

**House File 370 - Introduced**

HOUSE FILE 370

BY SALMON

**A BILL FOR**

1 An Act creating a parent investment tax credit available  
2 against the individual income tax and including retroactive  
3 applicability provisions.

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

1 Section 1. NEW SECTION. 422.10A Parent investment tax  
2 credit.

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

5 a. "Dependent" has the same meaning as provided by the  
6 Internal Revenue Code.

7 b. "Earned income" means the same as defined in section 32  
8 of the Internal Revenue Code.

9 c. "Public assistance program" means the family investment,  
10 food assistance, and medical assistance programs administered  
11 by the department of human services.

12 2. The taxes imposed under this division, less the credits  
13 allowed under section 422.12, shall be reduced by a parent  
14 investment tax credit equal to one of the following amounts:

15 a. For a married person who meets the requirements of  
16 subsection 3, five hundred dollars.

17 b. (1) For a married person who meets the requirements  
18 of subsection 3 and who also meets one of the requirements  
19 of subparagraph (2) or (3) of this paragraph, one thousand  
20 dollars.

21 (2) The person provided private instruction in this state in  
22 accordance with chapter 299A to at least one dependent of the  
23 person during the tax year, which dependent did not attend a  
24 public school or an accredited nonpublic school.

25 (3) The person has one or more dependents that attended a  
26 public school or an accredited nonpublic school in this state  
27 and the person provided at least one hundred eighty hours of  
28 volunteer service during the tax year to the school or schools.  
29 The person is required to have a written statement from a  
30 school administrator verifying the number of hours of volunteer  
31 service the person provided to the school during the year.

32 3. To be eligible for the credit provided in this section, a  
33 married person must meet all of the following requirements:

34 a. The person is a resident of this state.

35 b. The person has a dependent who during the tax year was

1 enrolled in this state in a preschool program or in any grade  
2 from kindergarten through grade twelve, or who received private  
3 instruction in this state in accordance with chapter 299A.

4 c. The person, the person's spouse, and the person's  
5 dependents are not participating in a public assistance  
6 program.

7 d. The amount of earned income received by the person for  
8 the tax year does not exceed ten thousand dollars.

9 e. The person's spouse is not claiming the credit provided  
10 in this section.

11 4. If the requirement in subsection 3, paragraph "c", is not  
12 met for the entire tax year, the maximum amount of the credit  
13 for which the taxpayer is eligible shall be prorated and the  
14 amount of the credit for the taxpayer shall equal the maximum  
15 amount of credit for which the taxpayer is eligible for the tax  
16 year, divided by twelve, multiplied by the number of months in  
17 the tax year the requirements of subsection 3, paragraph "c",  
18 were met. If the person, the person's spouse, or the person's  
19 dependents are participating in a public assistance program  
20 during any part of the month, the person shall be considered as  
21 participating in the public assistance program for the entire  
22 month.

23 5. Any credit in excess of the tax liability is not  
24 refundable but the excess for the tax year may be credited to  
25 the tax liability for the following tax years until depleted.

26 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies  
27 retroactively to January 1, 2015, for tax years beginning on  
28 or after that date.

29

#### EXPLANATION

30 The inclusion of this explanation does not constitute agreement with  
31 the explanation's substance by the members of the general assembly.

32 This bill creates a parent investment tax credit available  
33 against the individual income tax for a married person who  
34 meets certain requirements specified in the bill. First, the  
35 person must be an Iowa resident and must have a dependent

1 enrolled in Iowa in a preschool program or in any grade from  
2 kindergarten through grade 12, or receiving private instruction  
3 in this state in accordance with Code chapter 299A. Second,  
4 the person, the person's spouse, and the person's dependents  
5 (person's family) cannot be participating in a public  
6 assistance program, defined in the bill to mean the family  
7 investment, food assistance, and medical assistance programs  
8 administered by the department of human services. Third,  
9 the person's earned income for the tax year must not exceed  
10 \$10,000. "Earned income" and "dependent" are defined in the  
11 bill. The parent investment tax credit may only be claimed by  
12 one spouse.

13 The credit is equal to \$500. However, the credit is equal  
14 to \$1,000 if the person also provides private instruction to  
15 the person's dependent in this state during the tax year in  
16 accordance with Code chapter 299A or, if the dependent is  
17 enrolled in school, the person volunteers at least 180 hours  
18 with the school during the tax year. The person is required to  
19 obtain a written statement from the school verifying the number  
20 of hours the person volunteered during the tax year.

21 If a person's family participated in a public assistance  
22 program for part of the year, but the person otherwise meets  
23 the requirements for the tax credit, the amount of tax credit  
24 is prorated based upon the number of months during the tax  
25 year the person's family was not participating in a public  
26 assistance program.

27 The credit is nonrefundable, but any excess tax credit may be  
28 carried forward to future tax years until fully depleted.

29 The credit applies retroactively to tax years beginning on  
30 or after January 1, 2015.