

MAR 14 2005  
Place On Calendar

HOUSE FILE 748  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 45)

Passed House, Date 3-30-05 Passed Senate, Date 4-20-05  
Vote: Ayes 99 Nays 0 Vote: Ayes 49 Nays 0  
Approved 4-28-05

A BILL FOR

1 An Act providing for state employee payroll deductions for  
2 qualified tuition program contributions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF-748

1 Section 1. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR  
2 ELIGIBLE QUALIFIED TUITION PROGRAM CONTRIBUTIONS.

3 1. The state officer in charge of any of the state payroll  
4 systems shall deduct from the wages or salaries of a state  
5 officer or employee an amount specified by the officer or  
6 employee for payment to an eligible qualified tuition program  
7 in a method consistent with current discretionary payroll  
8 deductions and on forms prescribed by the payroll  
9 administrator. For purposes of this section, an "eligible  
10 qualified tuition program" is a program that meets the  
11 requirements of a qualified tuition program under section 529  
12 of the Internal Revenue Code and is a program in which at  
13 least five hundred state officers or employees request a  
14 payroll deduction and the request for the payroll deduction is  
15 made by the state officer or employee in writing to the  
16 officer in charge of the program.

17 2. The moneys deducted under this section shall be paid to  
18 the eligible qualified tuition program for the benefit of the  
19 officer's or employee's account no later than thirty days  
20 following the payroll deduction from the wages of the officer  
21 or employee. The deduction may be made even though the  
22 compensation paid to an officer or employee is reduced to an  
23 amount below the minimum prescribed by law. Payment to an  
24 officer or employee of compensation less the deduction shall  
25 constitute a full discharge of claims and demands for services  
26 rendered by the officer or employee during the period covered  
27 by the payment. The request for the deduction may be  
28 withdrawn at any time by filing a written notification of  
29 withdrawal with the state officer in charge of any of the  
30 state payroll systems.

31 EXPLANATION

32 This bill provides that state employees may authorize a  
33 deduction from their wages in an amount specified by the  
34 employee to be contributed to the employee's account in any  
35 qualified tuition program as defined by section 529 of the

1 Internal Revenue Code if at least 500 state employees request  
2 a payroll deduction for that particular program. The bill  
3 provides that payroll deductions be paid to the program no  
4 later than 30 days following deduction from the employee's  
5 wages. The bill allows an employee to withdraw the request  
6 for deduction by written notification to the appropriate  
7 payroll officer.

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HOUSE FILE 748

S-3119

1 Amend House File 748, as passed by the House, as  
2 follows:

3 1. Page 1, line 13, by striking the words "five  
4 hundred" and inserting the following: "two hundred  
5 fifty".

By MIKE CONNOLLY

S-3119 FILED APRIL 13, 2005

S-3140

1 Amend House File 748, as passed by the House, as  
2 follows:

3 1. Page 1, by inserting after line 30 the  
4 following:

5 "Sec. \_\_\_\_\_. Section 422.7, Code 2005, is amended by  
6 adding the following new subsection:

7 NEW SUBSECTION. 32A. a. Subtract contributions  
8 made by the taxpayer as a participant in a qualified  
9 tuition program, as defined in section 529(b) of the  
10 Internal Revenue Code, established by one or more  
11 eligible educational institutions. The maximum amount  
12 that may be subtracted under this paragraph equals the  
13 maximum amount that is deductible under section 12D.3,  
14 subsection 1, paragraph "a", for contributions made to  
15 the Iowa educational savings plan trust minus any  
16 amount subtracted pursuant to subsection 32, paragraph  
17 "a", of this section.

18 b. Add the amount of cash refunds or withdrawals  
19 refunded to the taxpayer as a participant in a  
20 qualified tuition program that is not used to satisfy  
21 qualified higher education expenses, as defined in  
22 section 529(e) of the Internal Revenue Code, to the  
23 extent previously deducted under paragraph "a".

24 Sec. \_\_\_\_\_. EFFECTIVE AND RETROACTIVE DATE. The  
25 section of this Act amending section 422.7, being  
26 deemed of immediate importance, takes effect upon  
27 enactment and applies retroactively to January 1,  
28 2005, for tax years beginning on or after that date."

29 2. Title page, by striking lines 1 and 2 and  
30 inserting the following: "An Act concerning certain  
31 qualified tuition program contributions by providing  
32 for state employee payroll deductions and providing an  
33 individual income tax deduction for certain tuition  
34 programs, and including effective and retroactive  
35 applicability date provisions."

