

# House Amendment 1652

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1 1 Amend the amendment, H=1645, to the Senate  
1 2 amendment, H=1635, to House File 816, as amended,  
1 3 passed, and reprinted by the House, as follows:  
1 4 #1. Page 29, by inserting after line 3 the  
1 5 following:  
1 6 <Sec. \_\_\_\_\_. NEW SECTION. 422.11K SCHOOL  
1 7 CHARITABLE ORGANIZATION TAX CREDIT.  
1 8 1. The taxes imposed under this division less the  
1 9 credits allowed under sections 422.12 and 422.12B  
1 10 shall be reduced by a school charitable organization  
1 11 tax credit equal to twenty-five percent of the amount  
1 12 of voluntary cash contributions made by the taxpayer  
1 13 during the tax year to a school charitable  
1 14 organization, not to exceed either of the following:  
1 15 a. Five hundred dollars for a single individual.  
1 16 b. Seven hundred fifty dollars for a married  
1 17 couple.  
1 18 2. The taxpayer shall not be entitled to the  
1 19 credit unless the credit is preapproved by the  
1 20 department as provided in subsection 4.  
1 21 3. To be eligible for this credit, all of the  
1 22 following shall apply:  
1 23 a. A deduction pursuant to section 170 of the  
1 24 Internal Revenue Code for any amount of the  
1 25 contribution is not taken for state tax purposes.  
1 26 b. The contribution does not designate that any  
1 27 part of the contribution be used for the direct  
1 28 benefit of any dependent of the taxpayer or any other  
1 29 child designated by the taxpayer.  
1 30 4. To receive the tax credit, the taxpayer shall  
1 31 apply for the credit to the department by January 31  
1 32 following the end of the calendar year in which a  
1 33 contribution was made. If the taxpayer and school  
1 34 charitable organization qualify, the department shall  
1 35 approve the application for credit and so notify the  
1 36 taxpayer by April 1 following receipt of the  
1 37 application. However, the department of revenue shall  
1 38 only grant approval under this section for a total of  
1 39 five million dollars in credits in the fiscal year  
1 40 beginning July 1, 2006, and for a total of ten million  
1 41 dollars in credits in the fiscal years beginning on or  
1 42 after July 1, 2007. Once the qualified applications  
1 43 total more than five million dollars or ten million  
1 44 dollars, as applicable, in credits, the department  
1 45 shall award the approved credits on the basis of the  
1 46 date of application for credit and the remaining  
1 47 approved credits shall be awarded in the subsequent  
1 48 fiscal year. The department shall notify the taxpayer  
1 49 of the year for which the credit is approved. The  
1 50 department shall prepare application forms which may  
2 1 be made available to charitable organizations that may  
2 2 qualify as school charitable organizations.  
2 3 5. Any credit in excess of the tax liability is  
2 4 not refundable but the excess for the tax year may be  
2 5 credited to the tax liability for the following five  
2 6 tax years or until depleted, whichever is the earlier.  
2 7 6. Married taxpayers who file separate returns or  
2 8 file separately on a combined return form must  
2 9 determine the tax credit under subsection 1, paragraph  
2 10 "b", based upon their combined net income and allocate  
2 11 the total credit amount to each spouse in the  
2 12 proportion that each spouse's respective net income  
2 13 bears to the total combined net income. Nonresidents  
2 14 or part-year residents of Iowa must determine their  
2 15 tax credit in the ratio of their Iowa source net  
2 16 income to their all source net income. Nonresidents  
2 17 or part-year residents who are married and elect to  
2 18 file separate returns or to file separately on a  
2 19 combined return form must allocate the tax credit  
2 20 between the spouses in the ratio of each spouse's Iowa  
2 21 source net income to the combined Iowa source net  
2 22 income of the taxpayers.  
2 23 7. For purposes of this section:  
2 24 a. "Qualified school" means a public or private

2 25 nonprofit preschool, as defined in section 237A.1,  
2 26 located in this state or a public or nonpublic  
2 27 elementary or secondary school in this state which is  
2 28 accredited under section 256.11 and adheres to the  
2 29 provisions of the federal Civil Rights Act of 1964 and  
2 30 chapter 216. A qualified school shall not  
2 31 discriminate on the basis of race, creed, color,  
2 32 national origin, sex, age, or disability.

2 33 b. (1) "School charitable organization" means a  
2 34 charitable organization in this state that is exempt  
2 35 from federal taxation under section 501(c)(3) of the  
2 36 Internal Revenue Code, whose governing board consists  
2 37 of, but is not limited to, parents, teachers, and  
2 38 members of the general public, and that allocates at  
2 39 least ninety percent of its annual revenue for  
2 40 educational expenses, scholarships, or tuition grants  
2 41 to children to allow them to attend any qualified  
2 42 school of their parents' choice.

2 43 (2) A school charitable organization shall not  
2 44 discriminate on the basis of race, creed, color,  
2 45 national origin, sex, age, or disability. A school  
2 46 charitable organization shall only award educational  
2 47 expense payments, scholarships, and tuition grants to  
2 48 children who reside in Iowa. In addition, to qualify  
2 49 as a school charitable organization, the charitable  
2 50 organization shall only provide educational expense  
3 1 payments, scholarships, or tuition grants to children  
3 2 from families whose incomes are less than three  
3 3 hundred percent of the federal poverty level, as  
3 4 defined by the most recently revised income guidelines  
3 5 published by the United States department of health  
3 6 and human services.

3 7 8. A school charitable organization that receives  
3 8 a voluntary cash contribution pursuant to this section  
3 9 shall report to the department, on a form prescribed  
3 10 by the department, by February 28 of each year all of  
3 11 the following information:

3 12 a. The name, address, and contact name of the  
3 13 school charitable organization.

3 14 b. The total number of contributions received  
3 15 during the previous calendar year.

3 16 c. The total dollar amount of contributions  
3 17 received during the previous calendar year.

3 18 d. The total number of children awarded  
3 19 educational expense payments, scholarships, or tuition  
3 20 grants during the previous calendar year.

3 21 e. The total dollar amount of educational expense  
3 22 payments, scholarships, and tuition grants awarded  
3 23 during the previous calendar year.

3 24 f. For each school to which educational expense  
3 25 payments, scholarships, or tuition grants were awarded  
3 26 all of the following shall be provided:

3 27 (1) The name and address of the school.

3 28 (2) The number of educational expense payments,  
3 29 scholarships, and tuition grants awarded during the  
3 30 previous calendar year.

3 31 (3) The total dollar amount of educational expense  
3 32 payments, scholarships, and tuition grants awarded  
3 33 during the previous calendar year.

3 34 9. The department shall annually file a report  
3 35 with the chairpersons and ranking members of the  
3 36 senate and house committees on ways and means  
3 37 detailing a compilation of the information received  
3 38 from the reports of all school charitable  
3 39 organizations filed pursuant to the requirements of  
3 40 subsection 8.>

3 41 #2. Page 30, by inserting after line 48 the  
3 42 following:

3 43 <Sec. \_\_\_\_\_. APPLICABILITY DATE. The section of  
3 44 this Act enacting section 422.11K applies to tax years  
3 45 beginning on or after January 1, 2006, but before  
3 46 January 1, 2014.>

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WENDT of Woodbury

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JOCHUM of Dubuque

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4 8 HOGG of Linn  
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