

House Study Bill 225 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to the school tuition organization tax credit
2 by allowing the tax credit for contributions made by
3 certain entities, increasing the amount of total approved
4 tax credits, and including effective date and retroactive
5 applicability provisions.

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

1 Section 1. Section 422.11S, Code 2013, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4A. An individual may claim the tax
4 credit allowed a partnership, limited liability company, S
5 corporation, estate, or trust electing to have the income
6 taxed directly to the individual. The amount claimed by the
7 individual shall be based upon the pro rata share of the
8 individual's earnings of the partnership, limited liability
9 company, S corporation, estate, or trust.

10 Sec. 2. Section 422.11S, subsection 7, paragraph a,
11 subparagraph (2), Code 2013, is amended to read as follows:

12 (2) *"Total approved tax credits"* means for the tax year
13 beginning in the 2006 calendar year, two million five hundred
14 thousand dollars, for the tax year beginning in the 2007
15 calendar year, five million dollars, and for tax years
16 beginning on or after January 1, 2008, but before January 1,
17 2012, seven million five hundred thousand dollars. ~~However,~~
18 for tax years beginning on or after January 1, 2012, ~~"total~~
19 ~~approved tax credits"~~ means but before January 1, 2014, eight
20 million seven hundred fifty thousand dollars, and for tax years
21 beginning on or after January 1, 2014, twelve million dollars.

22 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
23 immediate importance, takes effect upon enactment.

24 Sec. 4. RETROACTIVE APPLICABILITY. The section of this Act
25 enacting section 422.11S, subsection 4A, applies retroactively
26 to January 1, 2013, for tax years beginning on or after that
27 date.

28 EXPLANATION

29 This bill amends the school tuition organization tax
30 credit to allow a contribution made by a partnership, limited
31 liability company, S corporation, estate, or trust electing to
32 have the income taxed directly to the individual to qualify for
33 the tax credit. The amount claimed by the individual shall
34 be based upon the pro rata share of the individual's earnings
35 of the partnership, limited liability company, S corporation,

1 estate, or trust. This provision of the bill applies
2 retroactively to January 1, 2013, for tax years beginning on
3 or after that date.

4 The bill also increases the total approved tax credits per
5 year to \$12 million from \$8.75 million for tax years beginning
6 on or after January 1, 2014.

7 The school tuition organization tax credit is an income
8 tax credit allowed for voluntary contributions to certain
9 private nonprofit school tuition organizations that award
10 tuition scholarships to eligible students to attend accredited
11 nonpublic elementary or secondary schools in this state.

12 The bill takes effect upon enactment.