

House File 682 - Introduced

HOUSE FILE 682

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A BILL FOR

1 An Act relating to the recapture of tax expenditures and
2 disbursed by departments of the state to businesses that
3 violate child labor laws.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **15K.1 Recapture of tax expenditures**
2 **for child labor violations.**

3 1. As used in this chapter:

4 a. "Business" means the same as a person as defined in
5 section 4.1.

6 b. "Proceeds" means the same as noncash and cash proceeds as
7 defined in section 554.9102.

8 c. "Tax expenditure" means the same as defined in section
9 2.48, subsection 1.

10 2. Notwithstanding any other provision of law to the
11 contrary, beginning on or after July 1, 2025, as a condition
12 of authorizing tax expenditures to a business under any of the
13 programs administered by a department of the state, the value
14 of the tax expenditures authorized by the department shall be
15 subject to recapture by the department administering the tax
16 expenditure if the business, or a contractor, subcontractor,
17 or other third party of the business providing services to
18 the business in the business's facility, has violated state or
19 federal child labor laws under chapter 92 or the federal Fair
20 Labor Standards Act of 1938.

21 3. The business shall notify the administering department of
22 the violation within thirty days of the ending of the time period
23 to contest or appeal the violation.

24 4. The repayment or recapture of tax expenditures pursuant to
25 this chapter shall be accomplished in the same manner as provided
26 in section 15.330, subsection 2.

27 **EXPLANATION**

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

30 This bill relates to the recapture of tax expenditures
31 disbursed by departments of the state to businesses that violate
32 child labor laws. The bill defines "tax expenditure" to mean the
33 same as defined in Code section 2.48, which includes tax credits,
34 exemptions, deductions, and rebates as well as sales tax refunds.

35 Beginning on or after July 1, 2025, as a condition of

1 authorizing tax incentives to a business under any of the
2 programs administered by a department of the state, the value of
3 the tax expenditure authorized shall be subject to recapture by
4 the department if the business, or a contractor, subcontractor,
5 or other third party of the business providing services to the
6 business in the business's facility, violated state or federal
7 child labor laws under Code chapter 92 or the federal Fair Labor
8 Standards Act of 1938.

9 The bill requires the business to notify the administering
10 department of the violation within 30 days of the ending of the
11 time period to contest or appeal the violation.

12 The bill specifies the repayment or recapture of tax
13 expenditures pursuant to the bill shall be accomplished in the
14 same manner as provided in Code section 15.330(2). The repayment
15 of incentives pursuant to that Code section is considered a tax
16 payment due and payable to the department of revenue, and the
17 failure to make such a repayment may be treated by the department
18 of revenue in the same manner as a failure to pay the tax shown
19 due or required to be shown due. In addition, a county may take
20 action to recover the value of property taxes not collected as a
21 result of a tax exemption provided to the business.