

Senate Study Bill 1042

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
WORKFORCE DEVELOPMENT
BILL)

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

A BILL FOR

1 An Act establishing a lifelong learning accounts program within
2 the educational savings plan trust and providing tax credits
3 for contributions made by employers to lifelong learning
4 accounts and including an applicability date provision.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1411DP 83
7 tw/nh/8

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1 1 Section 1. NEW SECTION. 12D.12 LIFELONG LEARNING
1 2 ACCOUNTS PROGRAM.
1 3 1. As used in this section and section 12D.13:
1 4 a. "Department" means the Iowa department of workforce
1 5 development.
1 6 b. "Employee" means an individual who works for an
1 7 employer on the average of twenty hours or more a week based
1 8 on the previous six months.
1 9 c. "Employer" means the same as defined in section 422.4.
1 10 2. The trust shall establish, in coordination with the
1 11 department, a lifelong learning accounts program to encourage
1 12 employees and employers to save for training and retraining
1 13 through the trust.
1 14 3. Participants entering into an agreement with the trust
1 15 may designate the account established pursuant to the
1 16 agreement as a lifelong learning account.
1 17 4. The department shall document the process and outcomes
1 18 in the establishment of lifelong learning accounts, and
1 19 prepare a report thereon, to be submitted to the general
1 20 assembly twenty days prior to the convening of the regular
1 21 session biennially with the first report submitted prior to
1 22 the 2011 regular session.
1 23 5. The treasurer of state, after consultation with the
1 24 department, shall adopt rules necessary to effectively carry
1 25 out the provisions of this section.
1 26 Sec. 2. NEW SECTION. 12D.13 LIFELONG LEARNING ACCOUNT
1 27 TAX CREDIT.
1 28 1. An employer shall be entitled to a lifelong learning
1 29 account tax credit equal to fifty percent of the employer's
1 30 annual aggregate lifelong learning account contributions made
1 31 in the employer's tax year to the lifelong learning accounts
1 32 established on behalf of the employer's employees. The
1 33 maximum annual contribution which qualifies for the credit is
1 34 five hundred dollars per employee.
1 35 2. Any credit in excess of the tax liability shall be
2 1 refunded with interest computed under section 422.25. In lieu
2 2 of claiming a refund, a taxpayer may elect to have the
2 3 overpayment shown on the taxpayer's final, completed return
2 4 credited to the tax liability for the following tax year.
2 5 3. An individual may claim the tax credit allowed a
2 6 partnership, limited liability company, S corporation, estate,
2 7 or trust electing to have the income taxed directly to an
2 8 individual. The amount claimed by the individual shall be
2 9 based upon the pro rata share of the individual's earnings of
2 10 a partnership, limited liability company, S corporation,
2 11 estate, or trust.
2 12 Sec. 3. NEW SECTION. 422.11X LIFELONG LEARNING ACCOUNT
2 13 TAX CREDIT.
2 14 The taxes imposed under this division, less the credits
2 15 allowed under section 422.12, shall be reduced by a lifelong
2 16 learning account tax credit authorized pursuant to section

2 17 12D.13.

2 18 Sec. 4. Section 422.33, Code 2009, is amended by adding
2 19 the following new subsection:

2 20 NEW SUBSECTION. 27. The taxes imposed under this division
2 21 shall be reduced by a lifelong learning account tax credit
2 22 authorized pursuant to section 12D.13.

2 23 Sec. 5. Section 422.60, Code 2009, is amended by adding
2 24 the following new subsection:

2 25 NEW SUBSECTION. 15. The taxes imposed under this division
2 26 shall be reduced by a lifelong learning account tax credit
2 27 authorized pursuant to section 12D.13.

2 28 Sec. 6. NEW SECTION. 432.12M LIFELONG LEARNING ACCOUNT
2 29 TAX CREDIT.

2 30 The tax imposed under this chapter shall be reduced by a
2 31 lifelong learning account tax credit authorized pursuant to
2 32 section 12D.13.

2 33 Sec. 7. Section 533.329, subsection 2, Code 2009, is
2 34 amended by adding the following new paragraph:

2 35 NEW PARAGRAPH. n. The moneys and credits tax imposed
3 1 under this section shall be reduced by a lifelong learning
3 2 account tax credit authorized pursuant to section 12D.13.

3 3 Sec. 8. APPLICABILITY DATE. This Act applies to tax years
3 4 ending after July 1, 2009.

3 5 EXPLANATION

3 6 This bill directs the treasurer of state, in coordination
3 7 with the department of workforce development, to establish a
3 8 lifelong learning accounts program within the Iowa educational
3 9 savings plan trust. The purpose of the program is to
3 10 encourage employees and their employers to save for worker
3 11 training and retraining.

3 12 The bill provides a refundable tax credit for the employer
3 13 for contributions to an employee's account equal to 50 percent
3 14 of the first \$500 of the employer's contributions made during
3 15 the employer's tax year.

3 16 The tax credit may be used to reduce the tax liability
3 17 under the individual and corporate income, franchise,
3 18 insurance premiums, and moneys and credits taxes.

3 19 The bill applies to tax years ending after July 1, 2009.

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