

FILED FEB 12 1995

UNDELETED

SENATE FILE 2195

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MCCOY, and SZYMONIAK

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

A BILL FOR

1 An Act creating a hope scholarship tax credit.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2195

1 Section 1. NEW SECTION. 422.12F HOPE SCHOLARSHIP CREDIT.

2 1. The taxes imposed under this division, less the credits
3 allowed under sections 422.12 and 422.12H, shall be reduced by
4 a hope scholarship credit equal to twenty-five percent of the
5 federal hope scholarship credit provided in section 25A of the
6 Internal Revenue Code. Any credit in excess of the tax
7 liability is nonrefundable.

8 2. Married taxpayers who have filed joint federal returns
9 electing to file separate returns or to file separately on a
10 combined return form must determine the hope scholarship
11 credit under subsection 1 based upon their combined net income
12 and allocate the total credit amount to each spouse in the
13 proportion that each spouse's respective net income bears to
14 the total combined net income. Nonresidents or part-year
15 residents of Iowa must determine their hope scholarship credit
16 in the ratio of their Iowa source net income to their all
17 source net income. Nonresidents or part-year residents who
18 are married and elect to file separate returns or to file
19 separately on a combined return form must allocate the hope
20 scholarship credit between the spouses in the ratio of each
21 spouse's Iowa source net income to the combined Iowa source
22 net income of the taxpayers.

23 Sec. 2. This Act, being deemed of immediate importance,
24 takes effect upon enactment and applies retroactively to
25 January 1, 1998, for tax years beginning on or after that
26 date.

27 EXPLANATION

28 This bill creates a nonrefundable hope scholarship credit
29 that reduces an individual's state income tax by 25 percent of
30 the federal hope scholarship credit provided in section 25A of
31 the Internal Revenue Code. Those individuals whose federal
32 adjusted gross income is \$50,000 (\$100,000 for joint returns)
33 or more do not qualify for a federal hope scholarship credit.
34 The bill also provides for married taxpayers who have filed
35 joint federal returns electing to file separate state returns

1 or to file separately on a combined state return form, for
2 nonresidents or part-year residents of Iowa, and for
3 nonresidents or part-year residents who are married and elect
4 to file separate state returns or to file separately on a
5 combined state return form.

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

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