

CHAPTER 172**ECONOMIC DEVELOPMENT TAX CREDITS — MISCELLANEOUS PROVISIONS***H.F. 733*

AN ACT relating to economic development tax credits by amending the new investment tax credit under the new jobs and income program, amending the incentives and assistance under the enterprise zone program, and requesting an enterprise zone interim study committee.

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

Section 1. Section 15.333, Code 1999, is amended to read as follows:

15.333 INVESTMENT TAX CREDIT.

1. An eligible business may claim a corporate tax credit up to a maximum of ten percent of the new investment which is directly related to new jobs created by the location or expansion of an eligible business under the program. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. If the business is a partnership, subchapter S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, subchapter S corporation, limited liability company, or estate or trust. For purposes of this section, "new investment directly related to new jobs created by the location or expansion of an eligible business under the program" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, and the cost of improvements made to real property which is used in the operation of the eligible business and which receives a partial property tax exemption for the actual value added under section 15.332.

2. For purposes of this section, the purchase price of real property and any buildings and structures located on the real property will be considered a new investment in the location or expansion of an eligible business. However, if within five years of purchase, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other existing structures for which tax credit was claimed under this section, the income tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

a. One hundred percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within one full year after being placed in service.

b. Eighty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within two full years after being placed in service.

c. Sixty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within three full years after being placed in service.

d. Forty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within four full years after being placed in service.

e. Twenty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within five full years after being placed in service.

Sec. 2. Section 15E.196, Code 1999, is amended by adding the following new subsection:
NEW SUBSECTION. 6. Insurance premium tax credit, as provided in section 15.333A.

Sec. 3. The legislative council is requested to establish an enterprise zone interim study committee to consider all of the following issues regarding the enterprise zone program established in division XVIII of chapter 15E:

1. Eligibility criteria under the enterprise zone program.
2. The movement of existing businesses into enterprise zones.
3. The establishment of additional enterprise zones.
4. The current overall performance and effectiveness of the enterprise zone program.

Approved May 24, 1999

CHAPTER 173

STATE SALES, SERVICES, AND USE TAX EXEMPTION FOR INTERNET ACCESS

H.F. 748

AN ACT exempting internet from the state sales, services, and use taxes.

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

Section 1. Section 422.45, Code 1999, is amended by adding the following new subsection:
NEW SUBSECTION. 55. The gross receipts from charges paid to a provider for access to on-line computer services. For purposes of this subsection, "on-line computer service" means a service that provides or enables computer access by multiple users to the internet.

Approved May 24, 1999

CHAPTER 174

PROPERTY ASSESSMENTS AND TAXES — OMITTED PROPERTY AND ERRONEOUS PAYMENTS

H.F. 755

AN ACT relating to the time limit when property omitted from assessment may be assessed and when a taxpayer may receive a refund for erroneous property taxes paid and including an effective date provision.

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

Section 1. Section 440.1, Code 1999, is amended to read as follows:

440.1 ASSESSMENT OF OMITTED PROPERTY.

When the director of revenue and finance is vested with the power and duty to assess property and an assessment has, for any reason, been omitted, the director shall proceed to assess the property for each of the omitted years at any time within two years from the date at which such assessment should have been made. The omitted assessment ~~shall only~~ may apply to not more than the assessment year in which the omitted assessment is made and the ~~four~~ four prior assessment ~~years~~ year. Chapter 429 shall apply to assessments of omitted property.