

FEB 21 2002
WAYS AND MEANS

HOUSE FILE 2479
BY MASCHER

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

A BILL FOR

1 An Act providing individual and corporate income tax credits to
2 businesses that provide apprenticeships and internships for
3 students at community colleges or board of regents
4 institutions and for subsequent employment, and including
5 effective and retroactive applicability date provisions.

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

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HF 2479

1 Section 1. NEW SECTION. 422.11F APPRENTICESHIP AND
2 INTERNSHIP TAX CREDIT.

3 1. The tax imposed under this division, less the credits
4 allowed under sections 422.12 and 422.12B, shall be reduced by
5 an apprenticeship and internship tax credit. To qualify for
6 the tax credit, a business shall be an employer of a student
7 at an Iowa community college or Iowa board of regents
8 institution under the certified school-to-career program, as
9 defined in section 15.362, under an apprenticeship program as
10 defined in section 260C.44, or in an internship under a work-
11 study program similar to one described in section 261.81. The
12 amount of the credit equals four hundred dollars for each tax
13 year during which the student is employed by the business in
14 the school-to-career, apprenticeship, or internship program.

15 2. A business that employs an individual upon graduation
16 for which it has received the tax credit under subsection 1 is
17 entitled to an employment tax credit for that individual for
18 up to the first three years following the individual's
19 graduation from the Iowa community college or Iowa board of
20 regents institution. To receive the employment tax credit in
21 a tax year, the graduate must be employed for more than six
22 months in the tax year. The amount of the tax credit equals
23 one thousand six hundred dollars for the tax year per
24 individual employee.

25 3. An individual may claim the tax credits under
26 subsections 1 and 2 allowed a partnership, limited liability
27 company, S corporation, estate, or trust electing to have the
28 income taxed directly to the individual. The amount claimed
29 by the individual shall be based upon the pro rata share of
30 the individual's earnings of the partnership, limited
31 liability company, S corporation, estate, or trust.

32 4. Any credit in excess of the tax liability for the tax
33 year is nonrefundable but may be credited to the tax liability
34 for the following ten tax years or until depleted, whichever
35 is the earlier.

1 community college or Iowa board of regents institution in an
2 apprenticeship or internship program. The amount of credit
3 equals \$400 per student. In addition, if the business hires
4 that student upon graduation, the business can receive another
5 tax credit equal to \$1,600 for each year, up to three years,
6 that the graduate is employed by the business. The graduate
7 must be employed for at least six months during the tax year.
8 Any tax credit in excess of the tax liability is nonrefundable
9 but may be carried forward for up to 10 tax years.

10 The bill takes effect upon enactment and applies
11 retroactively to January 1, 2002, for tax years beginning on
12 or after that date.

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