

JAN 31 2001
WAYS AND MEANS

HOUSE FILE 146

BY KUHN, SUKUP, MAY, JOHNSON, FREVERT,
SCHERRMAN, ALONS, HUSEMAN, DIX,
ATTEBERRY, BROERS, QUIRK, FALCK,
EDDIE, ROBERTS, STEVENS, MERTZ,
REYNOLDS, KETTERING, HOFFMAN,
LARKIN, EICHHORN, O'BRIEN, HOUSER,
WISE, BUKTA, FOEGE, SMITH, DOTZLER,
T. TAYLOR, GREIMANN, D. TAYLOR,
FALLON, HUSER, BELL, MURPHY,
TREMMELE, RICHARDSON, OSTERHAUS,
WINCKLER, PETERSEN, MASCHER,
JOCHUM, SIEVERS, MYERS, and WITT

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

HF 146

A BILL FOR

1 An Act providing for an income tax credit for making capital
2 investments in a cooperative association organized to operate
3 a renewable fuel production facility and including effective
4 and retroactive applicability date provisions.

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

6
7
8
9
10
11
12
13
14

1 Section 1. NEW SECTION. 422.11F RENEWABLE FUEL
2 PRODUCTION FACILITY TAX CREDIT.

3 1. The taxes imposed under this division, less the credits
4 allowed under sections 422.12 and 422.12B, shall be reduced by
5 a renewable fuel production facility tax credit. To be
6 eligible for the credit, the taxpayer must be a member of and
7 make a capital investment in a cooperative association
8 organized for the purpose of operating a renewable fuel
9 production facility. The amount of the credit equals fifty
10 percent, not to exceed five thousand dollars, of the amount of
11 the capital investment made in the tax year by the taxpayer,
12 as a member, in such cooperative association. Any credit in
13 excess of the tax liability may be carried backward for up to
14 three tax years or carried forward for up to five tax years.

15 2. An individual may claim a renewable fuel production
16 facility tax credit allowed a partnership, limited liability
17 company, S corporation, estate, or trust electing to have the
18 income taxed directly to the individual. The amount claimed
19 by the individual shall be based upon the pro rata share of
20 the individual's earnings of a partnership, limited liability
21 company, S corporation, estate, or trust.

22 3. a. The taxpayer shall submit to the department of
23 agriculture and land stewardship an application for the tax
24 credit authorized by this section on a form provided by the
25 department of agriculture and land stewardship.

26 The total combined amount of tax credits that may be
27 approved for a fiscal year under this section and section
28 422.33, subsection 11, shall not exceed ten million dollars.
29 Tax credit certificates shall be issued on the basis of the
30 earliest dates the applications for tax credits are received.
31 The department of agriculture and land stewardship shall
32 provide by rule for the method to be used to determine for
33 which fiscal year the tax credits are approved.

34 After verifying the eligibility for the tax credit, the
35 department of agriculture and land stewardship shall issue a

1 tax credit certificate to be attached to the person's tax
2 return. The tax credit certificate shall contain the
3 taxpayer's name, address, tax identification number, the
4 amount of credit, other information required by the department
5 of revenue and finance, and a place for the name and tax
6 identification number of any transferee and the amount of the
7 tax credit being transferred.

8 b. A person receiving a tax credit under this section may
9 transfer all or a portion of the unused tax credit to any
10 other person. However, the tax credit shall only be
11 transferred once. The transferee may use the amount of the
12 tax credit transferred against the taxes imposed under
13 divisions II and III for any tax year the original transferor
14 could have claimed the credit. Any consideration received for
15 the transfer of the tax credit shall not be included as income
16 under divisions II and III. Any consideration paid for the
17 transfer of the tax credit shall not be deducted from income
18 under divisions II and III.

19 4. For purposes of this section:

20 a. "Cooperative association" means a cooperative
21 association organized under chapter 501 or converted to
22 regulation under chapter 501 pursuant to section 501.601.

23 b. "Renewable fuel production facility" means a facility
24 producing an energy source which is derived from a renewable,
25 domestically grown, organic compound capable of powering
26 machinery, including an engine or power plant, and any by-
27 product derived from such energy source.

28 Sec. 2. Section 422.33, Code 2001, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 11. a. The taxes imposed under this
31 division shall be reduced by a renewable fuel production
32 facility tax credit. To be eligible for the credit, the
33 taxpayer must be a member of and make a capital investment in
34 a cooperative association organized for the purpose of
35 operating a renewable fuel production facility. The amount of

1 the credit equals fifty percent, not to exceed five thousand
2 dollars, of the amount of the capital investment made in the
3 tax year by the taxpayer, as a member, in such cooperative
4 association. Any credit in excess of the tax liability may be
5 carried backward for up to three tax years or carried forward
6 for up to five tax years.

7 b. (1) The taxpayer shall submit to the department of
8 agriculture and land stewardship an application for the tax
9 credit authorized by this subsection on a form provided by the
10 department of agriculture and land stewardship.

11 The total combined amount of tax credits that may be
12 approved for a fiscal year under this subsection and section
13 422.11F, shall not exceed ten million dollars. Tax credit
14 certificates shall be issued on the basis of the earliest
15 dates the applications for tax credits are received. The
16 department of agriculture and land stewardship shall provide
17 by rule for the method to be used to determine for which
18 fiscal year the tax credits are approved.

19 After verifying the eligibility for the tax credit, the
20 department of agriculture and land stewardship shall issue a
21 tax credit certificate to be attached to the person's tax
22 return. The tax credit certificate shall contain the
23 taxpayer's name, address, tax identification number, the
24 amount of credit, other information required by the department
25 of revenue and finance, and a place for the name and tax
26 identification number of any transferee and the amount of the
27 tax credit being transferred.

28 (2) A person receiving a tax credit under this subsection
29 may transfer all or a portion of the unused tax credit to any
30 other person. However, the tax credit shall only be
31 transferred once. The transferee may use the amount of the
32 tax credit transferred against the taxes imposed under
33 divisions II and III for any tax year the original transferor
34 could have claimed the credit. Any consideration received for
35 the transfer of the tax credit shall not be included as income

1 under divisions II and III. Any consideration paid for the
2 transfer of the tax credit shall not be deducted from income
3 under divisions II and III.

4 c. For purposes of this subsection:

5 (1) "Cooperative association" means a cooperative
6 association organized under chapter 501 or converted to
7 regulation under chapter 501 pursuant to section 501.601.

8 (2) "Renewable fuel production facility" means a facility
9 producing an energy source which is derived from a renewable,
10 domestically grown, organic compound capable of powering
11 machinery, including an engine or power plant, and any by-
12 product derived from such energy source.

13 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

14 This Act, being deemed of immediate importance, takes effect
15 upon enactment and applies retroactively to January 1, 2001,
16 for tax years beginning on or after that date.

17

EXPLANATION

18 This bill provides an individual and corporate income tax
19 credit for capital investments made by members of a
20 cooperative association organized to operate a renewable fuel
21 production facility. The amount of the credit equals 50
22 percent, not to exceed \$5,000, of the investment made in the
23 tax year. Any excess credit may be carried back three years
24 or carried forward five years. A taxpayer who receives the
25 credit may transfer the credit to another taxpayer to use.
26 Only \$10 million in tax credits may be approved in a fiscal
27 year. Credits will be approved based upon the earliest dates
28 the applications for tax credits are received.

29 The bill takes effect upon enactment and applies
30 retroactively to January 1, 2001, for tax years beginning on
31 or after that date.

32

33

34

35