

House File 2355

H-8233

1 Amend the amendment, H-8225, to House File 2355, as follows:

2 1. By striking page 1, line 1, through page 5, line 29, and
3 inserting:

4 <Amend House File 2355 as follows:

5 1. By striking everything after the enacting clause and
6 inserting:

7 <DIVISION I

8 ECONOMIC DEVELOPMENT LEGISLATIVE FINDINGS

9 Section 1. Section 96.2, Code 2022, is amended to read as
10 follows:

11 **96.2 Guide for interpretation.**

12 1. As a guide to the interpretation and application of
13 this chapter, the public policy of this state is declared to
14 be as follows: Economic insecurity due to unemployment is
15 a serious menace to the health, morals, and welfare of the
16 people of this state. Involuntary unemployment is therefore
17 a subject of general interest and concern which requires
18 appropriate action by the legislature to prevent its spread
19 and to lighten its burden which now so often falls with
20 crushing force upon the unemployed worker and the worker's
21 family. The achievement of social security requires protection
22 against this greatest hazard of our economic life. This can
23 be provided by encouraging employers to provide more stable
24 employment and by the systematic accumulation of funds during
25 periods of employment to provide benefits for periods of
26 unemployment, thus maintaining purchasing power and limiting
27 the serious social consequences of poor relief assistance.
28 The legislature, therefore, declares that in its considered
29 judgment the public good and the general welfare of the
30 citizens of this state require the enactment of this measure,
31 under the police powers of the state, for the compulsory
32 setting aside of unemployment reserves to be used for the
33 benefit of persons unemployed through no fault of their own.

34 2. It is the finding of the legislature that true economic
35 development can only be achieved when workers are given the

1 respect they deserve. Economic development must include all
2 residents of this state, including men and women, people of all
3 gender identities, minorities, and immigrants. The legislature
4 further finds that economic development should include but not
5 be limited to residents of this state being paid a living wage,
6 this state being a welcoming place for immigrants, child care
7 and housing being readily affordable and available, and public
8 workers having collective bargaining rights.

9 DIVISION II

10 IOWA HOUSING TAX CREDIT PROGRAM

11 Sec. 2. NEW SECTION. 16.37A Definitions.

12 For purposes of this section and sections 16.37B through
13 16.37G, unless the context otherwise requires:

14 1. "*Compliance period*" means the period of fifteen years
15 beginning with the first taxable year of the credit period.

16 2. "*Credit period*" means the period of ten tax years
17 beginning with the tax year in which a qualified development
18 is placed in service and the Iowa housing tax credit may be
19 claimed. If a qualified development consists of more than
20 one building, the qualified development is placed in service
21 in the tax year in which the last building of the qualified
22 development is placed in service.

23 3. "*Department*" means the Iowa department of revenue.

24 4. "*Qualified allocation plan*" means the qualified
25 allocation plan adopted by the authority pursuant to section
26 42(m) of the Internal Revenue Code.

27 5. "*Qualified basis*" means the qualified basis determined
28 under section 42(c)(1) of the Internal Revenue Code.

29 6. "*Qualified development*" means a qualified low-income
30 housing project under section 42(g) of the Internal Revenue
31 Code that is financed with tax-exempt bonds, pursuant to
32 section 42(i)(2) of the Internal Revenue Code, and located in
33 this state.

34 7. "*Taxpayer*" means an individual, a person, firm,
35 corporation, or other entity that owns an interest, direct

1 or indirect, in a qualified development and who claims a tax
2 credit under section 16.37C.

3 Sec. 3. NEW SECTION. **16.37B Application — review —**
4 **authorization.**

5 1. The authority shall develop a system for the application,
6 review, and authorization of Iowa housing tax credits awarded
7 pursuant to this part and shall control the issuance of all tax
8 credit certificates to taxpayers pursuant to this part.

9 2. Applications for Iowa housing tax credits shall be
10 accepted during an application period established by the
11 authority.

12 3. The authority may authorize the tax credit if all of the
13 following conditions are satisfied:

14 *a.* The tax credit certificate is issued to a taxpayer who
15 has an ownership interest in the qualified development.

16 *b.* The tax credit amount is allocated pursuant to a
17 qualified allocation plan.

18 *c.* The tax credit is necessary for the financial feasibility
19 of the qualified development.

20 *d.* The amount of the tax credit allocated to an owner
21 does not exceed thirty percent of the qualified basis of the
22 qualified development.

