

FEB 17 1998
WAYS AND MEANS

HOUSE FILE 2296
BY RANTS

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

A BILL FOR

1 An Act relating to income tax credits for donations of new or
2 used computers to elementary or secondary schools in the state
3 and providing effective and applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HT 2296

1 Section 1. NEW SECTION. 422.12A DONATED COMPUTER TAX
2 CREDIT -- REFUND.

3 1. The taxes imposed under this division less the credits
4 allowed under sections 422.11A, 422.12, and 422.12B shall be
5 reduced by a tax credit for a new computer or used computer,
6 which is not older than seven years, donated to a public or
7 nonpublic elementary or secondary school situated in the
8 state, which school is accredited or approved under section
9 256.11, which is not operated for profit, and which adheres to
10 the provisions of the federal Civil Rights Act of 1964 and
11 chapter 216. The amount of the credit equals one hundred
12 fifty percent of the net acquisition cost of the new computer
13 donated or two hundred percent of the lesser of the market
14 value or depreciated value of the used computer donated. If a
15 credit is allowed under this section, a deduction under
16 section 170(e)(6) of the Internal Revenue Code shall not be
17 allowed to the extent the deduction is for a computer for
18 which a credit was allowed under this section. For purposes
19 of this section, a "new computer" is one that is first used by
20 the donee.

21 2. An individual may claim the donated computer tax credit
22 allowed a partnership, limited liability company, S
23 corporation, or estate or trust electing to have the income
24 taxed directly to the individual. The amount claimed by the
25 individual shall be based upon the pro rata share of the
26 individual's earnings of the partnership, limited liability
27 company, S corporation, or estate or trust.

28 3. Any credit in excess of the tax liability shall be
29 refunded. In lieu of claiming a refund, a taxpayer may elect
30 to have the overpayment shown on the taxpayer's final,
31 completed return credited to the tax liability for the
32 following tax year.

33 Sec. 2. Section 422.33, Code Supplement 1997, is amended
34 by adding the following new subsection:

35 NEW SUBSECTION. 8. a. The taxes imposed under this

1 division shall be reduced by a tax credit for a new computer
2 or used computer, which is not older than seven years, donated
3 to a public or nonpublic elementary or secondary school
4 situated in the state, which school is accredited or approved
5 under section 256.11, which is not operated for profit, and
6 which adheres to the provisions of the federal Civil Rights
7 Act of 1964 and chapter 216. The amount of the credit equals
8 one hundred fifty percent of the net acquisition cost of the
9 new computer donated or two hundred percent of the lesser of
10 the market value or depreciated value of the used computer
11 donated. If a credit is allowed under this subsection, a
12 deduction under section 170(e)(6) of the Internal Revenue Code
13 shall not be allowed to the extent the deduction is for a
14 computer for which a credit was allowed under this subsection.
15 For purposes of this subsection, a "new computer" is one first
16 used by the donee.

17 b. Any credit in excess of the tax liability shall be
18 refunded. In lieu of claiming a refund, a taxpayer may elect
19 to have the overpayment shown on the taxpayer's final,
20 completed return credited to the tax liability for the
21 following tax year.

22 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,
23 being deemed of immediate importance, takes effect upon
24 enactment and applies retroactively to January 1, 1998, for
25 tax years beginning on or after that date.

26 EXPLANATION

27 The bill allows individual and corporate income tax credits
28 for the donation of computers to public or nonpublic
29 elementary or secondary schools. The amount of the credit
30 equals 1.5 times the net acquisition cost of a new computer
31 donated and 2.0 times the lesser of the market value or
32 depreciated value of a used computer donated. The credit in
33 excess of the tax is refundable or the taxpayer may use it the
34 following year.

35 The bill takes effect upon enactment and applies

1 retroactively to January 1, 1998, for tax years beginning on
2 or after that date.

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