

House File 668

H-1150

1 Amend House File 668 as follows:

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

3 <DIVISION I

4 CHILD CARE CENTERS AND FACILITIES — PROPERTY TAXATION>

5 2. Page 4, line 33, after <This> by inserting <division of  
6 this>

7 3. Page 5, line 3, after <this> by inserting <division of  
8 this>

9 4. Page 5, line 6, after <this> by inserting <division of  
10 this>

11 5. Page 5, line 11, after <this> by inserting <division of  
12 this>

13 6. Page 5, line 13, after <this> by inserting <division of  
14 this>

15 7. Page 5, after line 15 by inserting:

16 <DIVISION \_\_\_\_

17 CHILD AND DEPENDENT CARE TAX CREDIT

18 Sec. \_\_\_\_\_. Section 422.12C, subsection 1, Code 2023, is  
19 amended by striking the subsection and inserting in lieu  
20 thereof the following:

21 1. The taxes imposed under this subchapter, less the amounts  
22 of nonrefundable credits allowed under this subchapter, shall  
23 be reduced by a child and dependent care credit equal to the  
24 following percentages of the federal child and dependent care  
25 credit provided in section 21 of the Internal Revenue Code,  
26 without regard to whether or not the federal credit was limited  
27 by the taxpayer's federal tax liability:

28 a. For a taxpayer with net income of forty-five thousand  
29 dollars or less, one hundred percent.

30 b. For a taxpayer with net income exceeding forty-five  
31 thousand dollars but not exceeding fifty thousand dollars,  
32 eighty-eight percent.

33 c. For a taxpayer with net income exceeding fifty thousand  
34 dollars but not exceeding sixty thousand dollars, seventy-five  
35 percent.

- 1     *d.* For a taxpayer with net income exceeding sixty thousand  
2 dollars but not exceeding seventy thousand dollars, sixty-three  
3 percent.
- 4     *e.* For a taxpayer with net income exceeding seventy thousand  
5 dollars but not exceeding eighty thousand dollars, fifty  
6 percent.
- 7     *f.* For a taxpayer with net income exceeding eighty thousand  
8 dollars but not exceeding ninety thousand dollars, thirty-eight  
9 percent.
- 10    *g.* For a taxpayer with net income exceeding ninety thousand  
11 dollars but not exceeding one hundred thousand dollars,  
12 twenty-five percent.
- 13    *h.* For a taxpayer with net income exceeding one hundred  
14 thousand dollars but not exceeding one hundred twenty-five  
15 thousand dollars, thirteen percent.
- 16    *i.* For a taxpayer with net income exceeding one hundred  
17 twenty-five thousand dollars but not exceeding one hundred  
18 fifty thousand dollars, ten percent.
- 19    *j.* For a taxpayer with net income exceeding one hundred  
20 fifty thousand dollars but not exceeding one hundred  
21 seventy-five thousand dollars, five percent.
- 22    *k.* For a taxpayer with net income exceeding one hundred  
23 seventy-five thousand dollars but not exceeding two hundred  
24 thousand dollars, three percent.
- 25    *l.* For a taxpayer with net income exceeding two hundred  
26 thousand dollars but not exceeding two hundred fifty thousand  
27 dollars, two percent.
- 28    *m.* For a taxpayer with net income exceeding two hundred  
29 fifty thousand dollars, zero percent.

30                                   DIVISION \_\_\_\_  
31           CHILD CARE CENTER AND CHILD DEVELOPMENT HOME GRANTS  
32    Sec. \_\_\_\_ . NEW SECTION.   237D.1 Definitions.

33    As used in this chapter, unless the context otherwise  
34 requires:

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

1     2. "*Child care*" means the same as defined in section 237A.1.  
2     3. "*Child development home*" means the same as defined in  
3 section 237A.1.  
4     4. "*Department*" means the department of health and human  
5 services.  
6     5. "*Facility*" means the same as defined in section 237A.1.  
7     6. "*Fund*" means the child care center and child development  
8 home grant fund.  
9     7. "*Home*" means a child development home.  
10    8. "*Licensed child care center*" or "*center*" means a facility  
11 providing child care or preschool services for seven or more  
12 children that has been issued a license by the department  
13 pursuant to section 237A.2.  
14    9. "*Program*" means the child care center and child  
15 development home grant program.  
16    Sec. \_\_\_\_\_. NEW SECTION. **237D.2 Child care center and child**  
17 **development home grant fund.**  
18    1. A child care center and child development home grant fund  
19 is created and established as a separate and distinct fund in  
20 the state treasury under the control of the department.  
21    2. *a.* The fund may consist of any moneys appropriated by  
22 the general assembly for purposes of this chapter and any other  
23 moneys that are lawfully available to the department. Moneys  
24 in the fund are appropriated to the department and shall be  
25 used for the purposes of this chapter.  
26    *b.* Notwithstanding section 8.33, moneys in the fund  
27 that remain unencumbered or unobligated at the close of the  
28 fiscal year shall not revert but shall remain available for  
29 expenditure for the purposes of this section in succeeding  
30 fiscal years. Notwithstanding section 12C.7, subsection 2,  
31 interest earned on moneys in the fund shall be credited to the  
32 fund.  
33    Sec. \_\_\_\_\_. NEW SECTION. **237D.3 Child care center and child**  
34 **development home grant program.**  
35    1. The department shall adopt rules to establish and

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

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

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

22 4. A person that is awarded a grant shall enter into an  
23 agreement with the department that specifies the requirements  
24 that must be maintained throughout the period of the agreement  
25 in order for the person to retain the grant. The agreement  
26 must contain, at a minimum, provisions addressing all of the  
27 following:

28 a. The legal name of the person receiving the grant.  
29 b. The amount of the grant.  
30 c. Annual certification by the person to the department of  
31 compliance with the requirements of the agreement, the program,  
32 and this chapter.  
33 d. The repayment of the grant, or a portion of the grant,  
34 if the person does not meet all of the requirements of the  
35 agreement, the program, and this chapter.

