

**CHAPTER 1003**

## STATE HISTORIC PROPERTY REHABILITATION TAX CREDIT

*H.F. 2035*

**AN ACT** relating to the state historic property rehabilitation tax credit and including effective and retroactive applicability date provisions.

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

Section 1. Section 404A.1, subsection 1, Code 2001, is amended to read as follows:

1. A property rehabilitation tax credit, subject to the availability of the credit, is granted against the ~~income~~ tax imposed under chapter 422, division II, ~~or division III, or V, or chapter 432,~~ for the rehabilitation of eligible property located in this state as provided in this chapter. Tax credits in excess of tax liabilities shall be refunded as provided in section 404A.4, subsection 3.

Sec. 2. Section 404A.2, unnumbered paragraph 3, Code 2001, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

For purposes of individual and corporate income taxes and the franchise tax, the increase in the basis of the rehabilitated property that would otherwise result from the qualified rehabilitation costs shall be reduced by the amount of the credit computed under this chapter.

Sec. 3. Section 422.60, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. The taxes imposed under this division shall be reduced by a property rehabilitation tax credit equal to the amount as computed under chapter 404A for rehabilitating eligible property. Any credit in excess of the tax liability shall be refunded as provided in section 404A.4, subsection 3.

b. For purposes of this subsection, "eligible property" means the same as used in section 404A.1.

Sec. 4. NEW SECTION. 432.12A PROPERTY REHABILITATION TAX CREDIT.

1. The tax imposed under this chapter shall be reduced by a property rehabilitation tax credit equal to the amount as computed under chapter 404A for rehabilitating eligible property. Any credit in excess of the tax liability shall be refunded as provided in section 404A.4, subsection 3.

2. For purposes of this section, "eligible property" means the same as used in section 404A.1.

Sec. 5. **EFFECTIVE AND APPLICABILITY DATE.** This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2001, for tax years beginning on or after that date.

Approved February 21, 2002