

House File 2594

H-8099

1 Amend House File 2594 as follows:

2 1. Page 1, before line 1 by inserting:

3 <DIVISION I>

4 2. Page 2, line 27, before <Act> by inserting <division of  
5 this>

6 3. Page 2, after line 28 by inserting:

7 <DIVISION II

8 Sec. \_\_\_\_\_. Section 422.12C, subsection 1, Code 2020, is  
9 amended by striking the subsection and inserting in lieu  
10 thereof the following:

11 1. The taxes imposed under this division, less the amounts  
12 of nonrefundable credits allowed under this division, shall  
13 be reduced by a child and dependent care credit equal to the  
14 following percentages of the federal child and dependent care  
15 credit provided in section 21 of the Internal Revenue Code,  
16 without regard to whether or not the federal credit was limited  
17 by the taxpayer's federal tax liability:

18 a. For a taxpayer with net income of less than forty-five  
19 thousand dollars, one hundred percent.

20 b. For a taxpayer with net income of forty-five thousand  
21 dollars or more but less than ninety thousand dollars, thirty  
22 percent.

23 c. For a taxpayer with net income of ninety thousand dollars  
24 or more but less than one hundred thousand dollars, twenty-five  
25 percent.

26 d. For a taxpayer with net income of one hundred thousand  
27 dollars or more but less than one hundred twenty-five thousand  
28 dollars, twenty percent.

29 e. For a taxpayer with net income of one hundred twenty-five  
30 thousand dollars or more but less than one hundred fifty  
31 thousand dollars, fifteen percent.

32 f. For a taxpayer with net income of one hundred fifty  
33 thousand dollars or more but less than one hundred seventy-five  
34 thousand dollars, ten percent.

35 g. For a taxpayer with net income of one hundred

1 seventy-five thousand dollars or more but less than two hundred  
2 fifty thousand dollars, five percent.

3 *h.* For a taxpayer with net income of two hundred fifty  
4 thousand dollars or more, zero percent.

5 Sec. \_\_\_\_\_. RETROACTIVE APPLICABILITY. This division of this  
6 Act applies retroactively to January 1, 2020 for tax years  
7 beginning on or after that date.

8 DIVISION III

9 Sec. \_\_\_\_\_. NEW SECTION. 237D.1 **Definitions.**

10 As used in this chapter, unless the context otherwise  
11 requires:

12 1. "*Child*" means the same as defined in section 237A.1.

13 2. "*Child care*" means the same as defined in section 237A.1.

14 3. "*Child development home*" means the same as defined in  
15 section 237A.1.

16 4. "*Department*" means the department of human services.

17 5. "*Facility*" means the same as defined in section 237A.1.

18 6. "*Fund*" means the child care center and child development  
19 home grant fund.

20 7. "*Home*" means a child development home.

21 8. "*Licensed child care center*" or "*center*" means a facility  
22 providing child care or preschool services for seven or more  
23 children that has been issued a license by the department  
24 pursuant to section 237A.2.

25 9. "*Program*" means the child care center and child  
26 development home grant program.

27 Sec. \_\_\_\_\_. NEW SECTION. 237D.2 **Child care center and child**  
28 **development home grant fund.**

29 1. A child care center and child development home grant fund  
30 is created and established as a separate and distinct fund in  
31 the state treasury under the control of the department.

32 2. *a.* The fund may consist of any moneys appropriated by  
33 the general assembly for purposes of this chapter and any other  
34 moneys that are lawfully available to the department. Moneys  
35 in the fund are appropriated to the department and shall be

1 used for the purposes of this chapter.

2     *b.* Notwithstanding section 8.33, moneys in the fund  
3 that remain unencumbered or unobligated at the close of the  
4 fiscal year shall not revert but shall remain available for  
5 expenditure for the purposes of this section in succeeding  
6 fiscal years. Notwithstanding section 12C.7, subsection 2,  
7 interest earned on moneys in the fund shall be credited to the  
8 fund.

9     Sec. \_\_\_\_ . NEW SECTION. 237D.3 **Child care center and child**  
10 **development home grant program.**

11     1. The department shall adopt rules to establish and  
12 administer a child care center and child development home  
13 grant program to provide for the allocation of money in the  
14 fund in the form of grants, not to exceed fifty thousand  
15 dollars per grant, to eligible persons for costs related to  
16 the establishment of a new licensed child care center or  
17 a new child development home, or for the expansion of an  
18 existing licensed child care center or the expansion of an  
19 existing child development home. For any one fiscal year, the  
20 department shall not approve more than four million dollars  
21 in grants. The rules adopted by the department shall specify  
22 the eligibility requirements for applicants of the program and  
23 the items eligible for a program grant. Items eligible for a  
24 program grant must include the costs related to licensing or  
25 registration, supplies, and infrastructure.

26     2. A new center or a new home must be licensed or registered  
27 and fully operational within two years of the date of an  
28 applicant's receipt of a grant.

29     3. Of the children for whom a new or expanded center or a  
30 new or expanded home provide child care, a minimum of twenty  
31 percent of the children must be from a family that qualifies  
32 for state child care assistance pursuant to section 237A.13.

33     4. A person that is awarded a grant shall enter into an  
34 agreement with the department that specifies the requirements  
35 that must be maintained throughout the period of the agreement

1 in order for the person to retain the grant. The agreement  
2 must contain, at a minimum, provisions addressing all of the  
3 following:

4 a. The legal name of the person receiving the grant.

5 b. The amount of the grant.

6 c. Annual certification by the person to the department of  
7 compliance with the requirements of the agreement, the program,  
8 and this chapter.

9 d. The repayment of the grant, or a portion of the grant,  
10 if the person does not meet all of the requirements of the  
11 agreement, the program, and this chapter.

