

House File 2290 - Introduced

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A BILL FOR

1 An Act providing small businesses with income, franchise,
2 moneys and credits, and gross premiums tax credits for
3 providing child care benefits to employees of the small
4 business, and including applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 237A.31 **Small business child care**
2 **tax credit.**

3 1. As used in this section "*small business*" means any
4 enterprise which is located in this state, which is operated
5 for profit and under a single management, and which has either
6 fewer than twenty employees or an annual gross income of less
7 than four million dollars computed as the average of the three
8 preceding fiscal years. This definition does not apply to any
9 program or activity for which a definition for small business
10 is provided for the program or activity by federal law or
11 regulation or other state law.

12 2. A small business may receive a child care tax credit
13 for providing child care employee benefits to employees of
14 the business. The credit may be applied against income tax
15 imposed under chapter 422, division II or III, the franchise
16 tax imposed under chapter 422, division V, the gross premiums
17 tax imposed under chapter 432, or the moneys and credits tax
18 imposed in section 533.329. The amount of the credit equals
19 the costs to provide the benefit up to three thousand dollars
20 per employee per year.

21 3. The aggregate amount of tax credits authorized pursuant
22 to this section shall not exceed a total of two million
23 dollars per fiscal year, and shall be awarded on a first-come,
24 first-served basis.

25 4. To be eligible for a small business child care tax
26 credit, the small business must provide child care employee
27 benefits to employees of the business through any of the
28 following:

29 a. Build a new structure or rehabilitate an existing
30 structure to be used as a child care center at or near the small
31 business where the children of the employees of the business
32 are provided child care. A small business may construct or
33 rehabilitate the structure in conjunction with another business
34 but only the actual cost of the business shall be considered in
35 determining the credit.

1 *b.* Operate or lease a child care center at or near the small
2 business where the children of the employees of the business
3 are provided child care.

4 5. Any credit in excess of the tax liability is not
5 refundable but the excess for the tax year may be credited
6 to the tax liability for the following five years or until
7 depleted, whichever is earlier. The director of revenue shall
8 adopt rules to implement this section.

9 Sec. 2. NEW SECTION. **422.120 Small business child care tax**
10 **credit.**

11 1. The taxes imposed under this division, less the credits
12 allowed under section 422.12, shall be reduced by a small
13 business child care tax credit received pursuant to section
14 237A.31.

15 2. An individual may claim the tax credit allowed a
16 partnership, S corporation, limited liability company, estate,
17 or trust electing to have the income taxed directly to the
18 individual. The amount claimed by the individual shall be
19 based upon the pro rata share of the individual's earnings of a
20 partnership, S corporation, limited liability company, estate,
21 or trust.

22 Sec. 3. Section 422.33, Code 2020, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 31. The taxes imposed under this division
25 shall be reduced by a small business child care tax credit
26 received pursuant to section 237A.31.

27 Sec. 4. Section 422.60, Code 2020, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 14. The taxes imposed under this division
30 shall be reduced by a small business child care tax credit
31 received pursuant to section 237A.31.

32 Sec. 5. NEW SECTION. **432.12N Small business child care tax**
33 **credit.**

34 The taxes imposed under this chapter shall be reduced by
35 a small business child care tax credit received pursuant to

1 section 237A.31.

2 Sec. 6. Section 533.329, subsection 2, Code 2020, is amended
3 by adding the following new paragraph:

4 NEW PARAGRAPH. 1. The moneys and credits tax imposed under
5 this section shall be reduced by a small business child care
6 tax credit received pursuant to section 237A.31.

7 Sec. 7. APPLICABILITY. This Act applies to tax years
8 beginning on or after January 1, 2021.

9 EXPLANATION

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

12 This bill provides small businesses with income, franchise,
13 moneys and credits, and gross premiums tax credits for
14 providing child care benefits to employees of the small
15 business.

16 The bill defines "small business" to mean any enterprise
17 which is located in this state, which is operated for profit
18 and under a single management, and which has either fewer than
19 20 employees or an annual gross income of less than \$4 million
20 computed as the average of the three preceding fiscal years.

21 The child care employee benefits include the following:
22 building or rehabilitating an existing structure at or near
23 the small business as a child care center for employee use,
24 or operating or leasing a child care center for children of
25 employees to attend at or near the small business.

26 The amount of the credit equals the costs to provide the
27 benefit up to \$3,000 per employee per year. The aggregate
28 amount of tax credits authorized pursuant to the bill shall
29 not exceed a total of \$2 million per fiscal year, and shall be
30 awarded on a first-come, first-served basis. The credit is
31 nonrefundable but any excess may be carried forward for up to
32 five tax years.

33 The bill applies to tax years beginning on or after January
34 1, 2021.