

**House File 2183 - Introduced**

HOUSE FILE 2183

BY KRESSIG

**A BILL FOR**

1 An Act establishing a long-term unemployed worker tax credit  
2 for taxpayers who hire a long-term unemployed individual and  
3 including effective date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11I Long-term unemployed worker  
2 tax credit.

3 1. As used in this section, unless the context otherwise  
4 requires:

5 a. "*Full-time basis*" means an average of forty hours of work  
6 per week, including all paid holidays, vacations, sick leave,  
7 and other paid leave.

8 b. "*Long-term unemployed individual*" means a resident of  
9 this state who has been totally unemployed for at least eight  
10 consecutive months.

11 c. "*Totally unemployed*" means the same as defined in section  
12 96.19, subsection 38, paragraph "a".

13 2. The taxes imposed under this division, less the credits  
14 allowed under section 422.12, shall be reduced by a long-term  
15 unemployed worker tax credit equal to one thousand five hundred  
16 dollars for hiring a long-term unemployed individual for  
17 employment in this state on or after the effective date of this  
18 Act. To be eligible for the credit, the taxpayer must employ  
19 the long-term unemployed individual on a full-time basis for  
20 twelve consecutive months.

21 3. The credit shall not be allowed for a long-term  
22 unemployed individual who was hired to replace an individual  
23 whose employment was terminated within the twelve-month  
24 period preceding the date the long-term unemployed individual  
25 is hired. However, if the individual being replaced left  
26 employment voluntarily without good cause attributable to the  
27 employer or if the individual was discharged for misconduct in  
28 connection with the individual's employment as determined by  
29 the department of workforce development, the credit shall be  
30 allowed.

31 4. To receive the long-term unemployed worker tax credit,  
32 a taxpayer must submit an application to the department, made  
33 in the manner and form prescribed by the department. If the  
34 taxpayer meets the criteria for eligibility, the department  
35 shall issue to the taxpayer a tax certificate for the long-term

1 unemployed worker tax credit. The certificate shall contain  
2 the taxpayer's name, address, tax identification number, the  
3 amount of the credit, the tax year for which the certificate  
4 applies, and an expiration date for the certificate. The  
5 taxpayer must file the tax credit certificate with the  
6 taxpayer's income tax return for the tax year in which the  
7 twelfth month of employment falls in order to claim the tax  
8 credit.

9 5. The tax credit certificates shall be issued on an  
10 earliest filed basis. The aggregate total amount of tax credit  
11 certificates that may be issued by the department shall not  
12 exceed five million dollars.

13 6. Any credit in excess of the tax liability is not  
14 refundable but the excess for the tax year may be credited to  
15 the tax liability for the following three tax years or until  
16 depleted, whichever is earlier.

17 7. An individual may claim the tax credit allowed a  
18 partnership, limited liability company, S corporation, estate,  
19 or trust electing to have the income taxed directly to the  
20 individual. The amount claimed by the individual shall be  
21 based upon the pro rata share of the individual's earnings of  
22 the partnership, limited liability company, S corporation,  
23 estate, or trust.

24 8. This section is repealed thirty days following the date  
25 on which five million dollars in total credits under this  
26 section, section 422.33, subsection 29, and section 422.60,  
27 subsection 14, have been allowed.

28 Sec. 2. Section 422.33, Code Supplement 2011, is amended by  
29 adding the following new subsection:

30 NEW SUBSECTION. 29. *a.* The taxes imposed under this  
31 division shall be reduced by a long-term unemployed worker tax  
32 credit allowed under section 422.11I.

33 *b.* This subsection is subject to repeal pursuant to section  
34 422.11I, subsection 8.

35 Sec. 3. Section 422.60, Code Supplement 2011, is amended by

1 adding the following new subsection:

2 NEW SUBSECTION. 14. *a.* The taxes imposed under this  
3 division shall be reduced by a long-term unemployed worker tax  
4 credit allowed under section 422.11I.

5 *b.* This subsection is subject to repeal pursuant to section  
6 422.11I, subsection 8.

7 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
8 immediate importance, takes effect upon enactment.

9 Sec. 5. APPLICABILITY. This Act applies to long-term  
10 unemployed individuals hired on or after the effective date of  
11 this Act.

12 EXPLANATION

13 This bill provides an individual and corporate income tax  
14 credit and franchise tax credit for the hiring and employment  
15 of a long-term unemployed individual in this state. "Long-term  
16 unemployed individual" is defined as a resident of this state  
17 who has been totally unemployed for at least eight consecutive  
18 months.

19 The credit is available to a taxpayer who hires and employs  
20 a long-term unemployed individual for employment on a full-time  
21 basis for 12 consecutive months in this state on or after the  
22 effective date of the bill. "Full-time basis" is defined as  
23 an average of 40 hours of work per week. The credit is equal  
24 to \$1,500. The credit is nonrefundable, but may be carried  
25 forward for three years.

26 The credit is not allowed if the long-term unemployed  
27 individual was hired to replace an individual whose employment  
28 was terminated within the 12-month period preceding the date  
29 the long-term unemployed individual was hired, unless the  
30 individual left employment voluntarily without good cause  
31 attributable to the employer or was discharged for misconduct  
32 as determined by the department of workforce development.

33 To receive the tax credit, a taxpayer must submit an  
34 application to the department of revenue and receive a tax  
35 credit certificate, then attach the certificate to the

1 taxpayer's tax return.

2 The total amount of tax credits that may be issued by the  
3 department of revenue for tax years beginning on or after  
4 January 1, 2012, shall not exceed \$5 million. Tax credit  
5 certificates shall be issued on an earliest filed basis.

6 An individual may claim the tax credit allowed a  
7 partnership, limited liability company, S corporation, estate,  
8 or trust electing to have the income taxed directly to the  
9 individual. The amount claimed by the individual shall be  
10 based upon the pro rata share of the individual's earnings of  
11 the partnership, limited liability company, S corporation,  
12 estate, or trust.

13 The credit is repealed 30 days following the date on which \$5  
14 million in total credits have been allowed.

15 The bill takes effect upon enactment and applies to  
16 long-term unemployed individuals hired on or after that date.