

H-4-11-96 W. J. Mean  
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FILED APR 10 1996

SENATE FILE 2467

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 2355)

Passed Senate, (P. 1335) Date 4-11-96

Passed House, (P. 1727) Date 4/17/96

Vote: Ayes 41 Nays 7

Vote: Ayes 73 Nays 23

Approved 4/24/96

**A BILL FOR**

1 An Act increasing the nonpublic school tax credit and eliminating  
2 the nonpublic school tax deduction for amounts paid for  
3 tuition and textbooks for nonpublic elementary and secondary  
4 schools under the state individual income tax and providing  
5 effective and applicability date provisions.

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

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S.F. 2467

1 Section 1. Section 422.9, subsection 2, paragraph f, Code  
2 Supplement 1995, is amended by striking the paragraph.

3 Sec. 2. Section 422.12, subsection 2, unnumbered paragraph  
4 1, Code Supplement 1995, is amended to read as follows:

5 ~~For those who do not itemize their deductions,~~ a A tuition  
6 credit equal to ~~five~~ ten percent of the first one thousand  
7 dollars which the taxpayer has paid to others for each  
8 dependent in grades kindergarten through twelve, for tuition  
9 and textbooks of each dependent in attending an elementary or  
10 secondary school situated in Iowa, which school is accredited  
11 or approved under section 256.11, which is not operated for  
12 profit, and which adheres to the provisions of the federal  
13 Civil Rights Act of 1964 and chapter 216. As used in this  
14 subsection, "textbooks" means books and other instructional  
15 materials and equipment used in elementary and secondary  
16 schools in teaching only those subjects legally and commonly  
17 taught in public elementary and secondary schools in this  
18 state and does not include instructional books and materials  
19 used in the teaching of religious tenets, doctrines, or  
20 worship, the purpose of which is to inculcate those tenets,  
21 doctrines, or worship, and does not include books or materials  
22 for extracurricular activities including sporting events,  
23 musical or dramatic events, speech activities, driver's  
24 education, or programs of a similar nature. Notwithstanding  
25 any other provision, all other credits allowed under sections  
26 422.12 and 422.12B shall be deducted before the tuition credit  
27 under this subsection. ~~The credit in this subsection does not~~  
28 ~~apply to a taxpayer whose net income, as properly computed for~~  
29 ~~state tax purposes, is forty-five thousand dollars or more.~~  
30 ~~In the case where the taxpayer is married, whether filing~~  
31 ~~jointly or separately, the credit does not apply if the~~  
32 ~~combined net income of the taxpayer and spouse is forty-five~~  
33 ~~thousand dollars or more.~~ The department, when conducting an  
34 audit of a taxpayer's return, shall also audit the tuition tax  
35 credit portion of the tax return.



**SENATE FILE 2467  
FISCAL NOTE**

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A fiscal note for **Senate File 2467** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 2467 eliminates the income tax deduction for amounts paid for tuition and textbooks for taxpayers who itemize deductions. The Bill would repeal the requirement that an eligible taxpayer earn less than \$45,000 and would increase the credit to 10.0% rather than the 5.0% provided under current law. The Bill would become effective retroactive to January 1, 1996.

**FISCAL IMPACT**

Senate File 2467 is expected to result in a decrease in revenues to the General Fund of approximately \$550,000 in FY 1997 and subsequent fiscal years.

**SOURCE**

Legislative Tax Model  
Department of Revenue and Finance

(LSB 4447sv, JAM)

FILED APRIL 12, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2467

S-5722

1 Amend Senate File 2467 as follows:  
2 1. Page 1, by striking lines 21 through 24 and  
3 inserting the following: "doctrines, or worship, and  
4 ~~does not include books or materials for~~  
5 ~~extracurricular activities including sporting events,~~  
6 ~~musical or dramatic events, speech activities,~~  
7 ~~driver's education, or programs of a similar nature.~~  
8 Notwithstanding".

