

404A.2 Historic preservation tax credit.

1. An eligible taxpayer who has entered into an agreement under [section 404A.3, subsection 3](#), is eligible to receive a historic preservation tax credit in an amount equal to twenty-five percent of the qualified rehabilitation expenditures of a qualified rehabilitation project that are specified in the agreement. Notwithstanding any other provision of [this chapter](#) or any provision in the agreement to the contrary, the amount of the tax credits shall not exceed twenty-five percent of the final qualified rehabilitation expenditures verified by the authority pursuant to [section 404A.3, subsection 5](#), paragraph “c”.

2. The tax credit shall be allowed against the taxes imposed in [chapter 422, subchapters II, III, and V](#), and in [chapter 432](#). An individual may claim a tax credit under [this section](#) of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. For an individual claiming a tax credit of an estate or trust, the amount claimed by the individual shall be based upon the pro rata share of the individual’s earnings from the estate or trust. For an individual claiming a tax credit of a partnership, limited liability company, or S corporation, the amount claimed by the partner, member, or shareholder, respectively, shall be based upon the amounts designated by the eligible partnership, S corporation, or limited liability company, as applicable.

3. *a.* Tax credit certificates issued under [section 404A.3](#) may be transferred to any person. Within ninety days of transfer, the transferee shall submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee’s name, tax identification number, address, the denomination that each replacement tax credit certificate is to carry, and any other information required by the department of revenue. However, tax credit certificate amounts of less than the minimum amount established by rule by the department of revenue shall not be transferable.

b. Within thirty days of receiving the transferred tax credit certificate and the transferee’s statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required for the original tax credit certificate and must have the same expiration date that appeared on the transferred tax credit certificate.

c. A tax credit shall not be claimed by a transferee under this section until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The transferee may use the amount of the tax credit transferred against the taxes imposed in [chapter 422, subchapters II, III, and V](#), and in [chapter 432](#), for any tax year the original transferor could have claimed the tax credit. Any consideration received for the transfer of the tax credit shall not be included as income under [chapter 422, subchapters II, III, and V](#). Any consideration paid for the transfer of the tax credit shall not be deducted from income under [chapter 422, subchapters II, III, and V](#).

4. *a.* For a tax credit claimed by an eligible taxpayer or a transferee for qualified rehabilitation projects with agreements entered into on or after July 1, 2014, the following percentage of any credit in excess of the taxpayer’s tax liability for the tax year may be refunded:

(1) For the tax year beginning on or after January 1, 2023, but before January 1, 2024, ninety-five percent.

(2) For the tax year beginning on or after January 1, 2024, but before January 1, 2025, ninety percent.

(3) For the tax year beginning on or after January 1, 2025, but before January 1, 2026, eighty-five percent.

(4) For the tax year beginning on or after January 1, 2026, but before January 1, 2027, eighty percent.

(5) For tax years beginning on or after January 1, 2027, seventy-five percent.

b. In lieu of claiming a refund, a taxpayer may elect to have the overpayment otherwise eligible for a refund shown on the taxpayer’s final, completed return credited to the tax liability for the following five tax years or until depleted, whichever is earlier.

c. A tax credit shall not be carried back to a tax year prior to the tax year in which the

taxpayer redeems the tax credit. As used in [this subsection](#), “taxpayer” includes an eligible taxpayer or a person transferred a tax credit certificate pursuant to [subsection 3](#).

5. *a.* To claim a tax credit under [this section](#), a taxpayer shall include one or more tax credit certificates with the taxpayer’s tax return.

b. The tax credit certificate shall contain the taxpayer’s name, address, tax identification number, the amount of the credit, the name of the eligible taxpayer, any other information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred.

c. The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue as payment for taxes imposed in [chapter 422, subchapters II, III, and V](#), and in [chapter 432](#), subject to any conditions or restrictions placed by the authority or the department of revenue upon the face of the tax credit certificate and subject to the limitations of this program.

6. For purposes of the 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 expenditures shall be reduced by the amount of the credit computed under [this section](#).

2000 Acts, ch 1194, §4, 20; 2002 Acts, ch 1003, §2, 5; 2004 Acts, ch 1175, §250, 287; 2009 Acts, ch 98, §1; 2011 Acts, ch 99, §2, 6; 2014 Acts, ch 1118, §3, 12; 2016 Acts, ch 1109, §15 – 19, 35, 36; 2017 Acts, ch 29, §115; 2020 Acts, ch 1062, §94; 2022 Acts, ch 1002, §50, 54, 55

Referred to in [§404A.3](#), [404A.4](#)

2022 amendment to subsection 4 effective January 1, 2023, and applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §54, 55