

House File 2225 - Introduced

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A BILL FOR

1 An Act creating a new graduate nonresident tuition tax credit
2 available against the individual income tax, and including
3 retroactive applicability provisions.

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

1 Section 1. NEW SECTION. **422.12R New graduate nonresident**
2 **tuition tax credit.**

3 1. For purposes of this section:

4 a. "Health care professional" means an individual who is
5 licensed, certified, or otherwise authorized or permitted by the
6 law of this state to administer health care in the ordinary
7 course of business or in the practice of a profession.

8 b. "Institution" means an institution of higher education
9 governed by the board of regents.

10 c. "Licensed veterinarian" means a person who is validly and
11 currently licensed to practice veterinary medicine in the state
12 of Iowa.

13 d. "New graduate" means an individual who is a graduate of an
14 institution within three years of first claiming the nonresident
15 tuition tax credit, who has been a resident of and employed in
16 this state since graduating, and who is employed as a health care
17 professional, teacher, licensed veterinarian, or professional
18 engineer in this state.

19 e. "Professional engineer" means an individual engaged in
20 the practice of engineering as defined in section 542B.2 who
21 is issued a certificate of licensure as a professional engineer
22 pursuant to section 542B.17.

23 f. "Teacher" means a teacher licensed under chapter 256.

24 2. a. The taxes imposed under this subchapter, less the
25 credits allowed under section 422.12, shall be reduced by a new
26 graduate nonresident tuition tax credit equal to one hundred
27 percent of the difference between the base tuition paid by a
28 new graduate as a nonresident student enrolled at an institution
29 and the base tuition amount paid by a resident student at the
30 same institution for the same school year during the years of
31 attendance by the new graduate.

32 b. The board of regents shall post on the board of regents'
33 internet site the base tuition amounts for nonresident and
34 resident students at each institution from at least the previous
35 ten-year period.

1 3. Any new graduate nonresident tuition tax credit in excess
2 of the tax liability is not refundable. Any credit in excess
3 of the tax liability for the tax year may be credited to the
4 tax liability for the following five tax years or until depleted,
5 whichever is the earlier. However, any credit in excess of tax
6 liability shall not be credited to or deplete tax liability on
7 the return of a nonresident.

8 4. Married taxpayers electing to file separate returns or
9 filing separately on a combined return may avail themselves of
10 the new graduate nonresident tuition tax credit by allocating the
11 new graduate nonresident tuition tax credit to each spouse in the
12 proportion that each spouse's respective earned income bears to
13 the total combined earned income.

14 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
15 retroactively to January 1, 2026, for tax years beginning on or
16 after that date.

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 creates a new graduate nonresident tuition tax
21 credit available against the individual income tax.

22 The bill defines "institution" to mean an institution of
23 higher education governed by the board of regents.

24 The bill defines "new graduate" to mean an individual who
25 is a graduate of an institution within three years of claiming
26 the credit, who has been a resident of and employed in this
27 state since graduating, and who is employed as a health care
28 professional, teacher, licensed veterinarian, or professional
29 engineer in this state.

30 The bill specifies that a new graduate may claim the new
31 graduate nonresident tuition tax credit that is equal to 100
32 percent of the difference between the base tuition paid by the
33 new graduate as a nonresident student enrolled at an institution
34 and the base tuition amount paid by a resident student at the
35 same institution for the same school year during the years of

1 attendance by the new graduate.

2 The bill requires the board of regents to post on the board of
3 regents' internet site the base tuition amounts for nonresident
4 and resident students at each institution from at least the
5 previous 10-year period.

6 Any new graduate nonresident tax credit in excess of the tax
7 liability is not refundable. The bill specifies any credit in
8 excess of the tax liability for the tax year may be credited
9 to the tax liability for the following five tax years or until
10 depleted, whichever is the earlier. However, any credit in
11 excess of tax liability shall not be credited to or deplete
12 future tax liability on the return of a new graduate who becomes
13 a nonresident.

14 The bill applies retroactively to tax years beginning on or
15 after January 1, 2026.

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