

MAR 23 2000
WAYS & MEANS CALENDAR

HOUSE FILE 2551
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2221)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to incentives 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 2551

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

3 2. An eligible housing business under this section
4 includes a housing developer, or housing contractor, or
5 nonprofit organization that builds or rehabilitates a minimum
6 of four single-family homes with a value, after completion of
7 the building or rehabilitation, not exceeding one hundred
8 twenty thousand dollars for each home located in that part of
9 a city or county in which there is a designated enterprise
10 zone or one multiple dwelling unit building containing three
11 or more individual dwelling units with a total value per unit,
12 after completion of the building or rehabilitation, not
13 exceeding one hundred twenty thousand dollars located in that
14 part of a city or county in which there is a designated
15 enterprise zone.

16 Sec. 2. Section 15E.193B, subsection 5, Code 1999, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. e. Information showing the amount of tax
19 credits and forgivable government loans which will be received
20 as a result of its new investment in housing for which the
21 business is seeking approval for the tax credit provided in
22 subsection 6, paragraph "a".

23 Sec. 3. Section 15E.193B, subsection 6, paragraph a, Code
24 1999, is amended to read as follows:

25 a. An eligible housing business may claim an-income a tax
26 credit up to a maximum of ten percent of the new investment
27 which is directly related to the building or rehabilitating of
28 a minimum of four single-family homes located in that part of
29 a city or county in which there is a designated enterprise
30 zone or one multiple dwelling unit building containing three
31 or more individual dwelling units located in that part of a
32 city or county in which there is a designated enterprise zone.
33 The tax credit may be used to reduce the tax liability imposed
34 under chapter 422, division II, III, or V. Any credit in
35 excess of the tax liability for the tax year may be credited

1 to the tax liability for the following seven years or until
2 depleted, whichever occurs earlier. If the business is a
3 partnership, subchapter S corporation, limited liability
4 company, or estate or trust electing to have the income taxed
5 directly to the individual, an individual may claim the tax
6 credit allowed. The amount claimed by the individual shall be
7 based upon the pro rata share of the individual's earnings of
8 the partnership, subchapter S corporation, limited liability
9 company, or estate or trust.

10 Sec. 4. Section 15E.195, subsection 5, Code 1999, is
11 amended by adding the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. However, if the commission or
13 department finds that an eligible housing business will
14 receive, as a result of its new investment in housing, other
15 tax credits and forgivable government loans, the maximum
16 amount of tax credit that may be approved under section
17 15E.193B, subsection 6, shall be the lesser of ten percent or
18 the amount which when added to the other tax credits and
19 forgivable government loans will result in the housing
20 business receiving eighty percent of the cost of the new
21 investment for which approval is sought in governmental
22 incentives and assistance.

23 Sec. 5. 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 nonprofit organizations
32 and financial institutions that are subject to the franchise
33 tax.

34 The bill provides that a housing business that receives
35 other tax credits and forgivable government loans is limited

1 to the amount of tax credit it may receive under the
2 enterprise zone program to the lesser of 10 percent or the
3 amount which when added to the other tax credits and
4 forgivable government loans will result in the business
5 receiving 80 percent of the cost of its new investment in
6 housing.

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

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