

amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, limited liability company, S corporation, estate, or trust.

4. For purposes of this section, "soy-based cutting tool oil" means cutting tool oil that contains at least fifty-one percent soy-based products.

5. This section is repealed December 31, 2007.

Sec. 2. Section 422.33, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 17. a. The taxes imposed under this division shall be reduced by a soy-based cutting tool oil tax credit. A manufacturer, as defined in section 428.20, is eligible to receive a soy-based cutting tool oil tax credit which is equal to the costs incurred by the manufacturer during the tax year for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs eligible for the credit are limited to those costs meeting all of the following requirements:

(1) The costs were incurred after June 30, 2005, and before January 1, 2007.

(2) The costs were incurred in the first twelve months of the transition to using soy-based cutting tool oil.

(3) The costs of the purchase and replacement do not exceed two dollars per gallon of soy-based cutting tool oil used in the transition. The total number of gallons used in the transition under this subparagraph shall not exceed two thousand gallons.

If the manufacturer elects to take the soy-based cutting tool oil tax credit, the manufacturer shall not deduct for Iowa tax purposes any amount of the costs incurred in the transition to using soy-based cutting tool oil which is deductible for federal tax purposes.

b. Any credit in excess of the tax liability shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

c. For purposes of this subsection, "soy-based cutting tool oil" means cutting tool oil that contains at least fifty-one percent soy-based products.

d. This subsection is repealed December 31, 2007.

Sec. 3. **APPLICABILITY DATES.** This Act applies to tax years ending after June 30, 2005, and beginning before January 1, 2007.

Approved June 6, 2005

CHAPTER 147

IOWA EARLY INTERVENTION BLOCK GRANT PROGRAM

H.F. 742

AN ACT relating to the Iowa early intervention block grant program by changing the reporting requirements, extending the repeal of the chapter establishing the program, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 256D.3, subsection 3, Code 2005, is amended to read as follows:

3. Beginning January 15, ~~2004~~ 2006, the department shall submit an annual report to the chairpersons and ranking members of the senate and house education committees that in-

cludes the statewide average school district class size in basic skills instruction in kindergarten through grade three, by grade level and by district size, and describes school district progress toward achieving early intervention block grant program goals and the ways in which school districts are using moneys received pursuant to ~~section 256D.4 this chapter and expended as provided in section 256D.2.~~ The report shall include district-by-district information showing the allocation received for early intervention block grant program purposes, the total number of students enrolled in grade four in each district, and the number of students in each district who are not proficient in reading in grade four for the most recent reporting period, as well as for each reporting period starting with the school year beginning July 1, 2001.

Sec. 2. Section 256D.9, Code 2005, is amended to read as follows:
256D.9 FUTURE REPEAL.

This chapter is repealed effective July 1, 2005 2006.

Sec. 3. EFFECTIVE DATE. The section of this Act amending section 256D.9, being deemed of immediate importance, takes effect upon enactment.

Approved June 6, 2005

CHAPTER 148

EARLY CARE, CHILD CARE, EDUCATION, HEALTH, AND HUMAN SERVICES ASSISTANCE

H.F. 761

AN ACT relating to improvement of the early care, child care services, education, health, and human services systems, revising the child and dependent care tax credit, creating an early childhood development tax credit, and providing an applicability date.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I IOWA EMPOWERMENT BOARD

Section 1. Section 28.1, Code 2005, is amended by adding the following new subsection:
NEW SUBSECTION. 3A. “Early care”, “early care services”, or “early care system” means the programs, services, support, or other assistance made available to a parent or other person who is involved with addressing the health and education needs of a child from birth through age five. “Early care”, “early care services”, or “early care system” includes but is not limited to public and private efforts and formal and informal settings.

Sec. 2. Section 28.2, subsection 3, Code 2005, is amended to read as follows:

3. To achieve the initial set of desired results, the initiative’s primary focus shall first be on the efforts of the state and communities to work together to improve the efficiency and effectiveness of early care, education, health, and human services provided to families with children from birth through age five years.

Sec. 3. Section 28.3, subsections 1 and 2, Code 2005, are amended to read as follows:

1. An Iowa empowerment board is created to facilitate state and community efforts involv-