

16.211 Disaster recovery housing project tax credit.

1. *a.* A tax credit shall be allowed against the taxes imposed in chapter 422, divisions II and III, for a portion of a taxpayer's qualifying investment, as provided in subsection 3, in a qualifying disaster recovery housing project. To qualify as a disaster recovery housing project, a property, and the activities affecting the property, shall meet all of the following conditions:

(1) The property is owned by a taxpayer who is an individual, business, or corporation subject to taxation under chapter 422, division II or III.

(2) A qualifying investment, as defined in subsection 3, is made by the taxpayer.

(3) The project involves the construction or rehabilitation of housing on the property.

(4) The property is located in an area that the governor proclaimed a disaster emergency or the president of the United States declared a major disaster during the period of time beginning May 1, 2008, and ending August 31, 2008.

(5) An application for low-income housing tax credits pursuant to section 42 of the Internal Revenue Code has been submitted to the Iowa finance authority on behalf of the project and has been determined by the authority to meet the threshold requirements for an award of credits as set forth in the applicable qualified allocation plan.

(6) The project meets the requirements relating to the density of residential housing in the area as established by the authority.

(7) The project meets the requirements relating to the availability of and the accessibility to educational services as established by the authority. For the purposes of this section, "educational services" includes but is not limited to public schools, job training, and financial literacy services.

(8) The project is designed to avoid, prevent, or mitigate the effects of a future natural disaster.

b. An individual may claim a tax credit under this subsection of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

2. *a.* To claim a disaster recovery housing project tax credit under this section, a taxpayer must attach one or more tax credit certificates to the taxpayer's tax return. The tax credit certificate or certificates attached to the taxpayer's tax return shall be issued in the taxpayer's name, expire on or after the last day of the taxable year for which the taxpayer is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the taxpayer's tax return.

b. After verifying the eligibility of a taxpayer for a tax credit pursuant to this section, the authority shall issue a disaster recovery housing project tax credit certificate to be attached to the taxpayer's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number; the amount of the credit; and any other information required by the department of revenue.

c. The tax credit certificate, unless otherwise void, shall be accepted by the department of revenue as payment for taxes imposed pursuant to chapter 422, division II or III, subject to any conditions or restrictions placed by the authority upon the face of the tax credit certificate and subject to the limitations of this section.

d. Tax credit certificates issued under this section are not transferable to any person or entity.

3. *a.* The tax credit equals seventy-five percent of the taxpayer's qualifying investment in a disaster recovery housing project. For the purposes of this section, "qualifying investment" means the costs incurred by the taxpayer that are directly related to a disaster recovery housing project, as defined in subsection 1, and which are incurred on or after May 12, 2009, and prior to July 1, 2010.

b. The amount of the tax credit calculated under paragraph "a" shall be divided by five and applied equally to the taxpayer's tax liability for five consecutive tax years commencing with the tax year beginning in the 2011 calendar year. Any tax credit in excess of the taxpayer's liability for the tax year is not refundable.

4. For purposes of individual and corporate income taxes, the increase in the basis of the property that would otherwise result from the disaster recovery housing investment shall be reduced by the amount of the tax credit allowed under this section.

5. The maximum amount of tax credits issued by the authority under this section shall not exceed three million dollars in each of the five tax years. The authority shall issue the tax credit certificates on a first-come, first-served basis.

2009 Acts, ch 100, §31, 35; 2010 Acts, ch 1061, §84, 182

Referred to in §2.48, 16.212, 422.11X, 422.33

[SP] Section takes effect May 12, 2009, and applies to disaster recovery housing project costs incurred on or after May 12, 2009, and before July 1, 2010; 2009 Acts, ch 100, §35; 2010 Acts, ch 1061, §84, 182