

Stamp - 3/23/87

SENATE FILE 487
BY COMMITTEE ON SMALL
BUSINESS AND ECONOMIC
DEVELOPMENT *Approved (p. 822)*
(Formerly SSB 194)

FILED MAR 20 1987

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

A BILL FOR

1 An Act relating to investment pools for raising funds to be used
2 for investment in certain small businesses by authorizing the
3 boards of directors of area schools to approve the plans for
4 organizing such investment pools and providing an individual
5 income tax credit for taxpayers who place funds into such
6 investment pools.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
SENATE FILE 487

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S-3276

1 Amend Senate File 487 as follows:
2 1. Page 1, line 16, by striking the word "file"
3 and inserting the following: "commit to filing".

S-3276

Filed March 25, 1987

BY LEONARD BOSWELL

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1 Section 1. Section 280A.23, Code 1987, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 13. Have authority to review and approve
4 plans for the organization of an investment pool to raise
5 funds for capital investment in qualified businesses.
6 Approved plans must provide for and actually invest the funds
7 in qualified businesses within ninety days following approval
8 of the plan by the board. For the purposes of this subsection
9 "qualified business" means a small business, as defined in
10 section 220.1, subsection 28, which is engaged in interstate
11 or intrastate commerce for the purpose of manufacturing,
12 processing, or assembling products, conducting research and
13 development, or providing services in interstate commerce, but
14 excludes retail, health, or professional services. Before
15 giving its approval, the board shall require that the managers
16 of the investment pool plan file an annual report that
17 indicates that the funds in the investment pool have actually
18 been invested in qualified businesses. The managers of the
19 investment pool plan shall file the annual report by December
20 31 of each year with the board and the department of revenue
21 and finance.

22 Sec. 2. NEW SECTION. 422.11B AREA SCHOOL INVESTMENT POOL
23 CREDIT.

24 The taxes imposed under this division, less credits
25 permitted under section 422.12, shall be reduced by a state
26 tax credit equal to thirty percent of the taxpayer's
27 investment in an investment pool plan approved by the board of
28 directors of an area school under section 280A.23, subsection
29 13. An individual may claim the area school investment pool
30 credit allowed a partnership, subchapter S corporation, or
31 estate or trust electing to have the income taxed directly to
32 the individual. The amount claimed by the individual shall be
33 based upon the pro rata share of the individual's earnings of
34 a partnership, subchapter S corporation, or estate or trust.
35 Any credit in excess of the tax liability for the tax year may

1 be credited to the tax liability for the following ten years
2 or until depleted, whichever is earlier.

3 The credit under this section shall not be allowed if the
4 funds in the investment pool are not actually invested in
5 qualified businesses within the time period specified in
6 section 280A.23, subsection 13.

7 EXPLANATION

8 The bill authorizes the boards of directors of the area
9 schools to approve plans for organizing investment pools to
10 raise funds for capital investment in certain small
11 businesses. Taxpayers who invest money in approved investment
12 pool plans are entitled to an individual income tax credit of
13 30 percent of the amount invested.

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SSB # 194
Small Business & Economic Development

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
SMALL BUSINESS AND
ECONOMIC DEVELOPMENT BILL)

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

A BILL FOR

1 An Act relating to investment pools for raising funds to be used
2 for investment in certain small businesses by authorizing the
3 boards of directors of area schools to approve the plans for
4 organizing such investment pools and providing an individual
5 income tax credit for taxpayers who place funds into such
6 investment pools.

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

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SUB COMMITTEE ASSIGNMENTS

CHAIR: *Boeswell*

COMMITTEE: *Small Business*

3/18/87

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2 adding the following new subsection:

3 NEW SUBSECTION. 13. Have authority to review and approve
4 plans for the organization of an investment pool to raise
5 funds for capital investment in qualified businesses.
6 Approved plans must provide for and actually invest the funds
7 in qualified businesses within ninety days following approval
8 of the plan by the board. For the purposes of this subsection
9 "qualified business" means a small business, as defined in
10 section 220.1, subsection 28, which is engaged in interstate
11 or intrastate commerce for the purpose of manufacturing,
12 processing, or assembling products, conducting research and
13 development, or providing services in interstate commerce, but
14 excludes retail, health, or professional services. Before
15 giving its approval, the board shall require that the managers
16 of the investment pool plan file an annual report that
17 indicates that the funds in the investment pool have actually
18 been invested in qualified businesses. The managers of the
19 investment pool plan shall file the annual report by December
20 31 of each year with the board and the department of revenue
21 and finance.

22 Sec. 2. NEW SECTION. 422.11B AREA SCHOOL INVESTMENT POOL
23 CREDIT.

24 The taxes imposed under this division, less credits
25 permitted under section 422.12, shall be reduced by a state
26 tax credit equal to thirty percent of the taxpayer's
27 investment in an investment pool plan approved by the board of
28 directors of an area school under section 280A.23, subsection
29 13. An individual may claim the area school investment pool
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31 estate or trust electing to have the income taxed directly to
32 the individual. The amount claimed by the individual shall be
33 based upon the pro rata share of the individual's earnings of
34 a partnership, subchapter S corporation, or estate or trust.
35 Any credit in excess of the tax liability for the tax year may

1 be credited to the tax liability for the following ten years
2 or until depleted, whichever is earlier.

3 The credit under this section shall not be allowed if the
4 funds in the investment pool are not actually invested in
5 qualified businesses within the time period specified in
6 section 28A.23, subsection 13.

7 EXPLANATION

8 The bill authorizes the boards of directors of the area
9 schools to approve plans for organizing investment pools to
10 raise funds for capital investment in certain small
11 businesses. Taxpayers who invest money in approved investment
12 pool plans are entitled to an individual income tax credit of
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