12 e. If a new center or a new home for which the grant was  
13 received goes out of business within two years of the date the  
14 new center or new home becomes fully operational pursuant to  
15 subsection 2, the grant shall be subject to repayment. If an  
16 expanded center or an expanded home for which the grant was  
17 received goes out of business within two years of the date on  
18 which the grant was received, the grant shall be subject to  
19 repayment.

20 DIVISION IV

21 Sec. \_\_\_\_ . NEW SECTION. 237A.31 **Small business child care**  
22 **tax credit.**

23 1. As used in this section "*small business*" means any  
24 enterprise which is located in this state, which is operated  
25 for profit and under a single management, and which has either  
26 fewer than twenty employees or an annual gross income of less  
27 than four million dollars computed as the average of the three  
28 preceding fiscal years. This definition does not apply to any  
29 program or activity for which a definition for small business  
30 is provided for the program or activity by federal law or  
31 regulation or other state law.

32 2. A small business may receive a child care tax credit  
33 for providing child care employee benefits to employees of  
34 the business. The credit may be applied against income tax  
35 imposed under chapter 422, division II or III, the franchise

1 tax imposed under chapter 422, division V, the gross premiums  
2 tax imposed under chapter 432, or the moneys and credits tax  
3 imposed in section 533.329. The amount of the credit equals  
4 the costs to provide the benefit up to three thousand dollars  
5 per employee per year.

6 3. The aggregate amount of tax credits authorized pursuant  
7 to this section shall not exceed a total of two million  
8 dollars per fiscal year, and shall be awarded on a first-come,  
9 first-served basis.

10 4. To be eligible for a small business child care tax  
11 credit, the small business must provide child care employee  
12 benefits to employees of the business through any of the  
13 following:

14 a. Build a new structure or rehabilitate an existing  
15 structure to be used as a child care center at or near the small  
16 business where the children of the employees of the business  
17 are provided child care. A small business may construct or  
18 rehabilitate the structure in conjunction with another business  
19 but only the actual cost of the business shall be considered in  
20 determining the credit.

21 b. Operate or lease a child care center at or near the small  
22 business where the children of the employees of the business  
23 are provided child care.

24 5. Any credit in excess of the tax liability is not  
25 refundable but the excess for the tax year may be credited  
26 to the tax liability for the following five years or until  
27 depleted, whichever is earlier. The director of revenue shall  
28 adopt rules to implement this section.

29 Sec. \_\_\_\_\_. NEW SECTION. **422.12P Small business child care**  
30 **tax credit.**

31 1. The taxes imposed under this division, less the credits  
32 allowed under section 422.12, shall be reduced by a small  
33 business child care tax credit received pursuant to section  
34 237A.31.

35 2. An individual may claim the tax credit allowed a

1 partnership, S corporation, limited liability company, estate,  
2 or trust electing to have the income taxed directly to the  
3 individual. The amount claimed by the individual shall be  
4 based upon the pro rata share of the individual's earnings of a  
5 partnership, S corporation, limited liability company, estate,  
6 or trust.

7 Sec. \_\_\_\_\_. Section 422.33, Code 2020, is amended by adding  
8 the following new subsection:

9 NEW SUBSECTION. 31. The taxes imposed under this division  
10 shall be reduced by a small business child care tax credit  
11 received pursuant to section 237A.31.

12 Sec. \_\_\_\_\_. Section 422.60, Code 2020, is amended by adding  
13 the following new subsection:

14 NEW SUBSECTION. 14. The taxes imposed under this division  
15 shall be reduced by a small business child care tax credit  
16 received pursuant to section 237A.31.

17 Sec. \_\_\_\_\_. NEW SECTION. **432.12N Small business child care**  
18 **tax credit.**

19 The taxes imposed under this chapter shall be reduced by  
20 a small business child care tax credit received pursuant to  
21 section 237A.31.

22 Sec. \_\_\_\_\_. Section 533.329, subsection 2, Code 2020, is  
23 amended by adding the following new paragraph:

24 NEW PARAGRAPH. 1. The moneys and credits tax imposed under  
25 this section shall be reduced by a small business child care  
26 tax credit received pursuant to section 237A.31.

27 Sec. \_\_\_\_\_. APPLICABILITY. This division of this Act applies  
28 to tax years beginning on or after January 1, 2021.

29 DIVISION V

30 Sec. \_\_\_\_\_. Section 237A.13, subsection 7, paragraph c, Code  
31 2020, is amended to read as follows:

32 c. Families with an income of more than one hundred  
33 percent but not more than ~~one~~ two hundred ~~forty-five~~ percent  
34 of the federal poverty level whose members, for at least  
35 twenty-eight hours per week in the aggregate, are employed

1 or are participating at a satisfactory level in an approved  
2 training program or educational program.

3 Sec. \_\_\_\_\_. DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES — CHILD  
4 CARE ASSISTANCE.

5 1. The department of human services shall amend its  
6 administrative rules pursuant to chapter 17A to do all of the  
7 following:

8 a. Provide income eligibility for state child care  
9 assistance, according to family size for children needing basic  
10 care, to families whose nonexempt gross monthly income does not  
11 exceed two hundred percent of the federal poverty level.

12 b. Adjust the state child care assistance copayment  
13 schedule in incrementally increased amounts for families whose  
14 nonexempt gross monthly income does not exceed two hundred  
15 percent of the federal poverty level.

16 2. The rules adopted pursuant to this section shall take  
17 effect January 1, 2021.>

18 4. Title page, by striking lines 1 through 4 and inserting  
19 <An Act relating to child care, grants and tax credits relating  
20 to child care, state child care assistance, and including  
21 applicability and retroactive applicability provisions.>

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JAMES of Dubuque