

House Study Bill 73

Bill Text

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1 1 Section 1. Section [15.333](#), Code 1999, is amended to read
1 2 as follows:

1 3 15.333 INVESTMENT TAX CREDIT.

1 4 1. An eligible business may claim a corporate tax credit
1 5 up to a maximum of ten percent of the new investment which is
1 6 directly related to new jobs created by the location or
1 7 expansion of an eligible business under the program. Any
1 8 credit in excess of the tax liability for the tax year may be
1 9 credited to the tax liability for the following seven years or
1 10 until depleted, whichever occurs earlier. If the business is
1 11 a partnership, subchapter S corporation, limited liability
1 12 company, or estate or trust electing to have the income taxed
1 13 directly to the individual, an individual may claim the tax
1 14 credit allowed. The amount claimed by the individual shall be
1 15 based upon the pro rata share of the individual's earnings of
1 16 the partnership, subchapter S corporation, limited liability
1 17 company, or estate or trust. For purposes of this section,
1 18 "new investment directly related to new jobs created by the
1 19 location or expansion of an eligible business under the
1 20 program" means the cost of machinery and equipment, as defined
1 21 in section 427A.1, subsection 1, paragraphs "e" and "j",
1 22 purchased for use in the operation of the eligible business,
1 23 the purchase price of which has been depreciated in accordance
1 24 with generally accepted accounting principles, and the cost of
1 25 improvements made to real property which is used in the
1 26 operation of the eligible business and which receives a
1 27 partial property tax exemption for the actual value added
1 28 under section 15.332.

1 29 2. For purposes of this section, the purchase price of
1 30 real property and any buildings and structures located on the
1 31 real property will be considered a new investment in the
1 32 location or expansion of an eligible business. However, if
1 33 within five years of purchase, the eligible business sells,
1 34 disposes of, razes, or otherwise renders unusable the land,
1 35 buildings, or other existing structures for which tax credit
2 1 was claimed under this section, the income tax liability of
2 2 the eligible business for the year in which the property is
2 3 sold, disposed of, razed, or otherwise rendered unusable shall
2 4 be increased by one of the following amounts:

2 5 a. One hundred percent of the tax credit claimed under
2 6 this section if the property ceases to be eligible for the tax
2 7 credit within one full year after being placed in service.

2 8 b. Eighty percent of the tax credit claimed under this
2 9 section if the property ceases to be eligible for the tax
2 10 credit within two full years after being placed in service.

2 11 c. Sixty percent of the tax credit claimed under this
2 12 section if the property ceases to be eligible for the tax
2 13 credit within three full years after being placed in service.

2 14 d. Forty percent of the tax credit claimed under this
2 15 section if the property ceases to be eligible for the tax
2 16 credit within four full years after being placed in service.

2 17 e. Twenty percent of the tax credit claimed under this
2 18 section if the property ceases to be eligible for the tax
2 19 credit within five full years after being placed in service.

2 20 EXPLANATION

2 21 This bill amends Code section 15.333 regarding the new

2 22 investment tax credit under the new jobs and income program.
2 23 Under the Code section, a business is allowed to claim a tax
2 24 credit of up to a maximum of 10 percent of the new investment
2 25 which is directly related to new jobs created by the location
2 26 or expansion of an eligible business under the program. The
2 27 bill defines new investment to include the purchase price of
2 28 real property and any buildings and structures located on the
2 29 real property. The bill provides that if within five years of
2 30 purchase the eligible business sells, disposes of, razes, or
2 31 otherwise renders unusable the land, buildings, or other
2 32 structures for which an investment tax credit was claimed, the
2 33 income tax liability of the eligible business shall be
2 34 increased by a varying percentage of the investment tax credit
2 35 claimed.

3 1 LSB 1321DP 78

3 2 tm/gg/8.2