

**House File 2301 - Introduced**

HOUSE FILE 2301

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**A BILL FOR**

1 An Act repealing the school tuition organization tax credit  
2 available against the individual and corporate income taxes  
3 and including effective date provisions.

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

DIVISION I

SCHOOL TUITION ORGANIZATION TAX CREDITS — REPEAL

1  
2 Section 1. Section 422.11S, subsection 1, Code 2024, is  
3 amended to read as follows:

4  
5 1. The taxes imposed under [this subchapter](#), less the credits  
6 allowed under [section 422.12](#), shall be reduced by a school  
7 tuition organization tax credit equal to seventy-five percent  
8 of the amount of the voluntary cash or noncash contributions  
9 made by the taxpayer ~~during the tax year~~ to a school tuition  
10 organization before July 1, 2024, subject to the total dollar  
11 value of the organization's tax credit certificates as computed  
12 in [subsection 8](#). The tax credit shall be claimed by use of a  
13 tax credit certificate as provided in [subsection 7](#).

14 Sec. 2. Section 422.11S, subsection 7, paragraph b, Code  
15 2024, is amended to read as follows:

16 *b.* The department shall authorize a school tuition  
17 organization to issue tax credit certificates for contributions  
18 made to the school tuition organization before July 1,  
19 2024. The aggregate amount of tax credit certificates  
20 that the department shall authorize for a school tuition  
21 organization for a calendar year shall be determined for that  
22 organization pursuant to [subsection 8](#). However, a school  
23 tuition organization shall not be authorized to issue tax  
24 credit certificates unless the organization is controlled by a  
25 board of directors consisting of at least seven members. The  
26 names and addresses of the members shall be provided to the  
27 department and shall be made available by the department to the  
28 public, notwithstanding any state confidentiality restrictions.

29 Sec. 3. Section 422.11S, subsection 8, paragraph a,  
30 subparagraph (2), Code 2024, is amended to read as follows:

31 (2) "*Total approved tax credits*" means for the 2006 calendar  
32 year, two million five hundred thousand dollars, for the  
33 2007 calendar year, five million dollars, for calendar years  
34 beginning on or after January 1, 2008, but before January 1,  
35 2012, seven million five hundred thousand dollars, for calendar

1 years beginning on or after January 1, 2012, but before January  
2 1, 2014, eight million seven hundred fifty thousand dollars,  
3 for calendar years beginning on or after January 1, 2014, but  
4 before January 1, 2019, twelve million dollars, for calendar  
5 years beginning on or after January 1, 2019, but before January  
6 1, 2020, thirteen million dollars, for calendar years beginning  
7 on or after January 1, 2020, but before January 1, 2022,  
8 fifteen million dollars, ~~and~~ for calendar years beginning on  
9 or after January 1, 2022, but before January 1, 2024, twenty  
10 million dollars, and for calendar years beginning on or after  
11 January 1, 2024, but before January 1, 2025, ten million  
12 dollars.

13 Sec. 4. Section 422.11S, Code 2024, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 10. This section is repealed July 1, 2030.

16 DIVISION II

17 REPEAL OF SCHOOL TUITION ORGANIZATION TAX CREDIT — FUTURE  
18 CHANGES

19 Sec. 5. Section 2.48, subsection 3, paragraph b,  
20 subparagraph (4), Code 2024, is amended by striking the  
21 subparagraph.

22 Sec. 6. Section 22A.6, subsection 1, paragraph d, Code 2024,  
23 is amended by striking the paragraph.

24 Sec. 7. Section 422.33, subsection 28, Code 2024, is amended  
25 by striking the subsection.

26 Sec. 8. EFFECTIVE DATE. This division of this Act takes  
27 effect July 1, 2030.

28 EXPLANATION

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

31 This bill repeals the school tuition organization (STO) tax  
32 credit available against the individual and corporate income  
33 taxes.

34 DIVISION I. Under the bill, a contribution made by a  
35 taxpayer to an STO on or after July 1, 2024, shall not be used

1 by the taxpayer as a tax credit to reduce the individual or  
2 corporate income tax. The bill prohibits an STO from issuing  
3 tax credit certificates for contributions made to the STO on  
4 or after July 1, 2024.

5 The bill reduces the total amount of approved STO tax credits  
6 that may be issued in calendar year 2024 from \$20 million to  
7 \$10 million due to the repeal occurring at the midpoint of the  
8 calendar year. The bill strikes the credit occurring each  
9 calendar year after calendar year 2024.

10 The bill repeals Code section 422.11S (STO tax credit) on  
11 July 1, 2030, due to the carryforward capability of the tax  
12 credit in Code section 422.11S(3).

13 DIVISION II. The bill strikes internal references to Code  
14 section 422.11S on the date that the Code section is repealed.  
15 The division takes effect on July 1, 2030.