

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.