

**Senate File 297 - Introduced**

SENATE FILE 297

BY BEHN

**A BILL FOR**

1 An Act relating to the individual income tax by creating  
2 a tax credit for community college students pursuing a  
3 credential leading to a high-demand occupation and including  
4 applicability provisions.

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

1 Section 1. NEW SECTION. 260C.41 High-demand occupation tax  
2 credit — agreement.

3 1. A high-demand occupation tax credit is allowed under this  
4 section. The tax credit is allowed against the taxes imposed  
5 in chapter 422, division II, as provided in section 422.11K,  
6 to facilitate an increase in the number of Iowans prepared to  
7 enter high-demand occupational fields.

8 2. In order to qualify for the tax credit, the taxpayer  
9 must meet qualifications established by the board of directors  
10 of the community college in which the taxpayer enrolled and  
11 attended a course of study in accordance with this subsection.  
12 At a minimum, the taxpayer must comply with all of the  
13 following:

14 a. Be a resident of Iowa who enrolls in a community  
15 college in a course of study which results in the community  
16 college conferring a credential that qualifies the taxpayer  
17 for a high-demand occupation. For purposes of this section,  
18 "credential" means a postsecondary certificate, diploma, or  
19 degree, but not more than an associate degree. For purposes  
20 of this section, "high-demand occupation" means an occupation  
21 in the fields of science, technology, engineering, and  
22 mathematics, and occupations aligned with the six career and  
23 technical education service areas as defined in section 256.11,  
24 subsection 5, paragraph "h".

25 b. Execute an agreement with the community college under  
26 which the taxpayer maintains a grade point average of at least  
27 two-point-five on a four-point grade scale, or the equivalent  
28 if another grade scale is used, until the taxpayer is issued a  
29 credential by the community college for successful completion  
30 of a course of study that meets the requirements of paragraph  
31 "a". The agreement shall be for at least two years, but not  
32 more than five years.

33 3. a. If the taxpayer meets the terms of the agreement  
34 entered into under subsection 2, the community college shall  
35 submit to the department of revenue the total amount of tuition

1 and mandatory fees paid by the taxpayer in earning a credential  
2 under this section.

3     *b.* The department of revenue shall issue the tax credit  
4 certificate to the taxpayer upon receipt of information  
5 submitted to the department of revenue by a community college  
6 in accordance with this subsection.

7     4. The tax credit shall equal the gross amount paid to the  
8 community college for tuition and mandatory fees paid by the  
9 taxpayer under the agreement.

10     5. *a.* To claim a tax credit under this section, a taxpayer  
11 shall include one or more tax credit certificates with the  
12 taxpayer's tax return.

13     *b.* The tax credit certificate shall contain the taxpayer's  
14 name, address, tax identification number, the amount of the  
15 credit, and any other information required by the department  
16 of revenue.

17     *c.* The tax credit certificate, unless rescinded by the  
18 department of revenue, shall be accepted by the department  
19 of revenue as payment for taxes imposed in chapter 422,  
20 division II, subject to any conditions or restrictions placed  
21 by the department of revenue upon the face of the tax credit  
22 certificate and subject to the limitations of this tax credit.

23     6. A tax credit in excess of the taxpayer's liability for  
24 the tax year is not refundable but may be credited to the tax  
25 liability for the following five tax years or until depleted,  
26 whichever is earlier. However, if the taxpayer enters into  
27 active military service as a member of the Iowa army national  
28 guard, the Iowa air national guard, the active military forces  
29 of the United States, the army national guard of the United  
30 States, or the air national guard of the United States, or  
31 enrolls in an accredited private institution as defined in  
32 section 261.9 or in an institution of higher learning governed  
33 by the state board of regents, the tax credit may be credited  
34 to the tax liability for an additional two years or until  
35 depleted, whichever is earlier. A tax credit shall not be

1 carried back to a tax year prior to the tax year in which the  
2 taxpayer redeems the tax credit. A tax credit shall not be  
3 transferable to any other person.

4 Sec. 2. NEW SECTION. **422.11K High-demand occupation tax**  
5 **credit.**

6 The taxes imposed under this division, less the credits  
7 allowed under section 422.12, shall be reduced by a high-demand  
8 occupation tax credit allowed under section 260C.41.

9 Sec. 3. **APPLICABILITY.** This Act applies to tax years  
10 beginning on or after January 1, 2020.

11 EXPLANATION

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

14 This bill provides for a high-demand occupation tax credit  
15 to facilitate an increase in the number of Iowans prepared to  
16 enter high-demand occupational fields.

17 To qualify, the taxpayer must enroll in and attend a course  
18 of study at a community college which results in the community  
19 college conferring a credential that qualifies the taxpayer  
20 for a high-demand occupation. The bill defines "high-demand  
21 occupation" as an occupation in the fields of science,  
22 technology, engineering, and mathematics, and occupations  
23 aligned with any of six career and technical education service  
24 areas.

25 The taxpayer must also execute an agreement with the  
26 community college for at least two years, but not more than  
27 five years, under which the taxpayer maintains a grade point  
28 average of at least 2.5 on a 4.0 grade scale.

29 If the taxpayer meets the terms of the agreement, the  
30 community college submits to the department of revenue the  
31 total amount of tuition and mandatory fees paid by the taxpayer  
32 in earning a credential, and the department must issue the  
33 tax credit certificate. The tax credit shall equal the gross  
34 amount paid by the taxpayer to the community college for  
35 tuition and mandatory fees.

1 A tax credit in excess of the taxpayer's liability for  
2 the tax year is not refundable but may be credited to the  
3 personal net income tax liability for the following five tax  
4 years or until depleted, whichever is earlier. However, if  
5 the taxpayer enters into active military service or enrolls  
6 in an accredited private postsecondary institution in Iowa or  
7 a regents university, the tax credit may be credited to the  
8 tax liability for an additional two years or until depleted,  
9 whichever is earlier.

10 The bill applies to tax years beginning on or after January  
11 1, 2020.