was ordered to pay child support of $38.06 per week per child. He was also ordered to pay medical expenses not covered by insurance and fifty percent of any medical insurance deductibles. In 1984, after the decree was modified, the requirement of claiming dependency exemptions changed from what it had been in 1979. For a discussion of the changes on the issue of a noncustodial parent claiming tax dependency exceptions, see In re Marriage of Eglseder, 448 N.W.2d 703, 704-05 (Iowa App. 1989).

In August 1988 Douglas filed this petition to modify. The parties stipulated prior to trial that the child support would remain at $38.06 weekly. They submitted the issue of the tax exemption for the two children to the trial court. Douglas argued when the dissolution decree was entered, he qualified to take the exemptions under then existing tax law, but under the 1984 change he was not entitled to the exemptions without Teri's waiver. He asked the trial court to modify the decree to give him the exemptions and to order Teri to sign the waiver. The trial court determined, from the financial affidavits filed, that Teri provided more than one-half the support for each child and ordered she be given the income tax exemption.

Douglas appeals, contending he should have the exemption for both children, and if not both children, at least one. He challenges the trial court's factual findings on the support issue.

This is an application for modification of a dissolution decree. Douglas therefore bears the burden of showing a change of circumstances to justify modification of the decree. In re Marriage of Jerome, 378 N.W.2d 302, 305 (Iowa App. 1985). The allocation of the tax exemption for dependent children is considered part of a child support award and is modifiable on a showing of a substantial change in circumstances not considered by the trial court when the award sought to be modified was made.

In re Marriage of Habben, 260 N.W.2d 401, 403 (Iowa 1977); Eglseder, 448 N.W.2d at 704.

Douglas contends the change in the federal tax law on allocation of dependency exemptions is a substantial change that should justify modification. We recognize the change in the tax law is a change in circumstances. We do not, however, under this record, consider it to be a substantial change in circumstances. In 1989 the exemption for a dependent child was $2,000. Douglas's adjusted gross income was less than $15,000 annually. His top federal tax bracket would be fifteen percent. His federal tax benefit would be $300 per year. The state exemption is a credit of $15 per year. The resulting decrease in federal and state income tax would be about $26.25 per month per child. In assessing child support, the tax consequences to the parties is a factor to be considered. See Iowa Code section 598.21(4)(h). But it is only one factor. We do not address the tax exemption issue in isolation but consider it in conjunction with all factors relating to a fair award of child support.

We have looked to the increased cost of raising the children because of inflation since 1984. We are not convinced, under this record, that Douglas made the required showing to justify a modification for change of circumstances. We affirm the trial court.

AFFIRMED.