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SENATE FILE 2235
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SHEARER, HORN, and FRAISE

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

A BILL FOR

1 An Act relating to individual income tax credits for individuals
2 who graduate from Iowa higher educational institutions and
3 community colleges and are employed in Iowa after graduation
4 and including an applicability date provision.

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

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SF 2235
WAYS & MEANS

1 Section 1. NEW SECTION. 422.11F IOWA COLLEGE GRADUATE
2 EMPLOYMENT TAX CREDIT.

3 1. The taxes imposed under this division less the credits
4 allowed under sections 422.12 and 422.12B shall be reduced by
5 an Iowa college graduate employment tax credit. To be
6 eligible for the credit, the taxpayer or taxpayer's spouse
7 must have graduated during or after the 2003 calendar year
8 from an Iowa four-year accredited higher education institution
9 with a baccalaureate degree or an Iowa two-year community
10 college with an associate degree. To receive the credit the
11 taxpayer or taxpayer's spouse must have been employed within
12 this state at the end of the tax year and the tax year must
13 begin during the period of eligibility.

14 2. The amount of the tax credit is six hundred dollars for
15 a baccalaureate degree earned at an Iowa accredited higher
16 education institution and two hundred dollars for an associate
17 degree earned at an Iowa community college. A taxpayer
18 eligible to receive the tax credit may receive the tax credit
19 for any tax year beginning during the period of eligibility.

20 Married taxpayers filing joint returns, where both spouses
21 qualify to receive the tax credit, are each entitled to the
22 tax credit. Any tax credit in excess of the tax liability is
23 nonrefundable.

24 3. For purposes of this section:

25 a. "Accredited higher education institution" means the
26 same as defined in section 261.92.

27 b. "Community college" means the same as defined in
28 section 260C.2.

29 c. "Employed" includes self-employment.

30 d. "Period of eligibility" means the ten-calendar-year
31 period beginning with the calendar year in which the taxpayer
32 or taxpayer's spouse earns the baccalaureate degree or
33 associate degree.

34 Sec. 2. APPLICABILITY DATE. This Act applies to tax years
35 beginning on or after January 1, 2003.

EXPLANATION

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2 This bill provides an income tax credit for individuals who
3 have received a baccalaureate degree from an Iowa state or
4 private college or university or an associate degree from an
5 Iowa community college and who is employed or self-employed in
6 Iowa at the end of a tax year. The degrees must be received
7 in the 2003 or later calendar years. The amount of credit
8 equals \$600 for the baccalaureate degree and \$200 for the
9 associate degree. The credit is available for any year of the
10 10-year period beginning with the calendar year when the
11 degree is earned. The credit is nonrefundable. If both
12 spouses qualify for the credit, they may both claim the credit
13 even if they file jointly.

14 The bill applies to tax years beginning on or after January
15 1, 2003.

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