

CHAPTER 76
AGGREGATE TAX CREDIT LIMIT FOR
CERTAIN ECONOMIC DEVELOPMENT PROGRAMS

261—76.1(15) Authority. The authority for establishing rules governing the aggregate tax credit limit for certain economic development programs under this chapter is Iowa Code sections 15.106A and 15.119.

[ARC 7954B, IAB 7/15/09, effective 7/1/09; ARC 8146B, IAB 9/23/09, effective 10/28/09; ARC 1573C, IAB 8/20/14, effective 9/24/14]

261—76.2(15) Purpose. The purpose of the aggregate tax credit limit for certain economic development programs is to limit the amount of tax credits awarded during a fiscal year.

[ARC 7954B, IAB 7/15/09, effective 7/1/09; ARC 8146B, IAB 9/23/09, effective 10/28/09; ARC 1573C, IAB 8/20/14, effective 9/24/14]

261—76.3(15) Definitions.

“*Authority*” means the economic development authority.

“*Board*” means the members of the board in whom the powers of the authority are vested pursuant to Iowa Code chapter 15.

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261—76.4(15) Tax credit cap—exceeding the cap—reallocation of declinations.

76.4(1) *Maximum aggregate limit on tax credits.* Except as provided in subrule 76.4(2), the authority shall not authorize for any one fiscal year an amount of tax credits that is in excess of \$170 million.

76.4(2) *Exceeding the cap.* The authority may authorize an amount of tax credits during a fiscal year that is in excess of the amount specified in subrule 76.4(1), but the amount of such excess will not exceed 20 percent of the amount specified in subrule 76.4(1) and will be counted against the total amount of tax credits that may be authorized for the next fiscal year.

76.4(3) *Reallocation of declinations.* Any amount of tax credits authorized and awarded during a fiscal year for a program specified in rule 261—76.5(15) which is irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination occurs. Tax credits authorized pursuant to this subrule will not be considered for purposes of subrule 76.4(2).

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261—76.5(15) Programs subject to the cap.

76.5(1) Tax credits authorized under the following economic development programs are subject to the tax credit cap:

- a. The high quality jobs program.
- b. The enterprise zone program.
- c. The assistive device tax credit program.
- d. The tax credits for investments in qualifying businesses and community-based seed capital funds.
- e. The tax credits for investments in certified innovation funds.
- f. The redevelopment tax credit program for brownfields and grayfields.

76.5(2) Pursuant to rule 261—76.6(15), the authority will allocate a certain amount of tax credits to the programs listed in this rule.

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261—76.6(15) Allocating the tax credit cap.

76.6(1) *Procedure for allocations.* At a scheduled meeting of the board prior to the start of a fiscal year, the board will allocate a portion of the tax credits available under the cap to the programs listed in

rule 261—76.5(15). The board is not required to allocate a portion of the cap to every program listed. The board may allocate a portion of the cap to be shared by programs with a common purpose. For example, the business awards made under the enterprise zone program and high quality jobs program may be allocated one amount to jointly serve both programs. Throughout the fiscal year, the board may review the allocation as necessary, but shall review the allocation at least one time during the fiscal year. Based on its review, the board may make adjustments to the allocation as deemed necessary.

76.6(2) Required suballocations. Iowa Code section 15.119 requires the authority to make certain suballocations to the programs subject to the cap. In some cases, there is a minimum required suballocation and in others a maximum suballocation. The authority will make the required suballocations and count them against the maximum aggregate cap before making any discretionary allocations.

76.6(3) Allocation to programs subject to the cap. For the fiscal year beginning July 1, 2013, and for all subsequent fiscal years in which the required suballocations are not changed, the authority will allocate the maximum aggregate tax credit cap as follows:

a. \$2 million to the credits for investments in qualifying businesses and community-based seed capital funds, unless the authority determines that the program demand is less than that amount.

b. \$8 million to the tax credits for investments in certified innovation funds, unless the authority determines that the program demand is less than that amount.

c. \$10 million to the redevelopment tax credit program for brownfields and grayfields, unless the authority determines that the program demand is less than that amount.

d. To the assistive device tax credit program, an amount necessary to meet the demand for that year.

e. To any other programs that may be made subject to the cap but which are not listed in this subrule, any amount that may be required by law or such amount as the board determines prudent given the amount of tax credits available.

f. To the high quality jobs program and the enterprise zone program, an amount equal to the amount necessary to meet the demand for that year, provided that such amount will not exceed the remainder of the maximum aggregate tax credit limit for that year.

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261—76.7(83GA,SF483) Exceeding the cap. Rescinded ARC 1573C, IAB 8/20/14, effective 9/24/14.

261—76.8(15) Reporting to the department of revenue. The authority shall submit an initial report to the department of revenue by August 15 of each year, which shows the initial allocation of the maximum aggregate tax credit cap. At the start of each subsequent fiscal year, the authority shall prepare a report to summarize the final allocation for the fiscal year that just ended, the total amount of awards made under each program subject to the cap during that fiscal year, and the initial allocation for the subsequent fiscal year.

[ARC 7954B, IAB 7/15/09, effective 7/1/09; ARC 8146B, IAB 9/23/09, effective 10/28/09; ARC 1573C, IAB 8/20/14, effective 9/24/14]

These rules are intended to implement Iowa Code section 15.119.

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