

Senate File 481 - Introduced

SENATE FILE 481
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 297)

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 of
20 this section, "high-demand occupation" means a job from the list
21 of regional high-demand jobs identified and maintained by a
22 community college for the community college region pursuant to
23 section 84A.1B, subsection 13A, as enacted by 2018 Iowa Acts,
24 chapter 1067, section 7.

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. (1) 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 (2) If, after executing the agreement in subsection
4 2, paragraph "b", the taxpayer receives a credential for
5 a high-demand occupation that no longer qualifies as a
6 high-demand occupation, and the taxpayer otherwise meets the
7 terms of the agreement entered into under subsection 2, the
8 community college shall consider the taxpayer as meeting the
9 terms of the agreement in subsection 2, and shall submit the
10 tuition and fee information to the department of revenue as
11 provided for in subparagraph (1).

12 b. The department of revenue shall issue the tax credit
13 certificate to the taxpayer upon receipt of information
14 submitted to the department of revenue by a community college
15 in accordance with this subsection.

16 4. The tax credit shall equal the gross amount paid to the
17 community college for tuition and mandatory fees paid by the
18 taxpayer under the agreement up to a maximum of five thousand
19 dollars per calendar year. A taxpayer shall not be eligible
20 to claim more than ten thousand dollars of credit under this
21 section in the taxpayer's lifetime.

22 5. a. To claim a tax credit under this section, a taxpayer
23 shall include one or more tax credit certificates with the
24 taxpayer's tax return.

25 b. The tax credit certificate shall contain the taxpayer's
26 name, address, tax identification number, the amount of the
27 credit, and any other information required by the department
28 of revenue.

29 c. The tax credit certificate, unless rescinded by the
30 department of revenue, shall be accepted by the department
31 of revenue as payment for taxes imposed in chapter 422,
32 division II, subject to any conditions or restrictions placed
33 by the department of revenue upon the face of the tax credit
34 certificate and subject to the limitations of this tax credit.

35 6. A tax credit in excess of the taxpayer's liability for

1 the tax year is not refundable but may be credited to the tax
2 liability for the following five tax years or until depleted,
3 whichever is earlier. However, if the taxpayer enters into
4 active military service as a member of the Iowa army national
5 guard, the Iowa air national guard, the active military forces
6 of the United States, the army national guard of the United
7 States, or the air national guard of the United States, or
8 enrolls in an accredited public or private postsecondary
9 educational institution in this state to pursue further
10 education, the tax credit may be credited to the tax liability
11 for an additional two years or until depleted, whichever is
12 earlier. A tax credit shall not be carried back to a tax year
13 prior to the tax year in which the taxpayer redeems the tax
14 credit. A tax credit shall not be transferable to any other
15 person.

16 Sec. 2. NEW SECTION. 422.11K High-demand occupation tax
17 credit.

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

21 Sec. 3. APPLICABILITY. This Act applies to tax years
22 beginning on or after January 1, 2020.

23 EXPLANATION

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

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

29 To qualify, the taxpayer must enroll in and attend a course
30 of study at a community college which results in the community
31 college conferring a credential that qualifies the taxpayer
32 for a high-demand occupation. The bill defines "high-demand
33 occupation" as a job from the list of regional high-demand
34 jobs identified and maintained by a community college for the
35 community college region.

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

5 If, after executing the agreement, the high-demand
6 occupation no longer qualifies as a high-demand occupation, and
7 the taxpayer otherwise meets the terms of the agreement, the
8 community college shall consider the taxpayer as meeting the
9 terms of the agreement.

10 If the taxpayer meets the terms of the agreement, the
11 community college submits to the department of revenue the
12 total amount of tuition and mandatory fees paid by the taxpayer
13 in earning a credential, and the department must issue the
14 tax credit certificate. The tax credit shall equal the gross
15 amount paid by the taxpayer to the community college for
16 tuition and mandatory fees. The maximum tax credit shall not
17 exceed \$5,000 per calendar year, and the taxpayer shall not be
18 eligible to claim more than \$10,000 of credit in the taxpayer's
19 lifetime.

20 A tax credit in excess of the taxpayer's liability for the
21 tax year is not refundable but may be credited to the personal
22 net income tax liability for the following five tax years or
23 until depleted, whichever is earlier. However, if the taxpayer
24 enters into active military service or enrolls in an accredited
25 public or private postsecondary institution in Iowa, the tax
26 credit may be credited to the tax liability for an additional
27 two years or until depleted, whichever is earlier.

28 The bill applies to tax years beginning on or after January
29 1, 2020.