

**House File 811 - Introduced**

HOUSE FILE 811  
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McBURNEY, KURTH, and  
WICHTENDAHL

**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:

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DIVISION I

SCHOOL TUITION ORGANIZATION TAX CREDITS — REPEAL

Section 1. Section 422.11S, subsection 1, Code 2025, is amended to read as follows:

1. The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by a school tuition organization tax credit equal to seventy-five percent of the amount of the voluntary cash or noncash contributions made by the taxpayer ~~during the tax year~~ to a school tuition organization before July 1, 2025, subject to the total dollar value of the organization's tax credit certificates as computed in subsection 8. The tax credit shall be claimed by use of a tax credit certificate as provided in subsection 7.

Sec. 2. Section 422.11S, subsection 7, paragraph b, Code 2025, is amended to read as follows:

b. The department shall authorize a school tuition organization to issue tax credit certificates for contributions made to the school tuition organization before July 1, 2025. The aggregate amount of tax credit certificates that the department shall authorize for a school tuition organization for a calendar year shall be determined for that organization pursuant to subsection 8. However, a school tuition organization shall not be authorized to issue tax credit certificates unless the organization is controlled by a board of directors consisting of at least seven members. The names and addresses of the members shall be provided to the department and shall be made available by the department to the public, notwithstanding any state confidentiality restrictions.

Sec. 3. Section 422.11S, subsection 8, paragraph a, subparagraph (2), Code 2025, is amended to read as follows:

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

1 beginning on or after January 1, 2012, but before January 1,  
2 2014, eight million seven hundred fifty thousand dollars, for  
3 calendar years beginning on or after January 1, 2014, but before  
4 January 1, 2019, twelve million dollars, for calendar years  
5 beginning on or after January 1, 2019, but before January 1,  
6 2020, thirteen million dollars, for calendar years beginning on  
7 or after January 1, 2020, but before January 1, 2022, fifteen  
8 million dollars, ~~and~~ for calendar years beginning on or after  
9 January 1, 2022, but before January 1, 2026, twenty million  
10 dollars, and for calendar years beginning on or after January 1,  
11 2025, but before January 1, 2026, ten million dollars.

12 Sec. 4. Section 422.11S, Code 2025, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 10. This section is repealed July 1, 2031.

15 DIVISION II

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

18 Sec. 5. Section 2.48, subsection 3, paragraph b, subparagraph  
19 (4), Code 2025, is amended by striking the subparagraph.

20 Sec. 6. Section 22A.6, subsection 1, paragraph d, Code 2025,  
21 is amended by striking the paragraph.

22 Sec. 7. Section 422.33, subsection 28, Code 2025, is amended  
23 by striking the subsection.

24 Sec. 8. EFFECTIVE DATE. This division of this Act takes  
25 effect July 1, 2031.

26 EXPLANATION

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

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

32 DIVISION I. Under the bill, a contribution made by a taxpayer  
33 to an STO on or after July 1, 2025, shall not be used by the  
34 taxpayer as a tax credit to reduce the individual or corporate  
35 income tax. The bill prohibits an STO from issuing tax credit

1 certificates for contributions made to the STO on or after July  
2 1, 2025.

3 The bill reduces the total amount of approved STO tax credits  
4 that may be issued in calendar year 2025 from \$20 million to  
5 \$10 million due to the repeal occurring at the midpoint of  
6 the calendar year. The bill strikes the credit occurring each  
7 calendar year after calendar year 2025.

8 The bill repeals Code section 422.11S (STO tax credit) on July  
9 1, 2031, due to the carryforward capability of the tax credit in  
10 Code section 422.11S(3).

11 DIVISION II. The bill strikes internal references to Code  
12 section 422.11S on the date that the Code section is repealed.  
13 The division takes effect on July 1, 2031.

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