WAYS & MEANS FILED JAN 29 '0' SENATE FILE <u>86</u> BY REHBERG, BEHN, KING, and SCHUERER

A BILL FOR

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1 An Act increasing the tuition tax credit under the individual income tax and including a retroactive applicability date provision. 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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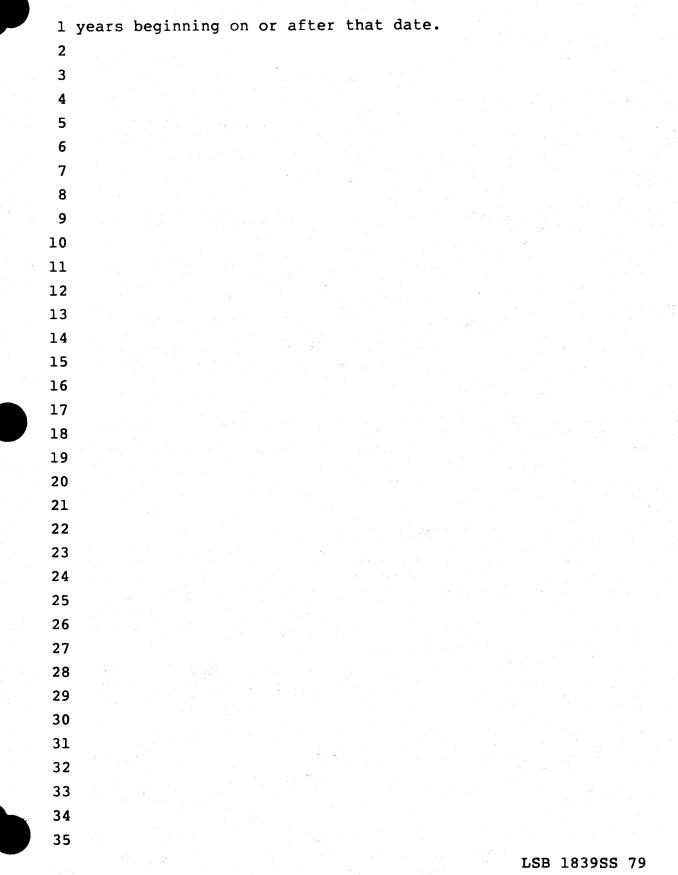
Section 1. Section 422.12, subsection 2, unnumbered 1 2 paragraph 1, Code 2001, is amended to read as follows: A tuition tax credit equal to twenty-five fifty percent of 3 4 the first one thousand dollars which the taxpayer has paid to 5 others for each dependent in grades kindergarten through 6 twelve, for tuition and textbooks of each dependent in 7 attending an elementary or secondary school situated in Iowa, 8 which school is accredited or approved under section 256.11, 9 which is not operated for profit, and which adheres to the 10 provisions of the federal Civil Rights Act of 1964 and chapter 11 216. As used in this subsection, "textbooks" means books and 12 other instructional materials and equipment used in elementary 13 and secondary schools in teaching only those subjects legally 14 and commonly taught in public elementary and secondary schools 15 in this state and does not include instructional books and 16 materials used in the teaching of religious tenets, doctrines, 17 or worship, the purpose of which is to inculcate those tenets, 18 doctrines, or worship. "Textbooks" includes books or 19 materials used for extracurricular activities including 20 sporting events, musical or dramatic events, speech 21 activities, driver's education, or programs of a similar 22 nature. Notwithstanding any other provision, all other 23 credits allowed under this section and section 422.12B shall 24 be deducted before the tuition tax credit under this 25 subsection. The department, when conducting an audit of a 26 taxpayer's return, shall also audit the tuition tax credit 27 portion of the tax return. 28 Sec. 2. APPLICABILITY DATE. This Act applies 29 retroactively to January 1, 2001, for tax years beginning on 30 or after that date. EXPLANATION 31 This bill increases the tuition tax credit from 25 percent 32 33 to 50 percent of the first \$1,000 paid to others for each

34 dependent in grades K-12 for tuition and textbooks.

35 The bill applies retroactively to January 1, 2001, for tax

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