

House File 2594 - Introduced

HOUSE FILE 2594

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2083)

A BILL FOR

1 An Act providing businesses with income, franchise, moneys and
2 credits, and gross premiums tax credits for providing child
3 care benefits to employees of the business, and including
4 applicability date provisions.

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

1 Section 1. NEW SECTION. 237A.31 Employer child care tax
2 credit.

3 1. A business may receive an employer child care tax credit
4 for providing child care employee benefits to employees of
5 the business. The credit may be applied against income tax
6 imposed under chapter 422, division II or III, the franchise
7 tax imposed under chapter 422, division V, the gross premiums
8 tax imposed under chapter 432, or the moneys and credits tax
9 imposed in section 533.329. The amount of the credit equals
10 the costs to provide the benefit up to one hundred fifty
11 thousand dollars per year.

12 2. To be eligible for an employer child care tax credit, the
13 business must provide child care employee benefits to employees
14 of the business through any of the following:

15 a. Build a new structure or rehabilitate an existing
16 structure to be used as a child care center where children of
17 employees of the taxpayer are provided child care. A business
18 may construct or rehabilitate the structure in conjunction with
19 another business but only the actual cost of the business shall
20 be considered in determining the credit.

21 b. Lease a child care center where the children of the
22 employees of the business are provided child care.

23 c. Pay the annual operating expenses of the child care
24 center including training for the employees of the center.

25 3. Any credit in excess of the tax liability is not
26 refundable but the excess for the tax year may be credited
27 to the tax liability for the following five years or until
28 depleted, whichever is earlier. The director of revenue shall
29 adopt rules to implement this section.

30 Sec. 2. NEW SECTION. 422.120 Employer child care tax
31 credit.

32 1. The taxes imposed under this division, less the credits
33 allowed under section 422.12, shall be reduced by an employer
34 child care tax credit received pursuant to section 237A.31.

35 2. An individual may claim the tax credit allowed a

1 partnership, S corporation, limited liability company, estate,
2 or trust electing to have the income taxed directly to the
3 individual. The amount claimed by the individual shall be
4 based upon the pro rata share of the individual's earnings of a
5 partnership, S corporation, limited liability company, estate,
6 or trust.

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

9 NEW SUBSECTION. 31. The taxes imposed under this division
10 shall be reduced by an employer child care tax credit received
11 pursuant to section 237A.31.

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

14 NEW SUBSECTION. 14. The taxes imposed under this division
15 shall be reduced by an employer child care tax credit received
16 pursuant to section 237A.31.

17 Sec. 5. NEW SECTION. 432.12N **Employer child care tax**
18 **credit.**

19 The taxes imposed under this chapter shall be reduced by an
20 employer child care tax credit received pursuant to section
21 237A.31.

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

24 NEW PARAGRAPH. 1. The moneys and credits tax imposed under
25 this section shall be reduced by an employer child care tax
26 credit received pursuant to section 237A.31.

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

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 provides businesses with income, franchise, moneys
33 and credits, and gross premiums tax credits for providing child
34 care benefits to employees of the business.

35 The child care employee benefits include the following:

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1 building or rehabilitating an existing structure as a child
2 care center for employee use, leasing a child care center, or
3 paying the annual operating expenses of the child care center
4 including training for the employees of the center.

5 The amount of the credit equals 25 percent of the costs to
6 provide the benefit up to \$150,000 per year. The credit is
7 nonrefundable but any excess may be carried forward for up to
8 five tax years.

9 The bill applies to tax years beginning on or after January
10 1, 2021.