

House File 370 - Introduced

HOUSE FILE 370

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 4)

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. The taxes imposed against the income tax imposed under
4 chapter 422, subchapter II or III, the franchise tax imposed
5 under chapter 422, subchapter V, the gross premiums tax under
6 chapter 432, or the moneys and credits tax imposed under
7 section 533.329 shall be reduced by an employer child care tax
8 credit equal to the amount of the federal employer-provided
9 child care tax credit provided in section 45F of the Internal
10 Revenue Code the taxpayer was eligible for in the same tax
11 year.

12 2. Any credit in excess of the tax liability is not
13 refundable but the excess for the tax year may be credited
14 to the tax liability for the following five years or until
15 depleted, whichever is earlier.

16 3. The director of the department of revenue shall adopt
17 rules pursuant to chapter 17A to administer this section.

18 Sec. 2. NEW SECTION. 422.120 Employer child care tax
19 credit.

20 1. The taxes imposed under this subchapter, less the credits
21 allowed under section 422.12, shall be reduced by an employer
22 child care tax credit allowed pursuant to section 237A.31.

23 2. An individual may claim the tax credit allowed a
24 partnership, S corporation, limited liability company, estate,
25 or trust electing to have the income taxed directly to the
26 individual. The amount claimed by the individual shall be
27 based upon the pro rata share of the individual's earnings of a
28 partnership, S corporation, limited liability company, estate,
29 or trust.

30 Sec. 3. Section 422.33, Code 2021, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 31. The taxes imposed under this subchapter
33 shall be reduced by an employer child care tax credit allowed
34 pursuant to section 237A.31.

35 Sec. 4. Section 422.60, Code 2021, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 14. The taxes imposed under this subchapter
3 shall be reduced by an employer child care tax credit allowed
4 pursuant to section 237A.31.

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

7 The taxes imposed under this chapter shall be reduced by
8 an employer child care tax credit allowed pursuant to section
9 237A.31.

10 Sec. 6. Section 533.329, subsection 2, Code 2021, is amended
11 by adding the following new paragraph:

12 NEW PARAGRAPH. 1. The moneys and credits tax imposed under
13 this section shall be reduced by an employer child care tax
14 credit allowed pursuant to section 237A.31.

15 Sec. 7. **APPLICABILITY.** This Act applies to tax years
16 beginning on or after January 1, 2022.

17 **EXPLANATION**

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

20 This bill provides businesses with income, franchise, moneys
21 and credits, and gross premiums tax credits for providing child
22 care benefits to employees of the business.

23 The amount of the credit equals the amount of the federal
24 employer-provided child care tax credit provided in section 45F
25 of the Internal Revenue Code the taxpayer was eligible for in
26 the same tax year. The federal employer-provided child care
27 tax credit is a credit related in part to the acquisition,
28 construction, rehabilitation, or expansion of property used as
29 part of a child care facility. The amount of the credit shall
30 not exceed \$150,000 in any tax year.

31 The credit is nonrefundable but any excess may be carried
32 forward for up to five tax years.

33 The bill applies to tax years beginning on or after January
34 1, 2022.