

MAR 18 2003
WAYS AND MEANS

HOUSE FILE 608
BY TYMESON, JENKINS, KURTENBACH,
and BOAL

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

A BILL FOR

1 An Act providing a corporate income tax, franchise tax, or
2 insurance premiums tax credit for continuation of salary or
3 wages, or health benefits coverage for employees that are
4 members of the national guard or military service reserve and
5 are ordered to active duty, and including effective and
6 retroactive applicability date provisions.

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

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HF 608

1 Section 1. Section 422.33, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. a. The taxes imposed under this
4 division shall be reduced by an active duty continuation of
5 benefits tax credit. A business is entitled to the credit if
6 it has an employee who is a member of the national guard or
7 military service reserve who is ordered to active duty, other
8 than for annual training exercises, for whom the business does
9 either of the following:

10 (1) Continues to include on its payroll at a salary or
11 wages equal to at least the difference between the average
12 monthly salary or wages paid by the business to the employee
13 during the six months immediately preceding the employee's
14 commencement of active duty and the monthly active duty pay.

15 (2) Continues to pay for health benefits coverage for the
16 employee which coverage was the same as provided during the
17 six months immediately preceding the employee's commencement
18 of active duty.

19 b. The amount of the credit for a business entitled to the
20 credit equals one thousand dollars for each employee for whom
21 the business meets the requirements of paragraph "a",
22 subparagraph (1) or (2), during the tax year. However, if the
23 business qualifies for the credit for the same employee in
24 more than one tax year, the business shall select the year for
25 which the credit will be claimed.

26 c. Any credit in excess of the tax liability for the tax
27 year may be credited to the tax liability for the following
28 ten tax years or until depleted, whichever is the earlier.

29 Sec. 2. Section 422.60, Code 2003, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 7. a. The taxes imposed under this
32 division shall be reduced by an active duty continuation of
33 benefits tax credit. A business is entitled to the credit if
34 it has an employee who is a member of the national guard or
35 military service reserve who is ordered to active duty, other

1 than for annual training exercises, for whom the business does
2 either of the following:

3 (1) Continues to include on its payroll at a salary or
4 wages equal to at least the difference between the average
5 monthly salary or wages paid by the business to the employee
6 during the six months immediately preceding the employee's
7 commencement of active duty and the monthly active duty pay.

8 (2) Continues to pay for health benefits coverage for the
9 employee which coverage was the same as provided during the
10 six months immediately preceding the employee's commencement
11 of active duty.

12 b. The amount of the credit for a business entitled to the
13 credit equals one thousand dollars for each employee for whom
14 the business meets the requirements of paragraph "a",
15 subparagraph (1) or (2), during the tax year. However, if the
16 business qualifies for the credit for the same employee in
17 more than one tax year, the business shall select the year for
18 which the credit will be claimed.

19 c. Any credit in excess of the tax liability for the tax
20 year may be credited to the tax liability for the following
21 ten tax years or until depleted, whichever is the earlier.

22 Sec. 3. NEW SECTION. 432.12D ACTIVE DUTY CONTINUATION OF
23 BENEFITS TAX CREDIT.

24 1. The taxes imposed under this chapter shall be reduced
25 by an active duty continuation of benefits tax credit. A
26 business is entitled to the credit if it has an employee who
27 is a member of the national guard or military service reserve
28 who is ordered to active duty, other than for annual training
29 exercises, for whom the business does either of the following:

30 a. Continues to include on its payroll at a salary or
31 wages equal to at least the difference between the average
32 monthly salary or wages paid by the business to the employee
33 during the six months immediately preceding the employee's
34 commencement of active duty and the monthly active duty pay.

35 b. Continues to pay for health benefits coverage for the

1 employee which coverage was the same as provided during the
2 six months immediately preceding the employee's commencement
3 of active duty.

4 2. The amount of the credit for a business entitled to the
5 credit equals one thousand dollars for each employee for whom
6 the business meets the requirements of subsection 1, paragraph
7 "a" or "b", during the tax year. However, if the business
8 qualifies for the credit for the same employee in more than
9 one tax year, the business shall select the year for which the
10 credit will be claimed.

11 c. Any credit in excess of the tax liability for the tax
12 year may be credited to the tax liability for the following
13 ten tax years or until depleted, whichever is the earlier.

14 Sec. 4. EFFECTIVE AND APPLICABILITY DATE. This Act, being
15 deemed of immediate importance, takes effect upon enactment
16 and applies retroactively to January 1, 2003, for tax years
17 beginning on or after that date.

18 EXPLANATION

19 This bill provides corporate income tax, franchise tax, and
20 insurance premiums tax credits for a business that has an
21 employee who is a member of the national guard or military
22 service reserve who is called to active duty and that either
23 continues the employee on the business's payroll or continues
24 providing health benefit coverage. The amount of the credit
25 equals \$1,000 per such employee. The credit is nonrefundable
26 but may be carried forward 10 tax years or until depleted.

27 The bill takes effect upon enactment and applies
28 retroactively to January 1, 2003, for tax years beginning on
29 or after that date.

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