SENATE FILE 2115

BY CHELGREN

A BILL FOR

1 An Act creating a private education tax credit available
2 against the individual income tax and including effective
3 date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **422.10C Private education tax**
2 **credit.**
3 1. For purposes of this section, *"dependent"* means the same
4 as defined in section 422.12.
5 2. The taxes imposed under this division, less the credits
6 allowed under section 422.12, shall be reduced by a private
7 education tax credit equal to the sum of the following amounts
8 for each dependent of the taxpayer:
9 *a.* The amounts that the taxpayer has paid to others for
10 tuition and textbooks of the dependent in grades kindergarten
11 through twelve attending a nonpublic elementary or secondary
12 school situated in Iowa, which school is accredited or approved
13 under section 256.11, which is not operated for profit, and
14 which adheres to the provisions of the federal Civil Rights
15 Act of 1964 and chapter 216. For purposes of this paragraph
16 *"a"* only, *"textbooks"* and *"tuition"* mean the same as defined in
17 section 422.12.
18 *b.* The amounts that the taxpayer has paid to others for
19 qualified educational expenses of the dependent receiving
20 competent private instruction, independent private instruction,
21 or private instruction in this state under chapter 299A.
22 For purposes of this paragraph only, *"qualified educational*
23 *expenses"* means expenses incurred by a taxpayer that are
24 directly related to providing competent private instruction,
25 independent private instruction, or private instruction for
26 a dependent of that taxpayer in this state under chapter
27 299A. *"Qualified educational expenses"* includes but is not
28 limited to textbooks, payment to a licensed or accredited
29 tutor or practitioner, curriculum materials, tuition or fees
30 for live or online education programs, education materials and
31 services for a child with disabilities, standardized test fees,
32 transportation expenses, and computer and internet access fees.
33 3. The credit shall not exceed an amount per dependent equal
34 to the regular program state cost per pupil calculated by the
35 department of management for the budget year that begins during

1 the taxpayer's tax year.

2 4. A taxpayer who elects to claim the credit provided in
3 this section shall not claim the tuition credit provided in
4 section 422.12, subsection 2, paragraph *"b"*, for the same
5 dependent.

6 5. Any credit in excess of the tax liability for the
7 tax year shall be refunded. In lieu of claiming a refund,
8 a taxpayer may elect to have the overpayment shown on the
9 taxpayer's final, completed return credited to the tax
10 liability for the following taxable year.

11 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
12 2018.

13 Sec. 3. APPLICABILITY. This Act applies to tax years
14 beginning on or after January 1, 2018.

15 EXPLANATION

16 **The inclusion of this explanation does not constitute agreement with**
17 **the explanation's substance by the members of the general assembly.**

18 This bill creates a private education tax credit available
19 against the individual income tax equal to the sum of two
20 different amounts that a taxpayer has paid to others for each
21 dependent. First, the amount paid for tuition and textbooks
22 for the dependent to attend a nonpublic elementary school in
23 Iowa that meets certain requirements specified in the bill.
24 Second, the amount paid for qualified educational expenses
25 of the dependent receiving competent private instruction,
26 independent private instruction, or private instruction in
27 this state under Code chapter 299A. "Dependent", "tuition",
28 "textbooks", and "qualified educational expenses" are all
29 defined in the bill.

30 The maximum amount of private education tax credit that may
31 be claimed per dependent in any given tax year shall not exceed
32 the regular program state cost per pupil calculated by the
33 department of management for the budget year that begins during
34 that tax year.

35 The tax credit is refundable or may, at the election of the

1 taxpayer, be carried forward for up to one tax year.

2 A taxpayer that elects to claim the private education tax
3 credit provided in the bill is ineligible to claim the existing
4 tuition and textbook tax credit in Code section 422.12 for the
5 same dependent.

6 The bill takes effect January 1, 2018, and applies to tax
7 years beginning on or after that date.