

2/14/96 W. & memo

FILED FEB 13 1996

SENATE FILE 2181
BY DOUGLAS

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing an income tax credit or deduction for tuition
2 paid to accredited postsecondary institutions in Iowa under
3 certain circumstances.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2181

1 Section 1. Section 422.9, subsection 2, Code Supplement
2 1995, is amended by adding the following new paragraph:

3 NEW PARAGRAPH. g. Add the amount, not to exceed twenty-
4 five percent of the actual tuition the taxpayer has paid for a
5 course of study leading to an associate or baccalaureate
6 degree for each dependent attending an accredited
7 postsecondary institution situated in Iowa. As used in this
8 paragraph, "accredited postsecondary institution" means an
9 institution of higher learning under the control of the state
10 board of regents, a community college established under
11 chapter 260C, or an accredited private institution as defined
12 in section 261.9.

13 Sec. 2. Section 422.12, Code Supplement 1995, is amended
14 by adding the following new subsection:

15 NEW SUBSECTION. 4. For those who do not itemize their
16 deductions, a tuition credit equal to one and one-quarter
17 percent of the actual tuition the taxpayer has paid for a
18 course of study leading to an associate or baccalaureate
19 degree for each dependent attending an accredited
20 postsecondary institution situated in Iowa. As used in this
21 subsection, "accredited postsecondary institution" means an
22 institution of higher learning under the control of the state
23 board of regents, a community college established under
24 chapter 260C, or an accredited private institution as defined
25 in section 261.9. Notwithstanding any other provision, all
26 other credits allowed under sections 422.12 and 422.12B shall
27 be deducted before the tuition credit under this subsection.

28 EXPLANATION

29 This bill provides a taxpayer with a tax credit or a tax
30 deduction for tuition paid to an accredited postsecondary
31 institution for each dependent attending an accredited
32 postsecondary institution located in Iowa. The amount that
33 may be deducted per dependent shall not exceed 25 percent of
34 the actual tuition paid, and the credit is equal to 1.25
35 percent of the tuition paid per dependent. The course of

1 study for which tuition is paid must lead to an associate or
2 baccalaureate degree.

3 As used in the bill, "accredited postsecondary institution"
4 means an institution of higher learning under the control of
5 the state board of regents, a community college, or an
6 accredited private institution of higher learning located in
7 Iowa.

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1 Amend Senate File 2181 as follows:
 2 1. Page 1, by inserting before line 1 the
 3 following:
 4 "Section 1. NEW SECTION. 261.52 IOWA RESIDENTS'
 5 GUARANTEED STUDENT LOAN REPAYMENT PROGRAM.
 6 1. A guaranteed student loan repayment program is
 7 established, to be administered by the commission, for
 8 Iowa resident students who meet all of the following
 9 conditions:
 10 a. The student was an Iowa resident at least six
 11 months before and during the period of time of
 12 enrollment in an accredited higher education
 13 institution for which repayment of student loans is
 14 sought.
 15 b. The student files, or has already filed, a
 16 state income tax return for the year in which
 17 repayment is sought.
 18 c. The student attended an Iowa community college,
 19 a university under the control of the state board of
 20 regents, or an accredited private institution as
 21 defined in section 261.9.
 22 d. The student graduated from one of the
 23 institutions specified in paragraph "c" on or after
 24 April 1, 1996.
 25 e. The student is not receiving reimbursement or
 26 forgiveness of any student loans under any other state
 27 student loan repayment or forgiveness program.
 28 f. The student has never defaulted on a loan
 29 guaranteed by the commission or by the federal
 30 government.
 31 g. The student has a final cumulative grade point
 32 average of at least 2.5 on a 4.0 scale or better, or
 33 the equivalent of that grade point average.
 34 2. The maximum annual reimbursement to an eligible
 35 student shall equal an amount equal to ten percent of
 36 the student's guaranteed student loan debt, provided,
 37 however, that the total reimbursement to the student
 38 shall not exceed the maximum total reimbursement
 39 amount to which the student is entitled.
 40 3. The maximum total reimbursement amount per
 41 student is as follows:
 42 a. For a student who has attended a two-year
 43 institution, up to five thousand dollars.
 44 b. For a student who has attended a four-year
 45 institution, up to ten thousand dollars.
 46 c. For a student who has attended a four-year
 47 institution, and completed a post-graduate degree, up
 48 to twenty-five thousand dollars.
 49 4. The commission may adopt rules as necessary for
 50 the administration and implementation of this

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1 program."
 2 2. Title page, line 3, by inserting after the
 3 word "circumstances" the following: "and establishing
 4 a guaranteed student loan repayment program for Iowa
 5 resident students who graduate from accredited higher
 6 education institutions in this state and who remain
 7 residents and file tax returns in the state of Iowa."
 8 3. By renumbering as necessary.

By MERLIN E. BARTZ