

**Senate File 506 - Reprinted**

SENATE FILE 506  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 248)

(As Amended and Passed by the Senate March 21, 2011)

**A BILL FOR**

1 An Act providing for a small employer health insurance tax  
2 credit as a percentage of the federal credit and including  
3 retroactive applicability provisions.

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

1 Section 1. NEW SECTION. 422.12A Small employer health  
2 insurance tax credit.

3 1. The taxes imposed under this division, less the credits  
4 allowed under section 422.12, shall be reduced by a small  
5 employer health insurance tax credit equal to twenty-five  
6 percent of the federal small employer health insurance tax  
7 credit provided in section 45R of the Internal Revenue Code.  
8 The tax credit provided in this section is available to  
9 eligible small employers whose commercial domicile is Iowa.

10 2. An individual may claim the tax credit allowed to a  
11 partnership, limited liability company, S corporation, estate,  
12 or trust that elects to have the income taxed directly to the  
13 individual. The amount claimed by the individual shall be  
14 based upon the pro rata share of the individual's earnings of  
15 the partnership, limited liability company, S corporation,  
16 estate, or trust.

17 3. Any credit in excess of the tax liability is refundable.  
18 In lieu of claiming a refund, the taxpayer may elect to have  
19 the excess shown on the taxpayer's final, completed return  
20 credited to the tax liability for the following tax year.

21 4. For purposes of this section, "*eligible small employer*"  
22 means a taxpayer who has ten or fewer full-time employees and  
23 who otherwise meets the requirements of the small employer  
24 health insurance tax credit allowed under section 45R of the  
25 Internal Revenue Code.

26 Sec. 2. Section 422.33, Code 2011, is amended by adding the  
27 following new subsection:

28 NEW SUBSECTION. 13. The taxes imposed under this division  
29 shall be reduced by a small employer health insurance tax  
30 credit authorized pursuant to section 422.12A.

31 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
32 retroactively to January 1, 2011, for tax years beginning on  
33 or after that date.