

House File 2593

H-8100

1 Amend House File 2593 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 Section 1. Section 422.12C, subsection 1, Code 2020, is
6 amended by striking the subsection and inserting in lieu
7 thereof the following:

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

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

17 b. For a taxpayer with net income of forty-five thousand
18 dollars or more but less than ninety thousand dollars, thirty
19 percent.

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

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

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

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

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

35 h. For a taxpayer with net income of two hundred fifty

1 thousand dollars or more, zero percent.

2 Sec. 2. RETROACTIVE APPLICABILITY. This division of this
3 Act applies retroactively to January 1, 2020 for tax years
4 beginning on or after that date.

5 DIVISION II

6 Sec. 3. NEW SECTION. 237D.1 Definitions.

7 As used in this chapter, unless the context otherwise
8 requires:

- 9 1. "*Child*" means the same as defined in section 237A.1.
- 10 2. "*Child care*" means the same as defined in section 237A.1.
- 11 3. "*Child development home*" means the same as defined in
12 section 237A.1.
- 13 4. "*Department*" means the department of human services.
- 14 5. "*Facility*" means the same as defined in section 237A.1.
- 15 6. "*Fund*" means the child care center and child development
16 home grant fund.
- 17 7. "*Home*" means a child development home.
- 18 8. "*Licensed child care center*" or "*center*" means a facility
19 providing child care or preschool services for seven or more
20 children that has been issued a license by the department
21 pursuant to section 237A.2.
- 22 9. "*Program*" means the child care center and child
23 development home grant program.

24 Sec. 4. NEW SECTION. 237D.2 Child care center and child
25 development home grant fund.

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

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

34 b. Notwithstanding section 8.33, moneys in the fund
35 that remain unencumbered or unobligated at the close of the

1 fiscal year shall not revert but shall remain available for
2 expenditure for the purposes of this section in succeeding
3 fiscal years. Notwithstanding section 12C.7, subsection 2,
4 interest earned on moneys in the fund shall be credited to the
5 fund.

6 Sec. 5. NEW SECTION. 237D.3 **Child care center and child**
7 **development home grant program.**

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

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

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

30 4. A person that is awarded a grant shall enter into an
31 agreement with the department that specifies the requirements
32 that must be maintained throughout the period of the agreement
33 in order for the person to retain the grant. The agreement
34 must contain, at a minimum, provisions addressing all of the
35 following:

- 1 a. The legal name of the person receiving the grant.
- 2 b. The amount of the grant.
- 3 c. Annual certification by the person to the department of
4 compliance with the requirements of the agreement, the program,
5 and this chapter.
- 6 d. The repayment of the grant, or a portion of the grant,
7 if the person does not meet all of the requirements of the
8 agreement, the program, and this chapter.
- 9 e. If a new center or a new home for which the grant was
10 received goes out of business within two years of the date the
11 new center or new home becomes fully operational pursuant to
12 subsection 2, the grant shall be subject to repayment. If an
13 expanded center or an expanded home for which the grant was
14 received goes out of business within two years of the date on
15 which the grant was received, the grant shall be subject to
16 repayment.

17 DIVISION III

18 Sec. 6. NEW SECTION. 237A.31 Small business child care tax
19 credit.

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

29 2. A small business may receive a child care tax credit
30 for providing child care employee benefits to employees of
31 the business. The credit may be applied against income tax
32 imposed under chapter 422, division II or III, the franchise
33 tax imposed under chapter 422, division V, the gross premiums
34 tax imposed under chapter 432, or the moneys and credits tax
35 imposed in section 533.329. The amount of the credit equals

1 the costs to provide the benefit up to three thousand dollars
2 per employee per year.

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

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

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

18 b. Operate or lease a child care center at or near the small
19 business where the children of the employees of the business
20 are provided child care.

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

26 Sec. 7. NEW SECTION. 422.120 Small business child care tax
27 credit.

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

32 2. An individual may claim the tax credit allowed a
33 partnership, S corporation, limited liability company, estate,
34 or trust electing to have the income taxed directly to the
35 individual. The amount claimed by the individual shall be

1 based upon the pro rata share of the individual's earnings of a
2 partnership, S corporation, limited liability company, estate,
3 or trust.

4 Sec. 8. Section 422.33, Code 2020, is amended by adding the
5 following new subsection:

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

9 Sec. 9. Section 422.60, Code 2020, is amended by adding the
10 following new subsection:

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

14 Sec. 10. NEW SECTION. **432.12N Small business child care**
15 **tax credit.**

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

19 Sec. 11. Section 533.329, subsection 2, Code 2020, is
20 amended by adding the following new paragraph:

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

24 Sec. 12. **APPLICABILITY.** This division of this Act applies
25 to tax years beginning on or after January 1, 2021.

26 **DIVISION IV**

27 Sec. 13. Section 237A.13, subsection 7, paragraph c, Code
28 2020, is amended to read as follows:

29 *c.* Families with an income of more than one hundred
30 percent but not more than ~~one~~ two hundred ~~forty-five~~ percent
31 of the federal poverty level whose members, for at least
32 twenty-eight hours per week in the aggregate, are employed
33 or are participating at a satisfactory level in an approved
34 training program or educational program.

35 Sec. 14. **DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES — CHILD**

1 CARE ASSISTANCE.

2 1. The department of human services shall amend its
3 administrative rules pursuant to chapter 17A to do all of the
4 following:

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

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

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

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

JAMES of Dubuque