

RETENTION OF INCOME TAX CHECKOFFS

Prior Law

An Income Tax Checkoff is available on Iowa individual and joint tax returns for the Iowa State Fair Foundation fund. Taxpayers who elect the checkoff can have one dollar or more deducted from their refund and donated to the State Fair Foundation. If the refund or amount remitted with the return is insufficient to cover the amount the taxpayer donated then the donation is reduced to the amount of funds that are available. The fair board is authorized to use the foundation fund to support foundation activities.

A similar Income Tax Checkoff is available for taxpayers to donate funds to the Veterans Trust Fund and the Volunteer Firefighter Preparedness Fund. The terms of this checkoff are the same as for the State Fair Checkoff except that all contributions are divided evenly between the veterans fund and the firefighter fund.

However, both checkoffs were repealed by the terms of Iowa Code section 422.12E(1), which automatically repeals the two checkoffs that received the least contributions in the past two years if the same four checkoffs have remained in place for those two years. The two checkoffs that received the most contributions were the fish and wildlife checkoff and the child abuse prevention checkoff.

New Provisions

2014 Iowa Acts House File 2473 reenacted the Iowa State Fair Foundation Checkoff using substantially the same language, rather than replacing it with a new checkoff following its automatic repeal. The bill also reenacted the Veterans Trust Fund and Volunteer Firefighter Preparedness Fund checkoffs. Therefore, the same four tax checkoffs that were on the 2012 and 2013 Iowa individual income tax return will also be on the Iowa return for the 2014 and 2015 tax years.

The Director of Revenue must include a way for taxpayers to donate to the funds on the income tax form and transfer any funds received through the checkoff for the previous year to the appropriate fund by January 31. However, the funds can only be transferred after the taxpayer has been cleared of all liabilities on the books of the Department of Administrative Services and any political contribution has been paid if the taxpayer chose to donate to that as well.

Sections Amended

Section 59 of 2014 Iowa Acts House File 2473 added a new code section 422.12D, Code 2014. Section 60 of House File 2473 added a new code section 422.12L, Code 2014.

Effective Date

These sections apply retroactively to January 1, 2014, for tax years beginning on or after that date.

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