

**Senate File 217 - Introduced**

SENATE FILE 217

BY DANIELSON

**A BILL FOR**

1 An Act providing private and public employers with military  
2 personnel and veteran hiring incentives, making  
3 appropriations, and including retroactive applicability  
4 provisions.

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

DIVISION I

HIRE A HERO TAX CREDIT

Section 1. NEW SECTION. 422.10A Hire a hero tax credit.

1. The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by a hire a hero tax credit. An employer who hires and employs an eligible employee is eligible to claim the tax credit.

2. As used in this section:

a. "Eligible employee" means a person who is a resident of this state and a member of the national guard, reserve, or regular component of the armed forces of the United States, or a veteran as defined in section 35.1, employed on a permanent full-time or a permanent part-time basis of at least thirty hours per week each week and earns a salary of thirty-five thousand dollars or more from the employer for the tax year. A person shall not be an eligible employee if the person was hired to replace a different eligible employee whose employment was terminated within the twelve-month period preceding the date of first employment, unless the eligible employee being replaced left employment voluntarily without good cause attributable to the employer or was discharged for misconduct in connection with the eligible employee's employment.

b. "Employer" includes a self-employed person who meets the definition of eligible employee.

c. "Military service" means federal active duty, state active duty, or national guard duty, as defined in section 29A.1.

3. The allowable credit shall be an amount equal to the sum of the following:

a. (1) One thousand dollars for each eligible employee hired for employment in this state during the tax year.

(2) If the eligible employee was not employed by the employer for the entire tax year, the amount of the credit in subparagraph (1) shall be prorated and the amount of the credit for the taxpayer shall equal the maximum amount of credit for

1 the tax year, divided by twelve, multiplied by the number of  
2 months in the tax year that the eligible employee was employed  
3 by the employer. The credit shall be rounded to the nearest  
4 dollar. If the employee was employed by the employer during  
5 any part of a month, the eligible employee shall be considered  
6 to be employed for the entire month.

7     *b.* (1) Five hundred dollars for each eligible employee  
8 employed in this state during a tax year subsequent to the tax  
9 year that the employee was hired for employment in this state.

10     (2) If the eligible employee was not employed by the  
11 employer for the entire tax year, the amount of the credit in  
12 subparagraph (1) shall be prorated and the amount of the credit  
13 for the taxpayer shall equal the maximum amount of credit for  
14 the tax year, divided by twelve, multiplied by the number of  
15 months in the tax year that the eligible employee was employed  
16 by the employer. The credit shall be rounded to the nearest  
17 dollar. If the employee was employed by the employer during  
18 any part of a month, the eligible employee shall be considered  
19 to be employed for the entire month.

20     *c.* In addition to the credit amount in paragraph "a" or "b",  
21 five hundred dollars for each eligible employee who performs at  
22 least thirty days of military service during the tax year while  
23 employed by the employer.

24     4. Any credit in excess of the tax liability shall be  
25 refunded. In lieu of claiming a refund, a taxpayer may  
26 elect to have the overpayment shown on the taxpayer's final,  
27 completed return credited to the tax liability for the  
28 following tax year.

29     5. An individual may claim the tax credit allowed a  
30 partnership, limited liability company, S corporation, estate,  
31 or trust electing to have the income taxed directly to the  
32 individual. The amount claimed by the individual shall be  
33 based upon the pro rata share of the individual's earnings of a  
34 partnership, limited liability company, S corporation, estate,  
35 or trust.

1 6. The department shall, by rule, establish a process by  
2 which to verify the status of eligible employees, as defined in  
3 this section.

4 Sec. 2. Section 422.33, Code 2013, is amended by adding the  
5 following new subsection:

6 NEW SUBSECTION. 11. The taxes imposed under this division  
7 shall be reduced by a hire a hero tax credit. The taxpayer  
8 shall claim the tax credit according to the same requirements  
9 and calculated in the same manner as provided in section  
10 422.10A.

11 Sec. 3. Section 422.60, Code 2013, is amended by adding the  
12 following new subsection:

13 NEW SUBSECTION. 12. The taxes imposed under this division  
14 shall be reduced by a hire a hero tax credit. The taxpayer  
15 shall claim the tax credit according to the same requirements  
16 and calculated in the same manner as provided in section  
17 422.10A.

18 Sec. 4. **RETROACTIVE APPLICABILITY.** This division of this  
19 Act applies retroactively to January 1, 2013, for eligible  
20 employees hired or employed on or after that date.

21 **DIVISION II**

22 **IOWA FULFILLING THE PROMISE FUND**

23 Sec. 5. NEW SECTION. **35A.23 Iowa fulfilling the promise**  
24 **fund.**

25 1. *a.* An Iowa fulfilling the promise fund is created in the  
26 state treasury under the control of the department. The fund  
27 shall consist of appropriations made to the fund and any other  
28 moneys available to and obtained or accepted by the department  
29 from other sources for deposit in the fund.