By MARY KRAMER

S-5722 FILED APRIL 11, 1996  
WITHDRAWN

SENATE FILE 2467

H-5944

1 Amend Senate File 2467, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by inserting after line 2 the  
4 following:  
5 "Sec.     . Section 422.12, subsection 1, Code  
6 Supplement 1995, is amended by adding the following  
7 new paragraph:  
8 NEW PARAGRAPH. f. For each dependent attending a  
9 public elementary or secondary school in this state,  
10 the first twenty dollars of any fees charged for  
11 textbooks to be used by the dependent."  
12 2. Title page, line 1, by inserting after the  
13 word "Act" the following: "providing a public school  
14 tax credit for fees charged for textbooks,".  
By WARNSTADT of Woodbury COHON of Des Moines  
GRUNDBERG of Polk MARTIN of Scott  
METCALF of Polk OLLIE of Clinton  
NELSON of Pottawattamie

H-5944 FILED APRIL 12, 1996

*Host 4/17/96*

*(p. 1724)*

## SENATE FILE 2467

-5988

1 Amend Senate File 2467, as passed by the Senate, as  
2 follows:

3 1. Page 1, line 6, by striking the word "ten" and  
4 inserting the following: "thirty".

5 2. Page 1, by striking lines 27 through 33 and  
6 inserting the following: "under this subsection. The  
7 credit in this subsection does not apply to a taxpayer  
8 whose net income, as properly computed for state tax  
9 purposes, is forty-five thousand dollars or more. In  
10 the case where the taxpayer is married, whether filing  
11 jointly or separately, the credit does not apply if  
12 the combined net income of the taxpayer and spouse is  
13 forty-five thousand dollars or more. The department,  
14 when conducting an".

*Lost 4/17/96 (P. 1724)*

By SHOULTZ of Black Hawk  
OLLIE of Clinton  
BERNAU of Story

H-5988 FILED APRIL 17, 1996

## SENATE FILE 2467

H-5993

1 Amend Senate File 2467, as passed by the Senate, as  
2 follows:

3 1. Page 1, by striking lines 27 through 33 and  
4 inserting the following: "under this subsection. The  
5 credit in this subsection does not apply to a taxpayer  
6 whose net income, as properly computed for state tax  
7 purposes, is forty-five thousand dollars or more. In  
8 the case where the taxpayer is married, whether filing  
9 jointly or separately, the credit does not apply if  
10 the combined net income of the taxpayer and spouse is  
11 forty-five thousand dollars or more. The department,  
12 when conducting an".

By WARNSTADT of Woodbury

H-5993 FILED APRIL 17, 1996

*Drawn 4-17-96 Withdrawn*  
*(P. 1726)*

SENATE FILE 2467

H-5982

1 Amend Senate File 2467, as passed by the Senate, as  
2 follows:

3 1. Page 1, by striking lines 21 through 24 and  
4 inserting the following: "doctrines, or worship, and  
5 ~~does not include books or materials for~~  
6 ~~extracurricular activities including sporting events,~~  
7 ~~musical or dramatic events, speech activities,~~  
8 ~~driver's education, or programs of a similar nature.~~  
9 Notwithstanding".

By BERNAU of Story

H-5982 FILED APRIL 17, 1996

*Lost 4/17/96 (p. 1726)*

SENATE FILE 2467

H-5983

1 Amend Senate File 2467, as passed by the Senate, as  
2 follows:

3 1. Title page, line 1, by striking the word  
4 "nonpublic".  
5 2. Title page, line 2, by striking the word  
6 "ncnpublic".  
7 3. Title page, line 3, by striking the word  
8 "nonpublic".

By BERNAU of Story

H-5983 FILED APRIL 17, 1996

*Lost  
4-17-96  
(p. 1726)*

Murphy  
Palmer  
Vilsack  
Drake  
Bennett

SSB-2355

Ways & Means

Succeeded By

(SF) HF 2467

SENATE FILE  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act increasing the nonpublic school tax credit and eliminating  
2 the nonpublic school tax deduction for amounts paid for  
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1 ~~Section 422.9~~ Section 422.9, subsection 2, paragraph f, Code  
2 1995, is amended by striking the paragraph.

