



SF 2256 – Brownfield/Grayfield Tax Credit Restructure (LSB 5288SV)
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Fiscal Note Version – New

Description

Senate File 2256 modifies the existing Brownfield/Grayfield Tax Credit Program. This Bill includes two provisions with an identified potential fiscal impact:

- Section 4, allowing refundable tax credits for nonprofit organizations.
- Section 9, removing the automatic repeal date (June 30, 2021) for the Program.

Background

The Brownfield/Grayfield Tax Credit was created in **HF 2687** (Underutilized Property Redevelopment Tax Credit Act of 2008). The tax credit requirements are found in **Iowa Code section 15.293A**. The automatic repeal date was added in SF 514 (Brownfield/Grayfield Act of 2011).

The Program is included in the Economic Development Authority's annual aggregate tax credit limitation contained in **Iowa Code section 15.119**. The maximum credit a single project may receive is limited to 10.0% of the Brownfield/Grayfield credits available that year. Neither of those provisions is modified in this Bill.

Fiscal Impact

Making tax credits refundable for nonprofit applicants will impact the timing of tax credit redemptions, bringing forward credits that, if awarded as nonrefundable credits to for-profit entities, will be redeemed later or perhaps never. This Bill will result in a negative impact to the General Fund in future years as follows:

- FY 2017 = \$0.5 million
- FY 2018 = \$0.3 million
- FY 2019 = \$0.2 million
- FY 2020 = \$0.2 million
- FY 2021 = \$0.1 million
- FY 2022 = \$0.1 million

In future fiscal years, the \$1.4 million in negative fiscal impact cited above will be offset in whole or in large part by reduced tax credit redemptions, as the identified fiscal impact is simply a timing impact.

Since the Brownfield/Grayfield Tax Credit Program is part of the Economic Development Authority's annual aggregate tax credit limitation, removing the June 20, 2021, sunset does not change the annual amount of tax credits awarded by the Authority, it instead alters the amount of tax credits available for other programs under the aggregate cap.

Sources

Department of Revenue
Economic Development Authority

/s/ Holly M. Lyons

February 25, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