1 e. If a new center or a new home for which the grant was  
2 received goes out of business within two years of the date the  
3 new center or new home becomes fully operational pursuant to  
4 subsection 2, the grant shall be subject to repayment. If an  
5 expanded center or an expanded home for which the grant was  
6 received goes out of business within two years of the date on  
7 which the grant was received, the grant shall be subject to  
8 repayment.

9 DIVISION \_\_\_\_

10 SMALL BUSINESS CHILD CARE TAX CREDIT

11 Sec. \_\_\_\_ . NEW SECTION. 237A.32 **Small business child care**  
12 **tax credit.**

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

22 2. A small business may receive a child care tax credit  
23 for providing child care employee benefits to employees of the  
24 business. The credit may be applied against income tax imposed  
25 under chapter 422, subchapter II or III, the franchise tax  
26 imposed under chapter 422, subchapter V, the gross premiums  
27 tax imposed under chapter 432, or the moneys and credits tax  
28 imposed in section 533.329. The amount of the credit equals  
29 the costs to provide the benefit up to three thousand dollars  
30 per employee per year.

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

35 4. To be eligible for a small business child care tax

1 credit, the small business must provide child care employee  
2 benefits to employees of the business through any of the  
3 following:

4     a. Build a new structure or rehabilitate an existing  
5 structure to be used as a child care center at or near the small  
6 business where the children of the employees of the business  
7 are provided child care. A small business may construct or  
8 rehabilitate the structure in conjunction with another business  
9 but only the actual cost of the business shall be considered in  
10 determining the credit.

11     b. Operate or lease a child care center at or near the small  
12 business where the children of the employees of the business  
13 are provided child care.

14     5. A taxpayer who elects to claim the small business child  
15 care tax credit shall not claim the employer child care tax  
16 credit under section 237A.31.

17     6. Any credit in excess of the tax liability is not  
18 refundable but the excess for the tax year may be credited  
19 to the tax liability for the following five years or until  
20 depleted, whichever is earlier. The director of revenue shall  
21 adopt rules to implement this section.

22     Sec. \_\_\_\_\_. NEW SECTION. **422.12P Small business child care**  
23 **tax credit.**

24     1. The taxes imposed under this subchapter, less the credits  
25 allowed under section 422.12, shall be reduced by a small  
26 business child care tax credit received pursuant to section  
27 237A.32.

28     2. An individual may claim the tax credit allowed a  
29 partnership, S corporation, limited liability company, estate,  
30 or trust electing to have the income taxed directly to the  
31 individual. The amount claimed by the individual shall be  
32 based upon the pro rata share of the individual's earnings of a  
33 partnership, S corporation, limited liability company, estate,  
34 or trust.

35     Sec. \_\_\_\_\_. Section 422.33, Code 2023, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 33. The taxes imposed under this subchapter  
3 shall be reduced by a small business child care tax credit  
4 received pursuant to section 237A.32.

5 Sec. \_\_\_\_\_. Section 422.60, Code 2023, is amended by adding  
6 the following new subsection:

7 NEW SUBSECTION. 16. The taxes imposed under this subchapter  
8 shall be reduced by a small business child care tax credit  
9 received pursuant to section 237A.32.

10 Sec. \_\_\_\_\_. NEW SECTION. 432.12P **Small business child care**  
11 **tax credit.**

12 The taxes imposed under this chapter shall be reduced by  
13 a small business child care tax credit received pursuant to  
14 section 237A.32.

15 Sec. \_\_\_\_\_. Section 533.329, subsection 2, Code 2023, is  
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *n.* The moneys and credits tax imposed under  
18 this section shall be reduced by a small business child care  
19 tax credit received pursuant to section 237A.32.

20 Sec. \_\_\_\_\_. **APPLICABILITY.** This division of this Act applies  
21 to tax years beginning on or after January 1, 2023.

22 **DIVISION \_\_\_\_\_**

23 **STATE CHILD CARE ASSISTANCE**

24 Sec. \_\_\_\_\_. Section 237A.13, subsection 8, paragraph c, Code  
25 2023, is amended to read as follows:

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

32 Sec. \_\_\_\_\_. **DIRECTIVE TO DEPARTMENT OF HEALTH AND HUMAN**  
33 **SERVICES — CHILD CARE ASSISTANCE.**

34 1. The department of health and human services shall amend  
35 its administrative rules pursuant to chapter 17A to do all of

1 the following:

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

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

10    2. The rules adopted pursuant to this section shall take  
11 effect January 1, 2024.>

12    8. Title page, by striking lines 1 and 2 and inserting <An  
13 Act relating to child care and including effective date,>

14    9. By renumbering as necessary.

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KURTH of Scott