

Senate Study Bill 1184 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON SODDERS)

A BILL FOR

1 An Act providing for a tax credit for the repayment of certain
2 student loan debt and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 261.114 **Technology Workers Tax**
2 **Credit Program.**

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "*Commission*" means the college student aid commission.

6 b. "*Eligible lender*" means the same as defined in section
7 261.35.

8 c. "*Program*" means the technology workers tax credit program
9 established in this section.

10 d. "*Program agreement*" means an agreement entered into
11 between the commission and a technology worker pursuant to this
12 section.

13 e. "*Qualified student debt*" means the maximum amount of
14 an eligible technology worker's student loan principal as
15 determined pursuant to this section.

16 f. "*Technology worker*" means a worker employed as a computer
17 and information scientist, systems analyst, computer programmer
18 or developer, or computer professional, or any skilled worker
19 who performs any function related to information technology,
20 including the study, design, development, implementation,
21 support, or management of computer-based information systems.

22 2. The commission shall establish and administer a
23 technology workers tax credit program pursuant to this section.
24 The purpose of the program is to reimburse eligible technology
25 workers, or employers of such workers, for the amount of
26 qualified student debt borrowed and repaid in order to attend a
27 postsecondary institution.

28 3. The commission shall coordinate with postsecondary
29 institutions, technology workers, eligible lenders, and the
30 department of revenue in the administration of this program.

31 4. The commission shall enter into a program agreement with
32 an eligible technology worker residing and working in Iowa who
33 wishes to participate in the program. As part of the program
34 agreement, the technology worker shall covenant and agree to
35 the following:

1 *a.* That the person is or will become an Iowa resident and
2 will remain an Iowa resident for the entirety of each tax year
3 for which the person wishes to claim a tax credit under the
4 program. A person not meeting the residency requirements of
5 this paragraph is not eligible to claim a tax credit.

6 *b.* That the person was enrolled in a program of study at a
7 postsecondary institution and has qualified student debt.

8 *c.* To keep all necessary financial and educational records
9 relating to the degree pursued and the qualified student debt
10 incurred for a period of not less than three years after the
11 last tax year in which a tax credit under the program is
12 claimed.

13 *d.* That only repayment of qualified student debt is eligible
14 to be claimed as a tax credit under the program.

15 *e.* That any acceleration in the repayment schedule of the
16 qualified student debt will result in a forfeiture of the tax
17 credit in that tax year and all subsequent tax years.

18 *f.* To refinance the loans comprising qualified student debt
19 only if the loans remain separate from all other debt and if
20 both annual repayments and the total remaining indebtedness
21 under the loan's amortization schedule will be reduced by such
22 refinancing.

23 5. A technology worker shall not enter into more than one
24 program agreement or claim the tax credit available under the
25 program more than once.

26 6. *a.* After entering into a program agreement with an
27 eligible technology worker, and before a tax credit certificate
28 is issued, the commission shall request the postsecondary
29 institution in which the technology worker was enrolled to
30 verify the technology worker's enrollment at the institution
31 and to certify to the commission the technology worker's amount
32 of qualified student debt.

33 *b.* The program agreement shall terminate if the commission
34 is unable to verify the technology worker's enrollment at a
35 postsecondary institution or unable to certify the amount of

1 the technology worker's qualified student debt.

2 7. a. An eligible technology worker's qualified student
3 debt shall be the total amount of principal borrowed from an
4 eligible lender for purposes of paying the amount of tuition
5 and mandatory fees required in order to obtain a degree from a
6 postsecondary institution.

7 b. Only loans included as part of a financial aid package
8 awarded to the eligible technology worker by a postsecondary
9 institution shall be included in the amount of qualified
10 student debt determined pursuant to this subsection.

11 8. After verifying whether the technology worker qualifies
12 for the program and after certifying the amount of qualified
13 student debt, the commission shall issue to the technology
14 worker a tax credit certificate which shall contain the
15 technology worker's name, address, tax identification number,
16 the amount of the tax credit, and any other information
17 required by the department of revenue.

