

Senate File 559

H-1353

1 Amend Senate File 559, as amended, passed, and reprinted by
2 the Senate, as follows:

3 1. Page 25, after line 27 by inserting:

4 <DIVISION ____

5 NEIGHBORHOOD HOUSING RENOVATION

6 Sec. ____ . NEW SECTION. 16.230 Neighborhood housing
7 renovation grant program — fund.

8 1. *a.* A neighborhood housing renovation grant fund
9 is created in the state treasury under the control of the
10 authority. Moneys in the fund are appropriated to the
11 authority to award grants under the neighborhood housing
12 renovation grant program.

13 *b.* There is appropriated to the authority for deposit in the
14 neighborhood housing renovation grant fund for the fiscal year
15 beginning July 1, 2023, from the moneys available to the state
16 pursuant to the federal American Rescue Plan Act of 2021, Pub.
17 L. No. 117-2, the sum of five million dollars.

18 *c.* Notwithstanding section 12C.7, subsection 2, interest
19 or earnings on moneys in the neighborhood housing renovation
20 grant fund shall accrue to the authority and shall be used for
21 purposes of this section. Notwithstanding section 8.33, moneys
22 in the neighborhood housing renovation grant fund at the end of
23 each fiscal year shall not revert to any other fund but shall
24 remain in the neighborhood housing renovation grant fund for
25 expenditure for subsequent fiscal years. All repayments or
26 recaptures of grants awarded under this section shall accrue to
27 the authority and shall be used for purposes of this section.

28 *d.* The authority shall not use more than three percent of
29 the moneys in the neighborhood housing renovation grant fund at
30 the beginning of the fiscal year for purposes of administrative
31 costs, marketing, and other program support.

32 2. *a.* The authority shall establish and administer a
33 neighborhood housing renovation grant program for purposes of
34 awarding grants to eligible homeowners for qualifying exterior
35 home improvements, repairs, or renovations.

1 b. To qualify for the neighborhood housing renovation grant
2 program, a homeowner's household income shall not exceed one
3 hundred nine thousand dollars.

4 c. The property at which the qualifying exterior home
5 improvements, repairs, or renovations will occur must be
6 occupied by the homeowner.

7 d. A grant awarded under the neighborhood housing renovation
8 grant program shall not exceed twenty thousand dollars.

9 e. Exterior improvements, repairs, and renovations that
10 qualify for the neighborhood housing renovation grant program
11 shall include all of the following:

12 (1) Roof repair or replacement.

13 (2) Foundation repair.

14 (3) Exterior siding repair or replacement.

15 (4) Exterior paint.

16 (5) Window and door repair or replacement.

17 (6) Garage repair or replacement.

18 (7) Exterior energy efficiency-related repairs or upgrades.

19 (8) Exterior wheelchair or mobility assistive device
20 accessibility.

21 (9) Sidewalk and driveway repair or replacement.

22 3. The authority shall adopt rules pursuant to chapter 17A
23 to administer this section.

24 DIVISION ____

25 IOWA HOUSING TAX CREDIT PROGRAM

26 Sec. ____ . NEW SECTION. 16.37A Definitions.

27 For purposes of this part, unless the context otherwise
28 requires:

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

31 2. "*Credit period*" means the period of ten tax years
32 beginning with the tax year in which a qualified development
33 is placed in service and the Iowa housing tax credit may be
34 claimed. If a qualified development consists of more than
35 one building, the qualified development is placed in service

1 in the tax year in which the last building of the qualified
2 development is placed in service.

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

4 4. "*Qualified allocation plan*" means the qualified
5 allocation plan adopted by the authority pursuant to section
6 42(m) of the Internal Revenue Code.

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

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

14 7. "*Taxpayer*" means an individual, a person, firm,
15 corporation, or other entity that owns an interest, direct
16 or indirect, in a qualified development and who claims a tax
17 credit under section 16.37C.

18 Sec. ____ . NEW SECTION. **16.37B Application — review —**
19 **authorization.**

20 1. The authority shall develop a system for the application,
21 review, and authorization of Iowa housing tax credits awarded
22 pursuant to this part and shall control the issuance of all tax
23 credit certificates to taxpayers pursuant to this part.

