

House File 2801 - Enrolled

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AN ACT

MODIFYING THE MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM, AND
INCLUDING EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 15.491, Code 2026, is amended by adding the following new subsections:

NEW SUBSECTION. 1A. "*Affiliate*" means the same as defined in section 423.1.

NEW SUBSECTION. 24A. "*Rural county*" means a county in this state with a population of fifty thousand persons or less based on the most recent decennial census released by the United States bureau of census.

Sec. 2. Section 15.492, subsection 1, paragraph a, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

a. (1) (a) For a business's proposed project receiving tax credits under section 15.496, subsection 1, paragraph "a", subparagraph (1), the project must be located on a site where the business has a controlling interest in or located on a certified site greater than two hundred fifty acres.

(b) For a business's proposed project receiving tax credits under section 15.496, subsection 1, paragraph "a", subparagraph (2), the business's proposed project must be located on a site where the business has a controlling interest in or a certified site greater than two hundred fifty acres or the business must

document to the authority that the business has completed a site evaluation commensurate with a certified site.

(2) The authority determines that the site is suitable for the project.

Sec. 3. Section 15.494, subsection 1, paragraph b, Code 2026, is amended to read as follows:

b. If the eligible business fails to comply with any requirements of the program or the agreement as determined by the authority, the eligible business may be required to repay any tax incentives the authority issued to the eligible business. After a final determination, the authority shall notify the department of revenue of any required repayment of a tax incentive. Any repayment, including repayment for which an affiliate of the eligible business is liable, shall be considered a tax payment due and payable to the department of revenue by any taxpayer that claimed the tax incentive, and the failure to make the repayment may be treated by the department of revenue in the same manner as a failure to pay the tax shown due, or required to be shown due, with the filing of a return or deposit form. In addition, the county shall have the authority to take action to recover the value of property taxes not collected as a result of the exemption provided to the business under [this part](#).

Sec. 4. Section 15.496, Code 2026, is amended to read as follows:

15.496 Qualifying investment tax credit.

1. a. The authority may authorize a either, but not both, of the following:

(1) A tax credit for an up to two eligible business businesses that is up to five percent of the each eligible business's qualifying investment. The authority shall not issue a tax credit certificate to the eligible business until the eligible business's project has been placed in service or until a designated portion of the project has been placed in service, and at least fifty percent of the created jobs the eligible business agreed to in associated with the project or a designated portion of the project pursuant to the agreement under [section 15.494](#) have been added to the eligible business's payroll, and that the jobs pay at least one hundred forty

percent of the qualifying wage threshold, ~~have been added to the eligible business's payroll.~~ The department of revenue shall remit the tax credit to the eligible business under this subparagraph equally over five tax years.

(2) (a) A tax credit for one eligible business that is up to ten percent of the eligible business's qualifying investment that is located in a rural county. The authority shall not issue a tax credit certificate to the eligible business until the eligible business's project has been placed in service or until a designated portion of the eligible business's project has been placed in service, and at least fifty percent of the created jobs associated with the project or a designated portion of the project pursuant to the agreement under section 15.494 have been added to the eligible business's payroll, and the jobs pay at least one hundred forty percent of the qualifying wage threshold. The department of revenue shall remit the tax credit to the eligible business under this subparagraph equally over ten tax years.

(b) (i) Tax credit certificates issued under this subparagraph are refundable and may be transferred to another person or entity, subject to the approval of the authority. Prior to approving a transfer, the authority shall verify that the transferee is not associated with a foreign adversary or foreign adversary entity. Within ninety days of transfer, the transferee shall submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee's name, tax identification number, and address; the denomination that each replacement tax credit certificate is to carry; and any other information required by the department of revenue.

(ii) Within thirty days of receiving the transferred tax credit certificate and the transferee's statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required for the original tax credit certificate and must have the same expiration date that appeared in the transferred tax credit certificate.

