

FEB 3 1998
WAYS AND MEANS

HOUSE FILE 2129
BY TYRRELL

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

A BILL FOR

1 An Act allowing an additional income tax deduction for employers
2 who allow employees paid time off to assist with the education
3 or early childhood development of children and providing
4 effective and retroactive applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2129

1 Section 1. Section 422.7, Code Supplement 1997, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 35. If the adjusted gross income includes
4 income or loss from a business and the business allows
5 employees paid time off, without having to use vacation time,
6 to assist with the education or early childhood development of
7 children, an additional deduction may be taken equal to the
8 amount paid to each employee taking time off for such
9 purposes, up to the amount paid for the first one hundred
10 hours for each employee.

11 A taxpayer who is a partner of a partnership, a member of a
12 limited liability company, or a shareholder of an S
13 corporation may deduct that portion of wages qualified under
14 this subsection paid by the partnership, limited liability
15 company, or S corporation based on the taxpayer's pro rata
16 share of the profits or losses from the partnership, limited
17 liability company, or S corporation.

18 Sec. 2. Section 422.35, Code Supplement 1997, is amended
19 by adding the following new subsection:

20 NEW SUBSECTION. 18. If the corporation allows employees
21 paid time off, without having to use vacation time, to assist
22 with the education or early childhood development of children,
23 subtract an amount equal to the amount paid to each employee
24 taking time off for such purposes, up to the amount paid for
25 the first one hundred hours for each employee.

26 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.
27 This Act, being deemed of immediate importance, takes effect
28 upon enactment and applies retroactively to January 1, 1998,
29 for the tax years beginning on or after that date.

30 EXPLANATION

31 The bill provides an additional deduction for purposes of
32 the individual and corporate income taxes for businesses that
33 allow employees to take time off with pay, without using
34 vacation time, to assist with the education or early childhood
35 development of children. The additional deduction equals the

1 amount paid each employee for the first 100 hours that the
2 employee used for such purposes.

3 The bill takes effect upon enactment and applies
4 retroactively to January 1, 1998, for tax years beginning on
5 or after that date.

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