

## CHAPTER 32

## TAX CREDITS FOR ECONOMIC DEVELOPMENT REGION REVOLVING LOAN FUND

**261—32.1(81GA, HF868, HF809) Purpose.** The purpose of economic development region tax credits is to encourage and assist in the formation and development of economic development regions, including marketing efforts, business development, infrastructure and entrepreneurship.

**261—32.2(81GA, HF868, HF809) Definitions.**

*“Economic development region”* means a group of not less than three counties, unless two contiguous counties have a combined population of at least 300,000 based on the most recent federal decennial census.

*“Economic development region revolving loan fund”* means a fund established to benefit the development efforts in an economic development region.

**261—32.3(81GA, HF868, HF809) Allocation of funds.** The department shall authorize tax credits to individuals, nongovernmental entities and certain allowable nonprofit entities that make qualifying contributions to an economic development region revolving loan fund.

**261—32.4(81GA, HF868, HF809) Credit amount.** The total amount of tax credits and payments to contributors authorized during a fiscal year shall not exceed \$2 million plus any unused credit carried forward from previous years.

**32.4(1)** Any credit amount which remains unused in a fiscal year may be carried forward to the succeeding fiscal year.

**32.4(2)** The maximum credit amount that may be authorized for a specific economic development region revolving loan fund is equal to \$2 million plus any unused credit amount carried forward from previous years divided by the number of economic development region revolving loan funds existing in the state.

**261—32.5(81GA, HF868, HF809) Eligible contributions.** Nongovernmental entities, including organizations exempt from federal income taxation pursuant to Section 501(c)3 of the Internal Revenue Code, may contribute to an economic development revolving loan fund.

**32.5(1)** A nongovernmental entity may claim a tax credit equal to 20 percent of the amount contributed to the revolving loan fund.

**32.5(2)** A tax credit shall be allowed against taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.

**32.5(3)** An individual may claim the tax credit of a partnership, limited liability company, S corporation, estate, or trust electing to have income directly taxed to the individual. The amount claimed by the individual shall be based upon the individual’s pro rata share of the entity.

**32.5(4)** Any tax credit in excess of the taxpayer’s liability for the tax year may be credited to the tax credit liability for the following ten tax years or until depleted, whichever occurs first.

**32.5(5)** 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.

**32.5(6)** A tax credit under this rule is not transferable.

**32.5(7)** An organization exempt from federal income tax pursuant to Section 501(c)3 of the Internal Revenue Code making a contribution to an economic development region revolving loan fund shall be paid from the general fund of the state of Iowa an amount equal to 20 percent of such contributed amount within 30 days after the end of the fiscal year during which the contribution was made.

**261—32.6(81GA, HF868, HF809) Requests for tax credits.** Requests for tax credits will be accepted on an ongoing basis. The department will make public by June 1 and December 1 of each calendar year the total number of requests for tax credits that have been submitted. The department will review these requests and issue tax credits within a reasonable period of time following the June 1 and December 1

announcements. Tax credits shall be authorized pursuant to this rule for contributions made to a qualified economic development region revolving loan fund after December 1, 2005.

These rules are intended to implement 2005 Iowa Acts, House File 868 and House File 809.

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