

MAR 7 2001

WAYS AND MEANS

HOUSE FILE 544
BY MASCHER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to income, franchise, and gross premiums tax
2 credits for child care employee benefits provided by
3 businesses to their employees and including an applicability
4 date provision.

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

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HF 544

1 Section 1. NEW SECTION. 237A.31 EMPLOYER CHILD CARE TAX
2 CREDIT.

3 1. A business may receive an employer child care tax
4 credit for providing child care employee benefits to employees
5 of the business. The credit may be applied against the income
6 tax imposed under chapter 422, division II or III, the
7 franchise tax imposed under chapter 422, division V, or the
8 gross premiums tax imposed under chapter 432. The amount of
9 the credit equals fifty percent of the cost to provide the
10 child care employee benefits.

11 2. To be eligible for an employer child care tax credit,
12 the business must provide child care employee benefits to
13 employees of the business through any of the following:

14 a. Build a new structure or rehabilitate an existing
15 structure to be used as a child care center where children of
16 employees of the business are provided child care. A business
17 may do the building or rehabilitating in conjunction with
18 another business or entity but only the business's actual
19 costs shall be considered in determining the amount of credit.

20 b. Operate or lease a child care center where children of
21 employees of the business are provided child care.

22 c. Donate money, supplies, or other tangible personal
23 property to a child care center where children of employees of
24 the business are provided child care.

25 d. Pay the cost for children of employees of the business
26 to attend a child care center.

27 Sec. 2. NEW SECTION. 422.11C EMPLOYER CHILD CARE TAX
28 CREDIT.

29 The taxes imposed under this division, less the credits
30 allowed under sections 422.12 and 422.12B, shall be reduced by
31 an employer child care tax credit received pursuant to section
32 237A.31.

33 An individual may claim the tax credit allowed a
34 partnership, limited liability company, S corporation, estate,
35 or trust electing to have the income taxed directly to the

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

5 Any credit in excess of the tax liability for the tax year
6 may be credited to the tax liability for the following five
7 tax years or until depleted, whichever is earlier.

8 Sec. 3. Section 422.33, Code 2001, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 11. The taxes imposed under this division
11 shall be reduced by an employer child care tax credit received
12 pursuant to section 237A.31.

13 Any credit in excess of the tax liability for the tax year
14 may be credited to the tax liability for following five tax
15 years or until depleted, whichever is earlier.

16 Sec. 4. Section 422.60, Code 2001, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. The taxes imposed under this division
19 shall be reduced by an employer child care tax credit received
20 pursuant to section 237A.31.

21 Any credit in excess of the tax liability for the tax year
22 may be credited to the tax liability for the following five
23 tax years or until depleted, whichever is earlier.

24 Sec. 5. NEW SECTION. 432.12A EMPLOYER CHILD CARE TAX
25 CREDIT.

26 The tax imposed under this chapter shall be reduced by an
27 employer child care tax credit received pursuant to section
28 237A.31.

29 Any credit in excess of the tax liability for the calendar
30 year may be credited to the tax liability for the following
31 five calendar years or until depleted, whichever is earlier.

32 Sec. 6. APPLICABILITY DATE. This Act applies to tax years
33 beginning on or after January 1, 2002.

34 EXPLANATION

35 This bill provides businesses with income, franchise, and

1 gross premiums tax credits for providing child care employee
2 benefits to their employees. The child care employee benefits
3 involve the business building or rehabilitating an existing
4 structure as a child care center for use of its employees,
5 paying for children of employees to attend a child care
6 center, and operating or leasing a center or donating money or
7 tangible property to a center which its employees' children
8 attend.

9 The amount of the credit equals 50 percent of the cost in
10 providing the child care benefits. The credit is
11 nonrefundable but any excess may be carried forward for up to
12 five tax years.

13 The bill applies to tax years beginning on or after January
14 1, 2002.

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