30 *b.* There is appropriated from the general fund of the state  
31 to the department for the fiscal year beginning July 1, 2013,  
32 the sum of ten million dollars to be credited to the Iowa  
33 fulfilling the promise fund.

34 *c.* The moneys credited to the fund are not subject to  
35 section 8.33 and moneys in the fund shall not be transferred,

1 used, obligated, appropriated, or otherwise encumbered except  
2 as provided in this section. Notwithstanding section 12C.7,  
3 subsection 2, interest or earnings on moneys deposited in the  
4 Iowa fulfilling the promise fund shall be credited to the fund.

5 2. a. Moneys in the fund are appropriated annually to  
6 the department to be used to distribute grants to political  
7 subdivisions of this state to assist political subdivisions in  
8 hiring eligible veterans.

9 b. If sufficient moneys are available, a political  
10 subdivision may apply for and receive a grant of not less than  
11 one thousand dollars and not more than ten thousand dollars for  
12 each eligible veteran hired during the fiscal year. Grants  
13 awarded under this section shall be determined on a sliding  
14 scale established by the department based upon the salary  
15 earned by an eligible veteran.

16 c. For purposes of this section, "*eligible veteran*" means  
17 a person who is a resident of this state and a member of  
18 the national guard, reserve, or a regular component of the  
19 armed forces of the United States, or a veteran as defined in  
20 section 35.1, employed on a permanent full-time or a permanent  
21 part-time basis of at least thirty hours per week each week.  
22 A person shall not be considered an eligible veteran if  
23 the person was hired to replace a different employee whose  
24 employment was terminated within the twelve-month period  
25 preceding the date of first employment, unless the employee  
26 being replaced left employment voluntarily without good cause  
27 attributable to the employer or was discharged for misconduct  
28 in connection with the employee's employment.

29 3. The department shall adopt rules pursuant to chapter 17A  
30 necessary for the administration of this section.

31

EXPLANATION

32 This bill provides private and public employers with certain  
33 incentives for hiring veterans and currently serving members of  
34 the national guard, reserve, or regular component of the armed  
35 forces of the United States.

1 Division I of the bill creates the hire a hero tax credit  
2 for purposes of the state individual and corporate income  
3 taxes and the franchise tax. The tax credit is available for  
4 employers in the amount of \$1,000 per eligible employee for the  
5 year in which the eligible employee is hired, \$500 for each  
6 year of employment subsequent to the year of hiring, and \$500  
7 for each year an eligible employee is called to at least 30  
8 days of military service. The annual credits for initial and  
9 continued employment shall be prorated if such employment does  
10 not extend through an entire tax year. Eligible employees must  
11 be a resident of this state and be a member of the national  
12 guard or a reserve or regular component of the armed forces  
13 of the United States, or a veteran as defined in Code section  
14 35.1, and employed on a permanent full-time or permanent  
15 part-time basis of at least 30 hours per week and earning a  
16 salary of \$35,000 or more. The bill provides that an otherwise  
17 eligible employee shall not be considered an eligible employee  
18 if the eligible employee was hired to replace another eligible  
19 employee whose employment was terminated in the previous  
20 12 months unless the eligible employee being replaced left  
21 voluntarily or was discharged for misconduct. The bill applies  
22 retroactively to January 1, 2013, for eligible employees hired  
23 or employed on or after that date.

24 Division II of the bill creates an Iowa fulfilling the  
25 promise fund to be administered by the department of veterans  
26 affairs. The bill provides for a \$10 million appropriation for  
27 the fiscal year beginning January 1, 2013. The bill provides  
28 that moneys in the fund are appropriated to the department of  
29 veterans to distribute grants to political subdivisions of the  
30 state to hire eligible veterans. The grants shall be not less  
31 than \$1,000 and not more than \$10,000 and shall be determined  
32 on a sliding scale established by the department based upon the  
33 salary earned by an eligible veteran. An "eligible veteran" is  
34 defined as a person who is a resident of this state and a member  
35 of the national guard, reserve, or a regular component of the

1 armed forces of the United States, or a veteran as defined  
2 in Code section 35.1, employed on a permanent full-time or a  
3 permanent part-time basis of at least 30 hours per week each  
4 week. The bill provides that an otherwise eligible veteran  
5 shall not be considered an eligible veteran if the veteran  
6 was hired to replace another employee whose employment was  
7 terminated in the previous 12 months unless the employee being  
8 replaced left voluntarily or was discharged for misconduct.  
9 The bill provides that the moneys credited to the fund are not  
10 subject to Code section 8.33. The bill also provides that  
11 interest or earnings on moneys deposited into the fund shall  
12 be credited to the fund.