

House File 2424

H-8116

1 Amend the amendment, H-8087, to House File 2424 as follows:

2 1. By striking page 1, line 2, through page 2, line 25, and
3 inserting:

4 <___. By striking everything after the enacting clause and
5 inserting:

6 <DIVISION I

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

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

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

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

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

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

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

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

34 g. For a taxpayer with net income of one hundred
35 seventy-five thousand dollars or more but less than two hundred

1 fifty thousand dollars, five percent.

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

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

7 DIVISION II

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 must contain, at a minimum, provisions addressing all of the
2 following:

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

4 b. The amount of the grant.

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

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

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

19 DIVISION III

20 Sec. 6. NEW SECTION. 237A.31 Small business child care tax
21 credit.

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

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

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

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

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

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

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

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

28 Sec. 7. NEW SECTION. 422.120 Small business child care tax
29 credit.

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

34 2. An individual may claim the tax credit allowed a
35 partnership, S corporation, limited liability company, estate,

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

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

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

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

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

16 Sec. 10. NEW SECTION. **432.12N Small business child care**
17 **tax credit.**

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

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

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

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

28 **DIVISION IV**

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

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

1 training program or educational program.

2 Sec. 14. DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES — CHILD
3 CARE ASSISTANCE.

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

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

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

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

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

JAMES of Dubuque