24 2. Applications for Iowa housing tax credits shall be
25 accepted during an annual application period established by the
26 authority.

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

29 a. The tax credit certificate is issued to a taxpayer who
30 has an ownership interest in the qualified development.

31 b. The tax credit amount is allocated pursuant to a
32 qualified allocation plan.

33 c. The tax credit is necessary for the financial feasibility
34 of the qualified development.

35 d. The amount of the tax credit allocated to an owner

1 does not exceed thirty percent of the qualified basis of the
2 qualified development.

3 e. The qualified development is the subject of a recorded
4 restrictive covenant requiring that, for the compliance period
5 or for a longer period agreed to by the authority and the
6 owner of the qualified development, the development shall be
7 maintained and operated as a qualified development and shall be
8 in compliance with Tit. VIII of the federal Civil Rights Act of
9 1968, as amended.

10 4. Upon review of an application, the authority may approve
11 the qualified development for the tax credit program provided
12 in section 16.37C, and issue a tax credit certificate stating
13 the amount of the tax credit the authority determines the
14 applicant is eligible to claim for each year of the credit
15 period.

16 5. Unless otherwise provided in this section or the context
17 clearly requires otherwise, the authority shall determine
18 eligibility for a credit and allocate credits in accordance
19 with the standards and requirements set forth in section 42 of
20 the Internal Revenue Code.

21 6. An applicant that is unsuccessful in receiving a tax
22 credit award during an annual application period may make
23 additional applications during subsequent annual application
24 periods. Such applicants shall be required to submit a new
25 application which shall be reviewed in the same manner as other
26 applications in that annual application period.

27 Sec. ____ . NEW SECTION. 16.37C Iowa housing tax credits —
28 limits.

29 1. An Iowa housing tax credit shall be allowed against
30 the taxes imposed in chapter 422, subchapters II, III, and V,
31 and in chapter 432, and against the moneys and credits tax
32 imposed in section 533.329, in the amount determined by the
33 authority pursuant to this part. Any tax credit in excess of
34 the taxpayer's liability for the tax year is not refundable but
35 may be credited to the tax liability for the following five

1 years or until depleted, whichever is earlier.

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

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

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

14 b. The total amount of all previously allocated tax credits
15 that have been recaptured, revoked, canceled, or otherwise
16 recovered by the authority.

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

20 b. The tax credit certificate shall contain the taxpayer's
21 name, address, tax identification number, the amount of the
22 credit including the amount the authority determines the
23 taxpayer is eligible to claim for each year of the credit
24 period, the name of the qualified development, any other
25 information required by the department of revenue, and a place
26 for the name and tax identification number of a transferee and
27 the amount of the tax credit being transferred.

28 c. Tax credit certificates issued under this section may
29 be transferred to any person or entity. Within ninety days
30 of transfer, the transferee shall submit the transferred tax
31 credit certificate to the authority along with a statement
32 containing the transferee's name, tax identification number,
33 and address, the denomination that each replacement tax credit
34 certificate is to carry, and any other information required by
35 the department of revenue.

1 *d.* Within thirty days of receiving the transferred tax
2 credit certificate and the transferee's statement, the
3 authority shall issue one or more replacement tax credit
4 certificates to the transferee. Each replacement tax credit
5 certificate must contain the information required for the
6 original tax credit certificate and must have the same
7 expiration date that appeared in the transferred tax credit
8 certificate. Tax credit certificate amounts of less than
9 the minimum amount established by rule of the Iowa finance
10 authority shall not be transferable.

11 *e.* A tax credit shall not be claimed by a transferee
12 under this section until a replacement tax credit certificate
13 identifying the transferee as the proper holder has been
14 issued. The transferee may use the amount of the tax credit
15 transferred against the taxes imposed in chapter 422,
16 subchapters II, III, and V, and in chapter 432, and against the
17 moneys and credits tax imposed in section 533.329, for any tax
18 year the original transferor could have claimed the tax credit.
19 Any consideration received for the transfer of the tax credit
20 shall not be included as income under chapter 422, subchapters
21 II, III, and V. Any consideration paid for the transfer of the
22 tax credit shall not be deducted from income under chapter 422,
23 subchapters II, III, and V.

