

House File 778

Bill Text

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1 1 Section 1. NEW SECTION. 422.11D ASSISTIVE DEVICE TAX
1 2 CREDIT SMALL BUSINESS.
1 3 1. The taxes imposed under this division, less the credits
1 4 allowed under sections 422.12 and 422.12B, shall be reduced by
1 5 an assistive device tax credit. A small business purchasing
1 6 or renting an assistive device or making workplace
1 7 modifications for purposes of an individual with a disability
1 8 who is employed or will be employed by the business is
1 9 entitled to receive this assistive device tax credit which is
1 10 equal to fifty percent of the first five thousand dollars paid
1 11 during the tax year for the purchase or rental of the
1 12 assistive device or for making the workplace modifications.
1 13 Any credit in excess of the tax liability shall be refunded
1 14 with interest computed under section 422.25. In lieu of
1 15 claiming a refund, a taxpayer may elect to have the
1 16 overpayment shown on the taxpayer's final, completed return
1 17 credited to the tax liability for the following tax year. If
1 18 the small business elects to take the assistive device tax
1 19 credit, the small business shall not deduct for Iowa tax
1 20 purposes any amount of the cost of an assistive device or
1 21 workplace modifications deducted for federal income tax
1 22 purposes.
1 23 2. An individual may claim an assistive device tax credit
1 24 allowed a partnership, limited liability company, S
1 25 corporation, estate, or trust electing to have the income
1 26 taxed directly to the individual. The amount claimed by the
1 27 individual shall be based upon the pro rata share of the
1 28 individual's earnings of the partnership, limited liability
1 29 company, S corporation, estate, or trust.
1 30 3. For purposes of this section:
1 31 a. "Assistive device" means any item, piece of equipment,
1 32 or product system which is used to increase, maintain, or
1 33 improve the functional capabilities of an individual with a
1 34 disability in the workplace or on the job, which enables the
1 35 individual with a disability to remain or become employable,
2 1 and which affects the functional capabilities of the
2 2 individual with a disability to a greater degree than
2 3 individuals without disabilities. "Assistive device" does not
2 4 mean any medical device as defined in section 422.45,
2 5 subsection 13, surgical device, or organ implanted or
2 6 transplanted into or attached directly to an individual.
2 7 "Assistive device" does not include any device for which a
2 8 certificate of title is issued by the state department of
2 9 transportation, but does include any item, piece of equipment,
2 10 or product system otherwise meeting the definition of
2 11 "assistive device" that is incorporated, attached, or included
2 12 as a modification in or to such a device issued a certificate
2 13 of title.
2 14 b. "Disability" means any physiological disorder or
2 15 condition, cosmetic disfigurement, or anatomical loss
2 16 affecting one or more of the body systems or any mental or
2 17 psychological disorder, including mental retardation, organic
2 18 brain syndrome, emotional or mental illness and specific
2 19 learning disabilities.
2 20 c. "Small business" means a business that either had gross
2 21 receipts for its preceding tax year of three million dollars

2 22 or less or employed not more than fifteen full-time employees
2 23 during its preceding tax year.

2 24 d. "Workplace modifications" means physical alterations to
2 25 the work environment which directly relate to the feasibility
2 26 of the business to hire an individual with a disability.

2 27 Sec. 2. Section [422.33](#), Code 1999, is amended by adding
2 28 the following new subsection:

2 29 NEW SUBSECTION. 8. The taxes imposed under this division
2 30 shall be reduced by an assistive device tax credit. A small
2 31 business purchasing or renting an assistive device or making
2 32 workplace modifications for purposes of an individual with a
2 33 disability who is employed or will be employed by the business
2 34 is entitled to receive this assistive device tax credit which
2 35 is equal to fifty percent of the first five thousand dollars
3 1 paid during the tax year for the purchase or rental of the
3 2 assistive device or for making the workplace modifications.
3 3 Any credit in excess of the tax liability shall be refunded
3 4 with interest computed under section 422.25. In lieu of
3 5 claiming a refund, a taxpayer may elect to have the
3 6 overpayment shown on the taxpayer's final, completed return
3 7 credited to the tax liability for the following tax year. If
3 8 the small business elects to take the assistive device tax
3 9 credit, the small business shall not deduct for Iowa tax
3 10 purposes any amount of the cost of an assistive device or
3 11 workplace modifications deducted for federal income tax
3 12 purposes.

3 13 a. For purposes of this subsection, "assistive device"
3 14 means any item, piece of equipment, or product system which is
3 15 used to increase, maintain, or improve the functional
3 16 capabilities of an individual with a disability in the
3 17 workplace or on the job, which enables the individual with a
3 18 disability to remain or become employable, and which affects
3 19 the functional capabilities of the individual with a
3 20 disability to a greater degree than individuals without
3 21 disabilities. "Assistive device" does not mean any medical
3 22 device as defined in section 422.45, subsection 13, surgical
3 23 device, or organ implanted or transplanted into or attached
3 24 directly to an individual. "Assistive device" does not
3 25 include any device for which a certificate of title is issued
3 26 by the state department of transportation, but does include
3 27 any item, piece of equipment, or product system otherwise
3 28 meeting the definition of "assistive device" that is
3 29 incorporated, attached, or included as a modification in or to
3 30 such a device issued a certificate of title.

3 31 b. "Disability" means any physiological disorder or
3 32 condition, cosmetic disfigurement, or anatomical loss
3 33 affecting one or more of the body systems or any mental or
3 34 psychological disorder, including mental retardation, organic
3 35 brain syndrome, emotional or mental illness, and specific
4 1 learning disabilities.

4 2 c. "Small business" means a business that either had gross
4 3 receipts for its preceding tax year of three million dollars
4 4 or less or employed not more than fifteen full-time employees
4 5 during its preceding tax year.

4 6 d. "Workplace modifications" means physical alterations to
4 7 the work environment which directly relate to the feasibility
4 8 of the business to hire an individual with a disability.

4 9 Sec. 3. This Act, being deemed of immediate importance,
4 10 takes effect upon enactment and applies retroactively to
4 11 January 1, 1999, for tax years beginning on or after that
4 12 date.

4 13 EXPLANATION

4 14 The bill allows a tax credit equal to 50 percent of the
4 15 first \$5,000 of the cost of the purchase or rental of an
4 16 assistive device or for the renovation of the workplace for
4 17 purposes of an individual with a disability. The credit is
4 18 refundable and applies to both the individual and corporate

4 19 income taxes. Only small businesses are entitled to the
4 20 credit. A small business is one that either had gross
4 21 receipts in the preceding tax year of \$3 million or less or
4 22 employed not more than 15 full-time employees during its
4 23 preceding tax year. An assistive device is an item, piece of
4 24 equipment, or product system which enables the individual to
4 25 remain or become employable and which increases, maintains, or
4 26 improves the functional capabilities of an individual with a
4 27 disability in the workplace or on the job to a greater degree
4 28 than individuals without disabilities.

4 29 The bill takes effect upon enactment and applies
4 30 retroactively to January 1, 1999, for tax years beginning on
4 31 or after that date.

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