

## CHAPTER 1107

### EDUCATIONAL SAVINGS PLAN TRUST — ELIGIBLE ENTITIES

S.F. 2301

**AN ACT** relating to the Iowa educational savings plan trust and including effective date and retroactive applicability provisions.

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

Section 1. Section 12D.1, subsection 2, paragraphs e and g, Code 2016, are amended by striking the paragraphs and inserting in lieu thereof the following:

e. “Higher education costs” means the same as “qualified higher education expenses” as defined in section 529(e)(3) of the Internal Revenue Code.

g. “Internal Revenue Code” means the same as defined in [section 12I.1](#).

Sec. 2. Section 12D.1, subsection 2, paragraph i, Code 2016, is amended to read as follows:

i. “Participant” means an individual, individual’s legal representative, trust, or estate, or an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) of the Internal Revenue Code, that has entered into a participation agreement under [this chapter](#) for the advance payment of higher education costs on behalf of a beneficiary.

Sec. 3. Section 422.9, subsection 2, Code 2016, is amended by adding the following new paragraph:

NEW PARAGRAPH. j. Subtract charitable contributions under section 170 of the Internal Revenue Code to the extent such contribution was made to an organization for the purpose of deposit in the Iowa education savings plan trust established in [chapter 12D](#), and the taxpayer designated that any part of the contribution be used for the direct benefit of any dependent of the taxpayer or any other single beneficiary designated by the taxpayer.

Sec. 4. Section 422.35, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 13. Add, to the extent it reduced federal taxable income, any amount contributed under section 170 of the Internal Revenue Code to the extent such contribution was made to an organization for the purpose of deposit in the Iowa education savings plan trust established in [chapter 12D](#), and the taxpayer designated that any part of the contribution be used for the direct benefit of any dependent of a shareholder of the taxpayer or any other single beneficiary designated by the taxpayer.

Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 6. RETROACTIVE APPLICABILITY. The following provision or provisions of this Act apply retroactively to January 1, 2016, for tax years beginning on or after that date:

1. The section of this Act amending [section 422.9](#).
2. The section of this Act amending [section 422.35](#).

Approved May 25, 2016