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SENATE FILE
BY SHEARER

2262

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

A BILL FOR

1 An Act providing for refundable credits under the individual
2 income tax for certain teachers and engineers filling critical
3 jobs in the state and including effective and retroactive
4 applicability date provisions.

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

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SF 2262

WAYS & MEANS

1 Section 1. NEW SECTION. 422.11C TEACHER TAX CREDIT.

2 1. The taxes imposed under this division, less the credits
3 allowed under sections 422.12 and 422.12B, shall be reduced by
4 a teacher tax credit equal to one thousand two hundred fifty
5 dollars. To be eligible for the credit, a teacher must fill a
6 teaching assignment in a shortage area requiring a specific
7 teaching endorsement in the state. The credit is for the tax
8 year in which the teacher first started the assignment. The
9 teacher may receive the teacher tax credit for each of the two
10 tax years following the tax year the teacher started the
11 assignment. However, the teacher's eligibility for the credit
12 for each of these years is dependent on the teacher's
13 continued employment in the same teaching assignment through
14 the end of the tax year.

15 2. The director of the department of education shall
16 annually designate teaching shortage areas by the teaching
17 endorsements required. The director shall periodically
18 conduct a survey of school districts and approved practitioner
19 preparation programs to determine current shortage areas and
20 predict future shortage areas. The department of education
21 shall annually determine the teaching shortage areas in which
22 new employees will qualify for tax credit eligibility
23 certificates.

24 3. A school district may apply to the department of
25 education on an annual basis, not later than May 1, for a
26 maximum of three tax credit eligibility certificates that may
27 be awarded to new employees teaching in a shortage area or
28 awarded for the continuation of a teacher in the second or
29 third year of a teacher in the shortage area assignment. The
30 department of education shall award certificates based upon
31 the district's enrollment and shortage areas. Shortages in
32 school districts with the smallest enrollment shall receive
33 the highest priority.

34 The employing school district of a teacher in a teaching
35 shortage area must verify to the department of education that

1 the individual awarded the certificate is filling a teaching
2 assignment in a teaching shortage area in the district, is
3 properly licensed for the assignment, does not hold a
4 conditional or temporary license, and is employed full-time in
5 the assignment.

6 The taxpayer must file the certificate of eligibility with
7 the taxpayer's individual income tax return in order to claim
8 the teacher tax credit. The certificate must be signed by the
9 superintendent of the district and appropriately notarized.
10 The certificate shall contain the taxpayer's name, address,
11 tax identification number, the amount of the credit, and the
12 tax year for which the certificate applies.

13 The departments of education and revenue and finance shall
14 each adopt rules to jointly administer this section.

15 4. Any teacher tax credit in excess of the tax liability
16 imposed by section 422.5 less the credits allowed under
17 sections 422.12 and 422.12B for the tax year shall be refunded
18 with interest computed under section 422.25. An individual
19 who is not otherwise required to file an Iowa income tax
20 return under section 422.13 must file a state individual
21 income tax return in order to claim the teacher tax credit.

22 Sec. 2. NEW SECTION. 422.11D ENGINEER TAX CREDIT.

23 1. The taxes imposed under this division, less the credits
24 allowed under sections 422.12 and 422.12B, shall be reduced by
25 an engineer tax credit equal to two thousand dollars. To be
26 eligible for the tax credit, the taxpayer must be an engineer
27 filling a new engineering position in Iowa with an employer
28 that is doing business in this state, be licensed as an
29 engineer in this state, and have completed an engineering
30 degree within five years before the time the taxpayer starts
31 employment in the new engineering position in Iowa. The
32 credit is for the tax year in which the taxpayer is first
33 employed in the engineering position. The taxpayer may
34 receive the engineer tax credit for each of the two tax years
35 following the tax year in which the taxpayer was first

1 employed in the engineering position. However, the taxpayer's
2 eligibility for the credit for each of these years is
3 dependent on the engineer's continued employment through the
4 end of the tax year in the engineering position for the same
5 employer.

6 2. To be eligible for the engineer tax credit, the
7 taxpayer's employer must submit verification of eligibility to
8 the department of economic development. If the taxpayer meets
9 the criteria for eligibility, the department of economic
10 development shall issue to the taxpayer a certification of
11 eligibility for the engineer tax credit. The certification
12 shall contain the taxpayer's name, address, tax identification
13 number, the amount of the credit, and tax year for which the
14 certificate applies. The taxpayer must file the certificate
15 of eligibility with the taxpayer's individual income tax
16 return in order to claim the engineer tax credit. The
17 departments of economic development and revenue and finance
18 shall each adopt rules to jointly administer this section.

19 3. Any engineer tax credit in excess of the tax liability
20 imposed by section 422.5 less the credits allowed under
21 sections 422.12 and 422.12B for the tax year shall be refunded
22 with interest computed under section 422.25. An individual
23 who is not otherwise required to file an Iowa income tax
24 return under section 422.13 must file a state individual
25 income tax return in order to claim the engineer tax credit.

26 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This Act, being
27 deemed of immediate importance, takes effect upon enactment
28 and applies retroactively to January 1, 2000, for tax years
29 beginning on or after that date.

30 EXPLANATION

31 This bill provides refundable tax credits for certain
32 teachers and engineers employed in this state. The teacher
33 tax credit equal to \$1,250 is awarded to teachers who fill
34 teaching positions in a shortage area requiring a specific
35 teaching endorsement. The department of education is to

1 provide eligible individuals with certificates for the credit
2 that are to be filed with the Iowa income tax returns of the
3 individuals.

4 In the case of engineers, an engineer is eligible for a
5 credit equal to \$2,000 if the engineer is employed to fill a
6 new engineering position in the state with an employer doing
7 business in the state, is licensed as an engineer in the
8 state, and has completed an engineering degree within five
9 years before starting employment. The engineer's employer is
10 to submit verification of eligibility for the credit with the
11 department of economic development. That agency is to provide
12 a certificate to the engineer who is to file the certificate
13 with the Iowa income tax return to claim the credit.

14 Individuals who are eligible for the teacher tax credit or
15 the engineer tax credit may claim the credit for the year in
16 which the employment starts and for the following two years,
17 assuming eligibility is maintained for all three years. The
18 school district must apply for the certificate for the tax
19 credit for the teacher and may only apply for a maximum of
20 three in any one year.

21 The bill is retroactively applicable to January 1, 2000,
22 for tax years beginning on or after that date.

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