23 *e.* The qualified development is the subject of a recorded
24 restrictive covenant requiring that, for the compliance period
25 or for a longer period agreed to by the authority and the
26 owner of the qualified development, the development shall be
27 maintained and operated as a qualified development and shall be
28 in compliance with Tit. VIII of the federal Civil Rights Act of
29 1968, as amended.

30 4. Upon review of an application, the authority may approve
31 the qualified development for the tax credit program provided
32 in section 16.37C, and issue a tax credit certificate stating
33 the amount of the tax credit the authority determines the
34 taxpayer is eligible to claim for each year of the credit
35 period.

1 5. Unless otherwise provided in this section or the context
2 clearly requires otherwise, the authority shall determine
3 eligibility for a credit and allocate credits in accordance
4 with the standards and requirements set forth in section 42 of
5 the Internal Revenue Code.

6 6. An applicant that is unsuccessful in receiving a tax
7 credit award during an application period may make additional
8 applications during subsequent application periods. Such
9 applicants shall be required to submit a new application which
10 shall be reviewed in the same manner as other applications in
11 that application period.

12 Sec. 4. NEW SECTION. 16.37C Iowa housing tax credits —
13 limits.

14 1. An Iowa housing tax credit shall be allowed against
15 the taxes imposed in chapter 422, subchapters II, III, and V,
16 and in chapter 432, and against the moneys and credits tax
17 imposed in section 533.329, in the amount determined by the
18 authority pursuant to this part. Any tax credit in excess of
19 the taxpayer's liability for the tax year is not refundable but
20 may be credited to the tax liability for the following five
21 years or until depleted, whichever is earlier.

22 2. An individual may claim a tax credit under this section
23 of a partnership, limited liability company, S corporation,
24 estate, or trust electing to have income taxed directly to
25 the individual. The amount claimed by the individual shall
26 be based upon the pro rata share of the individual's earnings
27 from the partnership, limited liability company, S corporation,
28 estate, or trust.

29 3. In any calendar year, the aggregate amount of all tax
30 credits allocated by the authority shall not exceed fifteen
31 million dollars, plus the sum of the following amounts:

32 a. The total of all unallocated tax credits, if any, for the
33 preceding calendar years.

34 b. The total amount of all previously allocated tax credits
35 that have been recaptured, revoked, canceled, or otherwise

1 recovered by the authority.

2 4. a. To claim a tax credit under this section, a taxpayer
3 shall include one or more tax credit certificates issued by the
4 authority with the taxpayer's tax return.

5 b. The tax credit certificate shall contain the taxpayer's
6 name, address, tax identification number, the amount of the
7 credit including the amount the authority determines the
8 taxpayer is eligible to claim for each year of the credit
9 period, the name of the qualified development, any other
10 information required by the department of revenue, and a place
11 for the name and tax identification number of a transferee and
12 the amount of the tax credit being transferred.

13 c. Tax credit certificates issued under this section may
14 be transferred to any person or entity. Within ninety days
15 of transfer, the transferee shall submit the transferred tax
16 credit certificate to the authority along with a statement
17 containing the transferee's name, tax identification number,
18 and address, the denomination that each replacement tax credit
19 certificate is to carry, and any other information required by
20 the department of revenue.

21 d. Within thirty days of receiving the transferred tax
22 credit certificate and the transferee's statement, the
23 authority shall issue one or more replacement tax credit
24 certificates to the transferee. Each replacement tax credit
25 certificate must contain the information required for the
26 original tax credit certificate and must have the same
27 expiration date that appeared in the transferred tax credit
28 certificate. Tax credit certificate amounts of less than the
29 minimum amount established by rule of the authority shall not
30 be transferable.

31 e. A tax credit shall not be claimed by a transferee
32 under this section until a replacement tax credit certificate
33 identifying the transferee as the proper holder has been
34 issued. The transferee may use the amount of the tax credit
35 transferred against the taxes imposed in chapter 422,

1 subchapters II, III, and V, and in chapter 432, and against the
2 moneys and credits tax imposed in section 533.329, for any tax
3 year the original transferor could have claimed the tax credit.
4 Any consideration received for the transfer of the tax credit
5 shall not be included as income under chapter 422, subchapters
6 II, III, and V. Any consideration paid for the transfer of the
7 tax credit shall not be deducted from income under chapter 422,
8 subchapters II, III, and V.

