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SENATE FILE 302

BY FINK

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

A BILL FOR

1 An Act providing for the establishment of an enrichment fund by
 2 the board of directors of a school district, providing for a
 3 personal income tax credit and corporate income tax deduction
 4 for contributions to an enrichment fund, and including a
 5 retroactive applicability provision.

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

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S.F. 302
EDUCATION

1 Section 1. NEW SECTION. 279.59 ENRICHMENT FUND.

2 1. The board of directors may establish an enrichment fund
3 to be utilized by the school district for programs, services,
4 and projects which, in the opinion of the board of directors,
5 will enhance the quality of educational experience and expand
6 opportunities for learning for pupils in the school district.
7 The board shall encourage the organization and implementation
8 of school fundraising activities and events and promotional
9 efforts designed to increase awareness of and contributions to
10 the enrichment fund by parents, private businesses and
11 foundations, and other private funding sources. The
12 enrichment fund shall receive contributions solely from
13 private sources rather than through state foundation aid
14 pursuant to section 257.16 or any other existing state revenue
15 source. The fund shall be established within the office of
16 the treasurer of state in an account in the name of the school
17 district. Moneys in the enrichment fund are miscellaneous
18 income. Interest or earnings on moneys deposited in the fund
19 shall remain in the fund.

20 2. Contributions to the enrichment fund shall be eligible
21 for a state personal income tax credit of up to fifty dollars,
22 pursuant to section 422.12F, and a corporate income tax
23 deduction, pursuant to section 422.35, subsection 18.

24 Sec. 2. NEW SECTION. 422.12F ENRICHMENT FUND
25 CONTRIBUTION TAX CREDIT.

26 The taxes imposed under this division, less the credits
27 allowed under sections 422.11B, 422.12, and 422.12B, shall be
28 reduced by an enrichment fund contribution tax credit equal to
29 the first fifty dollars of annual contributions made to an
30 enrichment fund established pursuant to section 279.59. Any
31 credit in excess of tax liability is nonrefundable. An
32 individual may claim the enrichment fund contribution tax
33 credit allowed a partnership, S corporation, or limited
34 liability company electing to have the income taxed directly
35 to the individual. The amount claimed by the individual shall

1 be based upon the pro rata share of the individual's earnings
2 of the partnership, S corporation, or limited liability
3 company.

4 Sec. 3. Section 422.35, Code 1999, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 18. Subtract, to the extent not deducted
7 for federal income tax purposes, the amount of any gift,
8 grant, or donation made to an enrichment fund established
9 pursuant to section 279.59.

10 Sec. 4. RETROACTIVE APPLICABILITY. Tax credits and
11 deductions claimed pursuant to this Act shall apply for tax
12 years beginning on or after January 1, 1999.

13 EXPLANATION

14 This bill provides for the establishment of an enrichment
15 fund by the board of directors of a school district, to be
16 utilized by the school district for programs, services, and
17 projects which, in the opinion of the board of directors, will
18 enhance the quality of educational experience and expand
19 opportunities for learning for pupils in the school district.
20 The bill provides that the board shall encourage the
21 organization, implementation, and promotion of school
22 fundraising activities and events to increase awareness of the
23 fund and fund contribution levels. The bill provides that the
24 fund shall receive contributions solely from private sources,
25 deposited into an account established within the office of the
26 treasurer of state in the name of the school district. The
27 bill additionally provides that contributions to the
28 enrichment fund shall be eligible for a state personal income
29 tax credit and a corporate income tax deduction. The bill
30 provides that tax credits and deductions shall be available
31 and applicable for tax years beginning on or after January 1,
32 1999.

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