

3/17/97 Referred from Reg Calendar to W&M.

FILED MAR 10 1997

SENATE FILE 364
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 190)

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

A BILL FOR

1 An Act increasing the amount of the tuition and textbook tax
2 credit and providing an applicability date provision.

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

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S.F. 364

1 Section 1. Section 422.12, subsection 2, unnumbered
2 paragraph 1, Code 1997, is amended to read as follows:

3 A tuition credit equal to ~~ten~~ twenty percent of the first
4 one thousand dollars which the taxpayer has paid to others for
5 each dependent in grades kindergarten through twelve, for
6 tuition and textbooks of each dependent in attending an
7 elementary or secondary school situated in Iowa, which school
8 is accredited or approved under section 256.11, which is not
9 operated for profit, and which adheres to the provisions of
10 the federal Civil Rights Act of 1964 and chapter 216. As used
11 in this subsection, "textbooks" means books and other
12 instructional materials and equipment used in elementary and
13 secondary schools in teaching only those subjects legally and
14 commonly taught in public elementary and secondary schools in
15 this state and does not include instructional books and
16 materials used in the teaching of religious tenets, doctrines,
17 or worship, the purpose of which is to inculcate those tenets,
18 doctrines, or worship, and does not include books or materials
19 for extracurricular activities including sporting events,
20 musical or dramatic events, speech activities, driver's
21 education, or programs of a similar nature. Notwithstanding
22 any other provision, all other credits allowed under this
23 section and section 422.12B shall be deducted before the
24 tuition credit under this subsection. The department, when
25 conducting an audit of a taxpayer's return, shall also audit
26 the tuition tax credit portion of the tax return.

27 Sec. 2. This Act applies retroactively to January 1, 1997,
28 for tax years beginning on or after that date.

29 EXPLANATION

30 The bill increases the tuition and textbook tax credit from
31 10 percent to 20 percent of the first \$1,000 paid by the
32 taxpayer for each dependent for tuition and textbooks to
33 attend a nonpublic accredited elementary or secondary school.
34 The credit is a nonrefundable credit that is applied against
35 the taxpayer's state individual income tax.

1 The bill applies retroactively to January 1, 1997, for tax
2 years beginning on or after that date.

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**SENATE FILE 364
FISCAL NOTE**

A fiscal note for **Senate File 364** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 364 increases the tuition and textbook income tax credit from 10.0% to 20.0% of the first \$1,000 paid by the taxpayer for each dependent for qualified expenses. The Bill is retroactive to January 1, 1997.

FISCAL IMPACT

Senate File 364 is expected to result in a decrease in revenues to the General Fund of approximately \$1.5 million in FY 1998 and subsequent fiscal years. This estimate assumes the increase in the credit percentage would not be significant enough to encourage public school parents to claim credits at a rate higher than exists under current law.

SOURCES

Department of Revenue and Finance
Legislative Tax Model

(LSB 1374sv, JAM)

FILED MARCH 17, 1997

BY DENNIS PROUTY, FISCAL DIR

Connolly, Ch
Angelo
Black
Kibbie
Rehberg

SSB 190
Education

Succeeded By
SENATE/HOUSE FILE SF/HF 304
BY (PROPOSED GOVERNOR'S BILL)

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Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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