9 **Sec. 5. NEW SECTION. 16.37D Recapture.**

10 1. As of the last day of any tax year during the compliance
11 period, if the amount of the qualified basis of a qualified
12 development owned by a taxpayer claiming the credit is less
13 than the amount of the qualified basis as of the last day of the
14 immediately preceding tax year, the amount of the taxpayer's
15 liability under chapter 422, subchapter II, III, or V, chapter
16 432, or section 533.329, as applicable, shall be increased by
17 the recapture amount determined using the method under section
18 42(j) of the Internal Revenue Code.

19 2. If a recapture event occurs, the taxpayer shall include
20 the recaptured proportion of the credit on the return submitted
21 for the tax year in which the recapture event is identified.

22 **Sec. 6. NEW SECTION. 16.37E Compliance monitoring.**

23 The authority shall monitor and oversee compliance with
24 sections 16.37A through 16.37D and shall report specific
25 occurrences of noncompliance to the department.

26 **Sec. 7. NEW SECTION. 16.37F Report to the general assembly.**

27 On or before January 31 of each year, the authority shall
28 submit to the general assembly a report that includes all of
29 the following:

30 1. A statement of the number of qualified developments for
31 which the authority issued tax certificates the prior year.

32 2. A description of each qualified development for which the
33 authority issued a tax certificate the prior year, including
34 the geographic location of the development, the household type
35 and any specific demographic information available concerning

1 the residents intended to be served by the development,
2 the income levels of residents intended to be served by the
3 development, and the rents or set-asides authorized for each
4 development.

5 **Sec. 8. NEW SECTION. 16.37G Rules.**

6 The authority and the department shall adopt rules pursuant
7 to chapter 17A as necessary for the implementation and
8 administration of this part.

9 **Sec. 9. NEW SECTION. 422.10C Iowa housing tax credit.**

10 The taxes imposed under this subchapter, less the credits
11 allowed under section 422.12, shall be reduced by an Iowa
12 housing tax credit allowed under section 16.37C.

13 **Sec. 10.** Section 422.33, Code 2022, is amended by adding the
14 following new subsection:

15 **NEW SUBSECTION. 17.** The taxes imposed under this subchapter
16 shall be reduced by an Iowa housing tax credit as allowed under
17 section 16.37C.

18 **Sec. 11.** Section 422.60, Code 2022, is amended by adding the
19 following new subsection:

20 **NEW SUBSECTION. 15.** The taxes imposed under this subchapter
21 shall be reduced by an Iowa housing tax credit as allowed under
22 section 16.37C.

23 **Sec. 12. NEW SECTION. 432.120 Iowa housing tax credit.**

24 The taxes imposed under this chapter shall be reduced by an
25 Iowa housing tax credit allowed under section 16.37C.

26 **Sec. 13.** Section 533.329, subsection 2, Code 2022, is
27 amended by adding the following new paragraph:

28 **NEW PARAGRAPH. *m.*** The moneys and credits tax imposed under
29 this section shall be reduced by an Iowa housing tax credit
30 allowed under section 16.37C.

31 **Sec. 14. CODE EDITOR DIRECTIVE.** The Code editor shall
32 designate sections 16.37A through 16.37G, as enacted by
33 this division of this Act, as a new part within chapter 16,
34 subchapter VII, and may redesignate the new and preexisting
35 parts, replace references to sections 16.37A through 16.37G

1 with references to the new part, and correct internal
2 references as necessary, including references in subchapter or
3 part headnotes.

4 Sec. 15. EFFECTIVE DATE. This division of this Act takes
5 effect January 1, 2023.

6 Sec. 16. APPLICABILITY. This division of this Act applies
7 to tax years beginning on or after January 1, 2023.

8 DIVISION III

9 FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

10 Sec. 17. Section 422.7, subsection 41, paragraph a,
11 subparagraph (1), subparagraph division (a), subparagraph
12 subdivisions (i) and (ii), Code 2022, are amended to read as
13 follows:

14 (i) For married taxpayers who file a joint return and
15 maintain a joint first-time homebuyer savings account, ~~four~~ ten
16 thousand dollars.

17 (ii) For any other account holder, ~~two~~ five thousand
18 dollars.>

19 2. Title page, by striking line 1 and inserting <An Act
20 relating to economic development matters, including legislative
21 findings, housing tax credits, and first-time homebuyer tax
22 incentives, and including effective date and applicability
23 provisions.>>

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