

FEB 11 2000

WAYS AND MEANS

HOUSE FILE

2221

BY JACOBS and VAN FOSSEN

(COMPANION TO LSB 5967SS BY JOHNSON)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to tax credits available to eligible housing
2 businesses which build or rehabilitate housing in designated
3 enterprise zones and including an effective and retroactive
4 applicability date provision.

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

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HF 2221

1 Section 1. Section 15E.193B, subsection 6, paragraph a,
2 Code 1999, is amended to read as follows:

3 a. An eligible housing business may claim ~~an-income~~ a tax
4 credit up to a maximum of ten percent of the new investment
5 which is directly related to the building or rehabilitating of
6 a minimum of four single-family homes located in that part of
7 a city or county in which there is a designated enterprise
8 zone or one multiple dwelling unit building containing three
9 or more individual dwelling units located in that part of a
10 city or county in which there is a designated enterprise zone.
11 The tax credit may be used to reduce the tax liability imposed
12 under chapter 422, division II, III, or V. Any credit in
13 excess of the tax liability for the tax year may be credited
14 to the tax liability for the following seven years or until
15 depleted, whichever occurs earlier. If the business is a
16 partnership, ~~subchapter~~ S corporation, limited liability
17 company, or estate or trust electing to have the income taxed
18 directly to the individual, an individual may claim the tax
19 credit allowed. The amount claimed by the individual shall be
20 based upon the pro rata share of the individual's earnings of
21 the partnership, ~~subchapter~~ S corporation, limited liability
22 company, or estate or trust.

23 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
24 being deemed of immediate importance, takes effect upon
25 enactment and applies retroactively to January 1, 2000, for
26 tax years beginning on or after that date.

27 EXPLANATION

28 This bill expands the tax credit presently allowed
29 individual and corporate income taxpayers who are eligible
30 housing businesses that build or rehabilitate housing in a
31 designated enterprise zone to include financial institutions
32 that are subject to the franchise tax.

33 The bill takes effect upon enactment and applies
34 retroactively to January 1, 2000, for tax years beginning on
35 or after that date.