24 Sec. ____ . NEW SECTION. 16.37D **Recapture.**

25 1. As of the last day of any tax year during the compliance
26 period, if the amount of the qualified basis of a qualified
27 development owned by a taxpayer claiming the credit is less
28 than the amount of the qualified basis as of the last day of the
29 immediately preceding tax year, the amount of the taxpayer's
30 liability under this part shall be increased by the recapture
31 amount determined using the method under section 42(j) of the
32 Internal Revenue Code.

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

1 Sec. _____. NEW SECTION. **16.37E Compliance monitoring.**

2 The authority shall monitor and oversee compliance with
3 sections 16.37A through 16.37D and shall report specific
4 occurrences of noncompliance to the department.

5 Sec. _____. NEW SECTION. **16.37F Report to the general
6 assembly.**

7 On or before January 31 of each year, the authority shall
8 submit to the general assembly a report that includes all of
9 the following:

10 1. A statement of the number of qualified developments for
11 which the authority issued tax certificates that year.

12 2. A description of each qualified development for which
13 the authority issued a tax certificate that year, including the
14 geographic location of the development, the household type and
15 any specific demographic information available concerning the
16 residents intended to be served by the development, the income
17 levels of residents intended to be served by the development,
18 and the rents or set-asides authorized for each development.

19 3. An analysis of housing market and demographic
20 information that shows how the qualified developments for
21 which the authority has issued tax certificates at any time
22 are addressing the need for affordable housing within the
23 communities those developments are intended to serve, and an
24 analysis of any remaining disparities in the affordability of
25 housing within those communities.

26 Sec. _____. NEW SECTION. **16.37G Rules.**

27 The authority and the department shall adopt rules pursuant
28 to chapter 17A as necessary for the implementation and
29 administration of this part.

30 Sec. _____. NEW SECTION. **422.10C Iowa housing tax credit.**

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

34 Sec. _____. Section 422.33, Code 2023, is amended by adding
35 the following new subsection:

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

4 Sec. _____. Section 422.60, Code 2023, is amended by adding
5 the following new subsection:

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

9 Sec. _____. NEW SECTION. 432.12P Iowa housing tax credit.

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

12 Sec. _____. Section 533.329, subsection 2, Code 2023, is
13 amended by adding the following new paragraph:

14 NEW PARAGRAPH. n. The moneys and credits tax imposed under
15 this section shall be reduced by an Iowa housing tax credit
16 allowed under section 16.37C.

17 Sec. _____. CODE EDITOR DIRECTIVE. The Code editor shall
18 designate sections 16.37A through 16.37G, as enacted by
19 this division of this Act, as a new part within chapter 16,
20 subchapter VII, and may redesignate the new and preexisting
21 parts, replace references to sections 16.37A through 16.37G
22 with references to the new part, and correct internal
23 references as necessary, including references in subchapter or
24 part headnotes.

25 Sec. _____. EFFECTIVE DATE. This division of this Act takes
26 effect January 1, 2024.

27 Sec. _____. APPLICABILITY. This division of this Act applies
28 to tax years beginning on or after January 1, 2024.

29 DIVISION _____

30 FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

31 Sec. _____. Section 422.7, subsection 27, paragraph a,
32 subparagraph (1), subparagraph division (a), subparagraph
33 subdivisions (i) and (ii), Code 2023, are amended to read as
34 follows:

35 (i) For married taxpayers who file a joint return and

1 maintain a joint first-time homebuyer savings account, ~~four~~ ten
2 thousand dollars.

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

5 2. Title page, by striking line 9 and inserting <program,
6 new job training agreements, and first-time homebuyer accounts,
7 and creating the neighborhood housing renovation grant and Iowa
8 housing tax credit programs.>

9 3. By renumbering as necessary.

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