3 Sec. 2. Section 422.12, subsection 2, unnumbered paragraph  
4 1, Code 1995, is amended to read as follows:

5 ~~For those who do not itemize their deductions,~~ a A tuition  
6 credit equal to ~~five~~ ten percent of the first one thousand  
7 dollars which the taxpayer has paid to others for each  
8 dependent in grades kindergarten through twelve, for tuition  
9 and textbooks of each dependent in attending an elementary or  
10 secondary school situated in Iowa, which school is accredited  
11 or approved under section 256.11, which is not operated for  
12 profit, and which adheres to the provisions of the federal  
13 Civil Rights Act of 1964 and chapter 216. As used in this  
14 subsection, "textbooks" means books and other instructional  
15 materials and equipment used in elementary and secondary  
16 schools in teaching only those subjects legally and commonly  
17 taught in public elementary and secondary schools in this  
18 state and does not include instructional books and materials  
19 used in the teaching of religious tenets, doctrines, or  
20 worship, the purpose of which is to inculcate those tenets,  
21 doctrines, or worship, and does not include books or materials  
22 for extracurricular activities including sporting events,  
23 musical or dramatic events, speech activities, driver's  
24 education, or programs of a similar nature. Notwithstanding  
25 any other provision, all other credits allowed under sections  
26 422.12 and 422.12B shall be deducted before the tuition credit  
27 under this subsection. ~~The credit in this subsection does not~~  
28 ~~apply to a taxpayer whose net income, as properly computed for~~  
29 ~~state tax purposes, is forty-five thousand dollars or more.~~  
30 ~~In the case where the taxpayer is married, whether filing~~  
31 ~~jointly or separately, the credit does not apply if the~~  
32 ~~combined net income of the taxpayer and spouse is forty-five~~  
33 ~~thousand dollars or more.~~ The department, when conducting an  
34 audit of a taxpayer's return, shall also audit the tuition tax  
35 credit portion of the tax return.



SENATE FILE 2467

AN ACT

INCREASING THE NONPUBLIC SCHOOL TAX CREDIT AND ELIMINATING THE NONPUBLIC SCHOOL TAX DEDUCTION FOR AMOUNTS PAID FOR TUITION AND TEXTBOOKS FOR NONPUBLIC ELEMENTARY AND SECONDARY SCHOOLS UNDER THE STATE INDIVIDUAL INCOME TAX AND PROVIDING EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 422.9, subsection 2, paragraph f, Code Supplement 1995, is amended by striking the paragraph.

Sec. 2. Section 422.12, subsection 2, unnumbered paragraph 1, Code Supplement 1995, is amended to read as follows:

~~For those who do not itemize their deductions,~~ a A tuition credit equal to ~~five~~ ten percent of the first one thousand dollars which the taxpayer has paid to others for each dependent in grades kindergarten through twelve, for tuition and textbooks of each dependent in attending an elementary or secondary school situated in Iowa, which school is accredited or approved under section 256.11, which is not operated for profit, and which adheres to the provisions of the federal Civil Rights Act of 1964 and chapter 216. As used in this subsection, "textbooks" means books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state and does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship, and does not include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature. Notwithstanding any other provision, all other credits allowed under sections 422.12 and 422.12B shall be deducted before the tuition credit

~~under this subsection. The credit in this subsection does not apply to a taxpayer whose net income, as properly computed for state tax purposes, is forty-five thousand dollars or more. In the case where the taxpayer is married, whether filing jointly or separately, the credit does not apply if the combined net income of the taxpayer and spouse is forty-five thousand dollars or more. The department, when conducting an audit of a taxpayer's return, shall also audit the tuition tax credit portion of the tax return.~~

Sec. 3. This Act, being deemed of immediate importance, takes effect upon enactment, and applies retroactively to January 1, 1996, for tax years beginning on or after that date.

LEONARD L. BOSWELL  
President of the Senate

RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2467, Seventy-sixth General Assembly.

JOHN F. DWYER  
Secretary of the Senate

Approved 4/25, 1996

TERRY E. BRANSTAD  
Governor

SF 2467