(iii) A tax credit shall not be claimed by a transferee

under this subparagraph until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The transferee may use the amount of the tax credit transferred against the taxes for any tax year the original transferor could have claimed the tax credit. Any credit in excess of the tax liability of the transferee for the tax year is refundable or, at the election of the transferee, may be credited to the tax liability of the transferee in any of the following ten consecutive tax years or until depleted, whichever occurs first. Any consideration received for the transfer of the tax credit shall not be included as income under chapter 422, subchapters II, III, and V. Any consideration paid for the transfer of the tax credit shall not be deducted from income under chapter 422, subchapters II, III, and V.

(iv) This subparagraph division does not apply to agreements entered into after December 31, 2027.

b. The tax credit shall be allowed against taxes imposed under [chapter 422, subchapter II, III, or V](#), and chapter 432, and against the moneys and credits tax imposed in section 533.329. If the eligible business is a partnership, S corporation, limited liability company, cooperative organized under [chapter 501](#) and filing as a partnership for federal tax purposes, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, cooperative organized under [chapter 501](#) and filing as a partnership for federal tax purposes, or estate or trust. ~~Any~~

c. (1) For any tax credit authorized pursuant to paragraph "a", subparagraph (1), in excess of the eligible business's tax liability for the tax year may be refunded or, at the eligible business's election, may be credited to the eligible business's tax liability in any of the following five consecutive tax years or until depleted, whichever occurs first.

(2) For any tax credit authorized pursuant to paragraph "a", subparagraph (2), in excess of the eligible business's tax liability for the tax year may be refunded or, at the eligible

business's election, may be credited to the eligible business's tax liability in any of the following ten tax years or until depleted, whichever occurs first.

(3) The eligible business shall make such election prior to the authority issuing a tax credit certificate to the eligible business, and the eligible business's election shall be noted on the tax credit certificate. A tax credit shall not be carried back to a tax year prior to the tax year in which the tax credit is first claimed by the eligible business.

2. a. If an eligible business obtains a tax credit certificate from the authority by way of a prohibited activity, the eligible business and any transferee of a tax credit certificate shall be jointly and severally liable to the state for the amount of the tax credit issued, interest and penalties allowed under chapter 422, and reasonable attorney fees and litigation costs, except that the liability of the transferee shall not exceed an amount equal to the amount of the tax credit acquired by the transferee. The department of revenue, upon notification or discovery that a tax credit certificate was issued to an eligible business by way of a prohibited activity, shall revoke any outstanding tax credit and seek repayment of the value of any tax credit already claimed, and the failure to make such a repayment may be treated by the department of revenue in the same manner as a failure to pay the tax shown due or required to be shown due with the filing of a return or deposit form. However, a qualifying transferee of a tax credit certificate is not subject to the liability, revocation, and repayment imposed under this paragraph.

b. For purposes of this subsection:

(1) "Control" means when a person, directly or indirectly or acting through or together with one or more persons, satisfies any of the following:

(a) Owns, controls, or has the power to vote fifty percent or more of any class of voting securities or voting membership interests of another person.

(b) Controls, in any manner, the election of a majority of the directors, managers, trustees, or other persons exercising similar functions of another person.

(c) Has the power to exercise a controlling influence over

the management or policies of another person.

(2) "Prohibited activity" means a breach or default under the agreement with the authority, the violation of any warranty provided by the eligible business to the authority or the department of revenue, the claiming of a tax credit issued under this section for expenditures that are not a qualifying investment, misrepresentation, fraud, a violation of any other requirements or rules of this part, or any other unlawful act or omission.

(3) "Qualifying transferee" means a transferee who acquires a tax credit certificate issued under this section for value, in good faith, without express or implied notice of a prohibited activity of the eligible business who was originally issued the tax credit, and without express or implied notice of any other claim to or defense against the tax credit, and which transferee is not associated with the eligible business by being one or more of the following:

(a) An owner, member, shareholder, or partner of the eligible business who directly or indirectly owns and controls, in whole or in part, the eligible business.

