

House Amendment 1402

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1 1 Amend House File 853 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 <Section 1. NEW SECTION. 422.11K SCHOOL
1 5 CHARITABLE ORGANIZATION TAX CREDIT.
1 6 1. The taxes imposed under this division less the
1 7 credits allowed under sections 422.12 and 422.12B
1 8 shall be reduced by a school charitable organization
1 9 tax credit equal to twenty-five percent of the amount
1 10 of voluntary cash contributions made by the taxpayer
1 11 during the tax year to a school charitable
1 12 organization, not to exceed either of the following:
1 13 a. Two thousand five hundred dollars for a single
1 14 individual.
1 15 b. Five thousand dollars for a married couple.
1 16 2. The taxpayer shall not be entitled to the
1 17 credit unless the credit is preapproved by the
1 18 department as provided in subsection 4.
1 19 3. To be eligible for this credit, all of the
1 20 following shall apply:
1 21 a. A deduction pursuant to section 170 of the
1 22 Internal Revenue Code for any amount of the
1 23 contribution is not taken for state tax purposes.
1 24 b. The contribution does not designate that any
1 25 part of the contribution be used for the direct
1 26 benefit of any dependent of the taxpayer or any other
1 27 child designated by the taxpayer.
1 28 4. To receive the tax credit, the taxpayer shall
1 29 apply for the credit to the department by January 31
1 30 following the end of the calendar year in which a
1 31 contribution was made. If the taxpayer and school
1 32 charitable organization qualify, the department shall
1 33 approve the application for credit and so notify the
1 34 taxpayer by April 1 following receipt of the
1 35 application. However, the department of revenue shall
1 36 only grant approval under this section for a total of
1 37 five million dollars in credits in the fiscal year
1 38 beginning July 1, 2006, and for a total of ten million
1 39 dollars in credits in the fiscal years beginning on or
1 40 after July 1, 2007. Once the qualified applications
1 41 total more than five million dollars or ten million
1 42 dollars, as applicable, in credits, the department
1 43 shall award the approved credits on the basis of the
1 44 date of application for credit and the remaining
1 45 approved credits shall be awarded in the subsequent
1 46 fiscal year. The department shall notify the taxpayer
1 47 of the year for which the credit is approved. The
1 48 department shall prepare application forms which may
1 49 be made available to charitable organizations that may
1 50 qualify as school charitable organizations.
2 1 5. Any credit in excess of the tax liability is
2 2 not refundable but the excess for the tax year may be
2 3 credited to the tax liability for the following five
2 4 tax years or until depleted, whichever is the earlier.
2 5 6. Married taxpayers who file separate returns or
2 6 file separately on a combined return form must
2 7 determine the tax credit under subsection 1, paragraph
2 8 "b", based upon their combined net income and allocate
2 9 the total credit amount to each spouse in the
2 10 proportion that each spouse's respective net income
2 11 bears to the total combined net income. Nonresidents
2 12 or part-year residents of Iowa must determine their
2 13 tax credit in the ratio of their Iowa source net
2 14 income to their all source net income. Nonresidents
2 15 or part-year residents who are married and elect to
2 16 file separate returns or to file separately on a
2 17 combined return form must allocate the tax credit
2 18 between the spouses in the ratio of each spouse's Iowa
2 19 source net income to the combined Iowa source net
2 20 income of the taxpayers.
2 21 7. For purposes of this section:
2 22 a. "Qualified school" means a public or private
2 23 nonprofit preschool, as defined in section 237A.1,
2 24 located in this state or a public or nonpublic

2 25 elementary or secondary school in this state which is
2 26 accredited under section 256.11 and adheres to the
2 27 provisions of the federal Civil Rights Act of 1964 and
2 28 chapter 216. A qualified school shall not
2 29 discriminate on the basis of race, creed, color,
2 30 national origin, sex, age, or disability.

2 31 b. (1) "School charitable organization" means a
2 32 charitable organization in this state that is exempt
2 33 from federal taxation under section 501(c)(3) of the
2 34 Internal Revenue Code, whose governing board consists
2 35 of, but is not limited to, parents, teachers, and
2 36 members of the general public, and that allocates at
2 37 least ninety percent of its annual revenue for
2 38 educational expenses, scholarships, or tuition grants
2 39 to children to allow them to attend any qualified
2 40 school of their parents' choice.

2 41 (2) A school charitable organization shall not
2 42 discriminate on the basis of race, creed, color,
2 43 national origin, sex, age, or disability. A school
2 44 charitable organization shall only award educational
2 45 expense payments, scholarships, and tuition grants to
2 46 children who reside in Iowa. In addition, to qualify
2 47 as a school charitable organization, the charitable
2 48 organization shall only provide educational expense
2 49 payments, scholarships, or tuition grants to children
2 50 from families whose incomes are less than two hundred
3 1 percent of the federal poverty level, as defined by
3 2 the most recently revised income guidelines published
3 3 by the United States department of health and human
3 4 services.

3 5 8. A school charitable organization that receives
3 6 a voluntary cash contribution pursuant to this section
3 7 shall report to the department, on a form prescribed
3 8 by the department, by February 28 of each year all of
3 9 the following information:

3 10 a. The name, address, and contact name of the
3 11 school charitable organization.

3 12 b. The total number of contributions received
3 13 during the previous calendar year.

3 14 c. The total dollar amount of contributions
3 15 received during the previous calendar year.

3 16 d. The total number of children awarded
3 17 educational expense payments, scholarships, or tuition
3 18 grants during the previous calendar year.

3 19 e. The total dollar amount of educational expense
3 20 payments, scholarships, and tuition grants awarded
3 21 during the previous calendar year.

3 22 f. For each school to which educational expense
3 23 payments, scholarships, or tuition grants were awarded
3 24 all of the following shall be provided:

3 25 (1) The name and address of the school.

3 26 (2) The number of educational expense payments,
3 27 scholarships, and tuition grants awarded during the
3 28 previous calendar year.

3 29 (3) The total dollar amount of educational expense
3 30 payments, scholarships, and tuition grants awarded
3 31 during the previous calendar year.

3 32 9. The department shall annually file a report
3 33 with the chairpersons and ranking members of the
3 34 senate and house committees on ways and means
3 35 detailing a compilation of the information received
3 36 from the reports of all school charitable
3 37 organizations filed pursuant to the requirements of
3 38 subsection 8.

3 39 Sec. 2. APPLICABILITY DATE. This Act applies to
3 40 tax years beginning on or after January 1, 2006, but
3 41 before January 1, 2014.>

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