

# House File 732 - Introduced

HOUSE FILE \_\_\_\_\_  
BY VAN FOSSEN

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

## A BILL FOR

1 An Act relating to a state work opportunity tax credit and  
2 including a retroactive applicability date provision.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1720YH 82  
5 mg/je/5

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1 1 Section 1. Section 422.7, subsection 8, Code 2007, is  
1 2 amended to read as follows:  
1 3 8. a. Subtract the amount of the federal work opportunity  
1 4 tax credit allowable for the tax year under section 51 of the  
1 5 Internal Revenue Code to the extent that the credit increased  
1 6 federal adjusted gross income.  
1 7 b. Add the amount of the state work opportunity tax credit  
1 8 allowable for the tax year.

1 9 Sec. 2. NEW SECTION. 422.11T STATE WORK OPPORTUNITY TAX  
1 10 CREDIT.

1 11 The taxes imposed under this division shall be reduced by a  
1 12 state work opportunity tax credit equal to twenty=five percent  
1 13 of the federal work opportunity tax credit provided in section  
1 14 51 of the Internal Revenue Code. Any credit in excess of the  
1 15 tax liability is nonrefundable.

1 16 Sec. 3. Section 422.33, Code 2007, is amended by adding  
1 17 the following new subsection:

1 18 NEW SUBSECTION. 24. The taxes imposed under this division  
1 19 shall be reduced by a state work opportunity tax credit equal  
1 20 to twenty=five percent of the federal work opportunity tax  
1 21 credit provided in section 51 of the Internal Revenue Code.  
1 22 Any credit in excess of the tax liability is nonrefundable.

1 23 Sec. 4. Section 422.35, subsection 5, Code 2007, is  
1 24 amended to read as follows:

1 25 5. a. Subtract the amount of the federal work opportunity  
1 26 tax credit allowable for the tax year under section 51 of the  
1 27 Internal Revenue Code to the extent that the credit increased  
1 28 federal taxable income.

1 29 b. Add the amount of the state work opportunity tax credit  
1 30 allowable for the tax year.

1 31 Sec. 5. Section 422.60, Code 2007, is amended by adding  
1 32 the following new subsection:

1 33 NEW SUBSECTION. 13. The taxes imposed under this division  
1 34 shall be reduced by a state work opportunity tax credit equal  
1 35 to twenty=five percent of the federal work opportunity tax  
2 1 credit provided in section 51 of the Internal Revenue Code.

2 2 Any credit in excess of the tax liability is nonrefundable.  
2 3 Sec. 6. RETROACTIVE APPLICABILITY DATE. This Act applies  
2 4 retroactively to January 1, 2007, for tax years beginning on  
2 5 or after that date.

### EXPLANATION

2 7 This bill provides a state work opportunity tax credit  
2 8 under the individual and corporate income taxes and franchise  
2 9 tax. The credit equals 25 percent of the federal work  
2 10 opportunity tax credit. The federal credit is a percentage of  
2 11 the wages paid to a select category of employees. Because the  
2 12 federal credit is based upon wages paid, the wages equal to  
2 13 the credit are not deductible. This same nondeductibility  
2 14 applies to the state credit. The worker categories covered  
2 15 include recipients of federal aid to families with dependent  
2 16 children, qualified veterans, qualified ex=felons, high=risk  
2 17 youths, vocational rehabilitation referrals, qualified summer  
2 18 youth employees, recipients of food stamps, recipients of  
2 19 supplemental security income assistance, and long=term family  
2 20 assistance recipients.

2 21 The bill applies retroactively to January 1, 2007, for tax  
2 22 years beginning on or after that date.  
2 23 LSB 1720YH 82  
2 24 mg:sc/je/5