

FEB 21 2003  
WAYS AND MEANS

HOUSE FILE 268  
BY BOAL

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for an income tax credit for tuition and  
2 textbook expenses incurred through the obtaining of  
3 supplemental education services, and providing a retroactive  
4 applicability date.

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

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HF 268

1 Section 1. Section 422.12, subsection 2, Code 2003, is  
2 amended by adding the following new unnumbered paragraph:  
3 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provision in  
4 this section restricting this section's applicability to  
5 schools not operated for profit, "textbooks" shall include  
6 books and other instructional materials and equipment used by  
7 a for-profit entity which provides supplemental education  
8 services designed to increase student academic achievement in  
9 relation to those subjects legally and commonly taught in  
10 public elementary and secondary schools in this state, and  
11 "tuition" shall include any charges for the expenses of  
12 personnel, buildings, equipment and materials other than  
13 textbooks, and other expenses charged by such a supplemental  
14 education service. A supplemental education service shall  
15 apply for and receive approval by the department of education  
16 prior to qualification of textbook or tuition expenses for the  
17 tax credit available pursuant to this section. Approval shall  
18 be contingent upon the establishment by the supplemental  
19 education service of a demonstrated record of effectiveness in  
20 increasing student academic performance consistent with the  
21 instructional program of the school district and the state's  
22 academic standards.

23 Sec. 2. APPLICABILITY DATE. This Act applies  
24 retroactively to the calculation of personal income tax  
25 liability for the tax year beginning January 1, 2003, and  
26 applies to succeeding tax years.

27 EXPLANATION

28 This bill provides for an income tax credit for tuition and  
29 textbook expenses incurred through the obtaining of  
30 supplemental education services.

31 Currently, Code section 422.12, subsection 2, provides for  
32 an income tax credit equal to 25 percent of the first \$1,000  
33 which a taxpayer has paid for tuition and textbook expenses  
34 for each dependent attending an elementary or secondary school  
35 situated in Iowa, which school is accredited or approved under

1 Code section 256.11, is not operated for profit, and meets  
2 other specified criteria. The bill provides that the credit  
3 shall be extended to include as "textbooks" books and other  
4 instructional materials and equipment used by a for-profit  
5 entity which provides supplemental education services designed  
6 to increase student academic achievement in relation to those  
7 subjects legally and commonly taught in public elementary and  
8 secondary schools in this state. The bill provides that  
9 "tuition" shall include any charges for the expenses of  
10 personnel, buildings, equipment and materials other than  
11 textbooks, and other expenses charged by a supplemental  
12 education service. The bill provides that a supplemental  
13 education service shall apply for and receive approval by the  
14 department of education prior to qualification of textbook or  
15 tuition expenses for the tax credit. The bill additionally  
16 provides that approval by the department shall be contingent  
17 upon the establishment by the supplemental education service  
18 of a demonstrated record of effectiveness in increasing  
19 student academic performance consistent with the instructional  
20 program of the school district and the state's academic  
21 standards.

22 The bill provides that the expanded tax credit shall be  
23 retroactively applicable for purposes of calculating personal  
24 income tax liability for the tax year beginning January 1,  
25 2003, and applicable for succeeding tax years.

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