(b) A director, officer, or employee of the eligible business.

(c) A relative of the eligible business or a person listed in subparagraph division (a) or (b) or, if the eligible business or an owner, member, shareholder, or partner of the eligible business is a legal entity, the natural persons who ultimately own such legal entity.

(d) A person who is owned or controlled, in whole or in part, by a person listed in subparagraph division (a) or (b).

(4) "Relative" means an individual related by consanguinity within the second degree as determined by common law, a spouse, or an individual related to a spouse within the second degree as determined by common law, and includes an individual in an adoptive relationship within the second degree.

2. 3. If For an eligible business receiving a tax credit under subsection 1, paragraph "a", subparagraph (1), if within five years of the date the authority issues an the eligible business a tax credit under subsection 1, the eligible business sells, disposes of, razes, or otherwise renders unusable all

or a part of the land, buildings, or other structures for which the tax credit was claimed under [this section](#), the tax liability of the eligible business for the year in which all or part of the land, buildings, or other existing structures are sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

a. One hundred percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within one year after the date the authority issued the tax credit to the eligible business.

b. Eighty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within two years after the date the authority issued the tax credit to the eligible business.

c. Sixty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within three years after the date the authority issued the tax credit to the eligible business.

d. Forty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within four years after the date the authority issued the tax credit to the eligible business.

e. Twenty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within five years after the date the authority issued the tax credit to the eligible business.

4. For an eligible business receiving a tax credit under subsection 1, paragraph "a", subparagraph (2), if within ten years of the date the authority issues an eligible business a

tax credit under subsection 1, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other structures for which the tax credit was claimed by any taxpayer under this section, the tax liability of the eligible business for the year in which all or part of the land, buildings, or other existing structures are sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

a. One hundred percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within one year after the date the authority issued the tax credit to the eligible business.

b. Ninety percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within two years after the date the authority issued the tax credit to the eligible business.

c. Eighty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within three years after the date the authority issued the tax credit to the eligible business.

d. Seventy percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within four years after the date the authority issued the tax credit to the eligible business.

e. Sixty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within five years after the date the authority issued the tax credit to the eligible business.

f. Fifty percent of the tax credit claimed under this

section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within six years after the date the authority issued the tax credit to the eligible business.

g. Forty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within seven years after the date the authority issued the tax credit to the eligible business.

h. Thirty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within eight years after the date the authority issued the tax credit to the eligible business.

i. Twenty percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within nine years after the date the authority issued the tax credit to the eligible business.

j. Ten percent of the tax credit claimed under this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within ten years after the date the authority issued the tax credit to the eligible business.

Sec. 5. Section 15.498, subsection 1, paragraph c, Code 2026, is amended to read as follows:

c. The agricultural land for which the exemption is provided is a mega site or included in a mega site or the eligible business documents to the satisfaction of the authority that the eligible business has completed a site evaluation commensurate with a certified site.

Sec. 6. Section 15.501, Code 2026, as amended by 2026 Iowa Acts, House File 2799, section 14, is amended to read as follows:

15.501 Restrictions on board.

The board shall not authorize tax incentives available under the program, or an exemption to restrictions on agricultural land holdings pursuant to [this part](#), for more than two eligible businesses, or one eligible business if issued a credit pursuant to section 15.496, subsection 1, paragraph "a", subparagraph (2), or on or after January 1, 2030, whichever occurs first.

Sec. 7. NEW SECTION. 432.12P Major economic growth attraction program tax credit.

The taxes imposed under this chapter shall be reduced by investment tax credits authorized pursuant to section 15.496.

Sec. 8. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

PAT GRASSLEY
Speaker of the House

AMY SINCLAIR
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2801, Ninety-first General Assembly.

MEGHAN NELSON
Chief Clerk of the House

Approved _____, 2026

KIM REYNOLDS
Governor