18 9. a. (1) A technology workers tax credit shall be allowed
19 against the taxes imposed in chapter 422, divisions II, III,
20 and V, and in chapter 432, and against the moneys and credits
21 tax imposed in section 533.329, for the repayment of qualified
22 student debt.

23 (2) An individual may claim the tax credit under this
24 section of a partnership, limited liability company, S
25 corporation, estate, or trust electing to have income taxed
26 directly to the individual. The amount claimed by the
27 individual shall be based upon the pro rata share of the
28 individual's earnings from the partnership, limited liability
29 company, S corporation, estate, or trust.

30 b. (1) An employer may claim a tax credit under this
31 section for payments made directly to an eligible lender on
32 behalf of a technology worker who has been issued a tax credit
33 certificate pursuant to this subsection.

34 (2) The employer may claim the tax credit in an amount
35 equal to the payments made by the employer of qualified student

1 debt that came due during the technology worker's period of
2 employment with the employer.

3 (3) The employer may require a person to provide a copy of
4 the program agreement and a copy of the tax credit certificate
5 issued pursuant to this section in order to verify that a
6 person is an eligible technology worker with qualified student
7 debt.

8 (4) The employer claiming a tax credit under the program
9 shall retain all relevant records for at least three tax years
10 following the last tax year in which the tax credit is claimed.

11 *c.* A technology worker and the technology worker's employer
12 may both claim tax credits for payments of qualified student
13 debt made in the same year, but the same payment of qualified
14 student debt shall not be claimed by more than one taxpayer.

15 *d.* A technology worker and the technology worker's employer
16 shall receive a credit for the amount of qualified student debt
17 repaid by the employer or technology worker up to a combined
18 amount of one thousand dollars each year for a maximum of five
19 years.

20 *e.* Any tax credit in excess of the taxpayer's liability
21 for the tax year is not refundable but may be credited to the
22 tax liability for the following five years or until depleted,
23 whichever is earlier. A tax credit shall not be carried back
24 to a tax year prior to the tax year in which the taxpayer first
25 receives the tax credit.

26 *f.* A technology worker or employer may claim the tax credit
27 only if the technology worker is in compliance with the program
28 agreement, and the technology worker is not in arrears on the
29 repayment schedule for the qualified student debt.

30 10. *a.* (1) To claim the technology workers tax credit,
31 a technology worker shall attach the tax credit certificate
32 issued by the commission to the taxpayer's tax return.

33 (2) To claim the technology workers tax credit for payments
34 made on behalf of a technology worker, a taxpayer shall attach
35 a copy of the tax credit certificate issued to the technology

1 worker along with any information required by the department of
2 revenue pertaining to the payments made to an eligible lender.

3 *b.* The tax credit certificate attached to the taxpayer's
4 tax return shall expire on or after the last day of the taxable
5 year for which the taxpayer is claiming the tax credit and show
6 a tax credit amount equal to or greater than the tax credit
7 claimed on the taxpayer's tax return.

8 *c.* The tax credit certificate, unless rescinded by the
9 commission, shall be accepted by the department of revenue as
10 payment for taxes imposed pursuant to chapter 422, divisions
11 II, III, and V, and in chapter 432, and for the moneys and
12 credits tax imposed in 533.329, subject to any conditions or
13 restrictions placed by the commission upon the face of the
14 tax credit certificate and subject to the limitations of this
15 section.

16 11. Except as otherwise provided in this section, a tax
17 credit certificate is not transferable to any person or entity.

18 12. An eligible technology worker who exercises the
19 forbearance or deferment provisions of a student loan agreement
20 that comprises a portion of the technology worker's qualified
21 student debt does not forfeit the right to claim the tax credit
22 available under this section. The department of revenue shall
23 toll the carryforward provisions of subsection 9, paragraph
24 "e", for any worker exercising forbearance or deferment
25 provisions.

26 13. *a.* The commission, in consultation with the department
27 of revenue, shall adopt rules pursuant to chapter 17A for the
28 implementation and administration of the program.

