

### 15.333 Investment tax credit.

1. For purposes of [this section](#), “*new investment*” 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, the purchase price of real property and any buildings and structures located on the real property, and the cost of improvements made to real property which is used in the operation of the eligible business. “*New investment*” also means the annual base rent paid to a third-party developer by an eligible business for a period not to exceed ten years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third-party developer’s costs to build or renovate the building for the eligible business.

2. An eligible business may claim a tax credit equal to a percentage of the new investment directly related to new jobs created or retained by the project. The tax credit shall be amortized equally over five calendar years. The tax credit shall be allowed against taxes imposed under [chapter 422, subchapter II, III, or V](#), and against the moneys and credits tax imposed in [section 533.329](#). If the business is a partnership, S corporation, limited liability company, cooperative organized under [chapter 501](#) and filing as a partnership for federal tax purposes, 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, S corporation, limited liability company, cooperative organized under [chapter 501](#) and filing as a partnership for federal tax purposes, or estate or trust. The percentage shall be determined as provided in [section 15.335A](#). Any tax 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 first.

3. The eligible business shall enter into a lease agreement with the third-party developer for a minimum of five years. If, however, 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 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.

94 Acts, ch 1008, §10; 99 Acts, ch 172, §1; 2000 Acts, ch 1213, §1, 10; 2001 Acts, ch 123, §1; 2001 Acts, ch 141, §1, 8; 2002 Acts, ch 1119, §5; 2002 Acts, 2nd Ex, ch 1001, §47, 49, 52; 2003 Acts, ch 125, §8; 2003 Acts, ch 145, §286; 2003 Acts, ch 150, §1 – 3; 2004 Acts, ch 1003, §4, 12; 2005 Acts, ch 135, §103; 2005 Acts, ch 150, §48, 68, 69; 2007 Acts, ch 174, §82; 2009 Acts, ch 123, §15; 2010 Acts, ch 1138, §27, 28; 2011 Acts, ch 34, §6; 2011 Acts, ch 118, §85, 89; 2014 Acts, ch 1130, §6, 7, 11; 2015 Acts, ch 30, §11; 2016 Acts, ch 1109, §10; 2018 Acts, ch 1041, §3; 2020 Acts, ch 1062, §94

Referred to in §15.119, 15.335A, 422.11F, 422.33, 422.60, 533.329  
For aggregate limitations on amount of tax credits, see §15.119