36 3. By renumbering as necessary.

By BOB BRUNKHORST

S-3140 FILED APRIL 19, 2005

Chair: Roberts  
Bukta      Raecker  
Lensing    T. Taylor  
Paulsen    Tomenga

Succeeded  
SF/HF-748

HSB 45  
STATE GOVERNMENT

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED TREASURER OF  
STATE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for state employee payroll deductions for Iowa  
2 educational savings plan trust contributions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR  
2 IOWA EDUCATIONAL SAVINGS PLAN TRUST CONTRIBUTIONS.

3 1. The state officer in charge of any of the state payroll  
4 systems shall deduct from the wages or salaries of a state  
5 officer or employee an amount specified by the officer or  
6 employee for payment to the Iowa educational savings plan  
7 trust created in section 12D.2 in a method consistent with  
8 current discretionary payroll deductions and on forms  
9 prescribed by the payroll administrator.

10 2. The moneys deducted under this section shall be paid to  
11 the Iowa educational savings plan trust for the benefit of the  
12 officer's or employee's account no later than thirty days  
13 following the payroll deduction from the wages of the officer  
14 or employee. The deduction may be made even though the  
15 compensation paid to an officer or employee is reduced to an  
16 amount below the minimum prescribed by law. Payment to an  
17 officer or employee of compensation less the deduction shall  
18 constitute a full discharge of claims and demands for services  
19 rendered by the officer or employee during the period covered  
20 by the payment. The request for the deduction may be  
21 withdrawn at any time by filing a written notification of  
22 withdrawal with the state officer in charge of any of the  
23 state payroll systems.

24 EXPLANATION

25 This bill provides that state employees may authorize a  
26 deduction from their wages in an amount specified by the  
27 employee to be contributed to the employee's account in the  
28 Iowa educational savings plan trust created in Code section  
29 12D.2. The bill provides that payroll deductions be paid to  
30 the trust no later than 30 days following deduction from the  
31 employee's wages. The bill allows an employee to withdraw the  
32 request for deduction by written notification to the  
33 appropriate payroll officer.

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**MEMORANDUM**

**TO:** General Assembly

**FROM:** State Treasurer's Office

**RE:** State employee payroll deductions for Iowa Educational Savings Plan Trust contributions.

**DATE:** January 11, 2005

**Proposed Amendment and Supporting Rationale**

**Purpose**

The proposed amendment will allow state employees to deduct an amount specified for payment to the Iowa Educational Savings Plan Trust from their wages, as described in Iowa Code Chapter 12D.

**Background Information**

College Savings Iowa is currently the only active 529 plan under the Iowa Educational Savings Plan Trust. The State Treasurer's office has received numerous requests from state employees requesting the ability to have contributions deducted from their wages for deposit in their College Savings Iowa accounts.

Therefore, the State Treasurer's Office recommends that the Iowa Legislature amend Iowa Code Chapter 70A to specifically address payroll deduction for the Iowa educational savings plan trust, in the manner discussed in the preceding paragraph.

HOUSE FILE 748

AN ACT  
PROVIDING FOR STATE EMPLOYEE PAYROLL DEDUCTIONS FOR QUALIFIED  
TUITION PROGRAM CONTRIBUTIONS.

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

Section 1. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR  
ELIGIBLE QUALIFIED TUITION PROGRAM CONTRIBUTIONS.

1. The state officer in charge of any of the state payroll systems shall deduct from the wages or salaries of a state officer or employee an amount specified by the officer or employee for payment to an eligible qualified tuition program in a method consistent with current discretionary payroll deductions and on forms prescribed by the payroll administrator. For purposes of this section, an "eligible qualified tuition program" is a program that meets the requirements of a qualified tuition program under section 529 of the Internal Revenue Code and is a program in which at least five hundred state officers or employees request a payroll deduction and the request for the payroll deduction is made by the state officer or employee in writing to the officer in charge of the program.

2. The moneys deducted under this section shall be paid to the eligible qualified tuition program for the benefit of the officer's or employee's account no later than thirty days following the payroll deduction from the wages of the officer or employee. The deduction may be made even though the compensation paid to an officer or employee is reduced to an amount below the minimum prescribed by law. Payment to an officer or employee of compensation less the deduction shall constitute a full discharge of claims and demands for services

rendered by the officer or employee during the period covered by the payment. The request for the deduction may be withdrawn at any time by filing a written notification of withdrawal with the state officer in charge of any of the state payroll systems.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 748, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved 4/28, 2005

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THOMAS J. VILSACK  
Governor