29 *b.* The department of revenue, in consultation with the
30 commission, may adopt rules pursuant to chapter 17A for the
31 implementation and administration of subsections 9 through 12.

32 Sec. 2. NEW SECTION. **422.11R Technology workers tax credit.**

33 The taxes imposed under this division, less the credits
34 allowed under section 422.12, shall be reduced by a technology
35 workers tax credit authorized pursuant to section 261.114.

1 Sec. 3. Section 422.33, Code 2013, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 30. The taxes imposed under this division
4 shall be reduced by a technology workers tax credit authorized
5 pursuant to section 261.114.

6 Sec. 4. Section 422.60, Code 2013, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 12. The taxes imposed under this division
9 shall be reduced by a technology workers tax credit authorized
10 pursuant to section 261.114.

11 Sec. 5. NEW SECTION. **432.12N Technology workers tax credit.**
12 The taxes imposed under this chapter shall be reduced by a
13 technology workers tax credit authorized pursuant to section
14 261.114.

15 Sec. 6. Section 533.329, subsection 2, Code 2013, is amended
16 by adding the following new paragraph:

17 NEW PARAGRAPH. *k.* The moneys and credits tax imposed under
18 this section shall be reduced by a technology workers tax
19 credit authorized pursuant to section 261.114.

20 Sec. 7. APPLICABILITY. This Act applies to tax years
21 beginning on or after January 1, 2014.

22 EXPLANATION

23 This bill provides for the establishment of a technology
24 workers tax credit program to be administered by the college
25 student aid commission and the department of revenue.

26 The purpose of the program is to provide a tax credit to
27 eligible technology workers or to provide a tax credit to
28 an eligible technology worker's employer for payments made
29 toward the qualified student debt. For purposes of the bill,
30 "qualified student debt" is the total amount of principal
31 borrowed by the eligible technology worker to attend a
32 postsecondary institution. Only those loans included as part
33 of an eligible technology worker's financial aid package from
34 a postsecondary institution may be included in the amount of
35 qualified student debt.

1 To be eligible for the program, a technology worker must be
2 or become an Iowa resident and remain an Iowa resident for the
3 entirety of any tax year in which the technology worker seeks
4 to claim the tax credit available under the program. The bill
5 defines a "technology worker" for purposes of the bill as a
6 worker who is employed as a computer and information scientist,
7 systems analyst, computer programmer or developer, or computer
8 professional, or any skilled worker who performs any function
9 related to information technology, including the study,
10 design, development, implementation, support, or management of
11 computer-based information systems. The eligible technology
12 worker must enter into an agreement with the college student
13 aid commission.

14 The commission is required to coordinate with postsecondary
15 institutions, technology workers, eligible lenders, and the
16 department of revenue in the administration of the program.
17 Upon entering into a program agreement, the commission must
18 request information from the postsecondary institution in
19 which the technology worker was enrolled in order to verify
20 that the technology worker was enrolled at the institution
21 and to certify the amount of qualified student debt. Upon
22 receiving this information, the commission must issue a tax
23 credit certificate to an eligible technology worker. If the
24 commission is unable to verify or certify the information, the
25 agreement is terminated.

26 The technology worker may claim the repayment of qualified
27 student debt as a credit against state income taxes and may
28 carry the credit forward for up to five years. A technology
29 worker and the technology worker's employer may receive a
30 combined maximum tax credit amount of \$1,000 a year for up to
31 five years.

32 An employer may claim the portion of the credit for payments
33 made directly to eligible lenders on the technology worker's
34 behalf to the extent that such payments are due under the terms
35 of the loan during the eligible technology worker's period of

1 employment with that employer. The credit is not refundable
2 or transferable and may not be carried back to prior tax years
3 but may be carried forward for the earlier of five years or
4 until depleted. The credit is only available if the technology
5 worker is in compliance with the agreement entered into with
6 the college student aid commission, and is not in arrears on
7 the repayment schedule for the qualified student debt.

8 The bill provides for rulemaking by both the college
9 student aid commission and the department of revenue for the
10 administration of the program.

11 The bill applies to tax years beginning on or after January
12 1, 2014.