

Withdrawn 4/23/03

MAR 10 2003
WAYS AND MEANS

HOUSE FILE 491
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 150)
(COMPANION TO SF 268)

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

A BILL FOR

1 An Act relating to tax credits and associated refunds for
2 cooperatives engaged in the production of value-added
3 agricultural products, and providing for its applicability.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 491

1 Section 1. Section 15.333, subsection 1, unnumbered
2 paragraph 1, Code 2003, is amended to read as follows:

3 An eligible business may claim a corporate tax credit up to
4 a maximum of ten percent of the new investment which is
5 directly related to new jobs created by the location or
6 expansion of an eligible business under the program. Any
7 credit in excess of the tax liability for the tax year may be
8 credited to the tax liability for the following seven years or
9 until depleted, whichever occurs earlier. Subject to prior
10 approval by the department of economic development in
11 consultation with the department of revenue and finance, an
12 eligible business whose project primarily involves the
13 production of value-added agricultural products may elect to
14 receive a refund of all or a portion of an unused tax credit.
15 For purposes of this section, an eligible business includes a
16 cooperative described in section 521 of the Internal Revenue
17 Code which is not required to file an Iowa corporate income
18 tax return, ~~and whose project primarily involves the~~
19 ~~production of ethanol~~. The refund may be used against a tax
20 liability imposed under chapter 422, division II, III, or V.
21 If the business is a partnership, S corporation, limited
22 liability company, cooperative organized under chapter 501 and
23 filing as a partnership for federal tax purposes, or estate or
24 trust electing to have the income taxed directly to the
25 individual, an individual may claim the tax credit allowed.
26 The amount claimed by the individual shall be based upon the
27 pro rata share of the individual's earnings of the
28 partnership, S corporation, limited liability company,
29 cooperative organized under chapter 501 and filing as a
30 partnership for federal tax purposes, or estate or trust.

31 Sec. 2. Section 15.333, subsection 2, Code 2003, is
32 amended to read as follows:

33 2. An eligible business whose project primarily involves
34 the production of value-added agricultural products, that
35 elects to receive a refund of all or a portion of an unused

1 tax credit, shall apply to the department of economic
2 development for tax credit certificates. An eligible business
3 whose project primarily involves the production of value-added
4 agricultural products shall not claim a tax credit under this
5 section unless a tax credit certificate issued by the
6 department of economic development is attached to the
7 taxpayer's tax return for the tax year for which the tax
8 credit is claimed. For purposes of this section, an eligible
9 business includes a cooperative described in section 521 of
10 the Internal Revenue Code which is not required to file an
11 Iowa corporate income tax return, ~~and whose project primarily~~
12 ~~involves the production of ethanol~~. For purposes of this
13 section, an eligible business also includes a cooperative
14 described in section 521 of the Internal Revenue Code which is
15 required to file an Iowa corporate income tax return ~~and whose~~
16 ~~project primarily involves the production of ethanol~~. Such
17 cooperative may elect to transfer all or a portion of its tax
18 credit to its members. The amount of tax credit transferred
19 and claimed by a member shall be based upon the pro rata share
20 of the member's earnings of the cooperative.

21 A tax credit certificate shall not be valid until the tax
22 year following the date of the project completion. A tax
23 credit certificate shall contain the taxpayer's name, address,
24 tax identification number, the date of project completion, the
25 amount of the tax credit, and other information required by
26 the department of revenue and finance. The department of
27 economic development shall not issue tax credit certificates
28 which total more than four million dollars during a fiscal
29 year. If the department receives applications for tax credit
30 certificates in excess of four million dollars, the applicants
31 shall receive certificates for a prorated amount. The tax
32 credit certificates shall not be transferred except as
33 provided in this subsection for a cooperative described in
34 section 521 of the Internal Revenue Code which is required to
35 file an Iowa corporate income tax return ~~and whose project~~

1 ~~primarily-involves-the-production-of-ethanol~~. For a
2 cooperative described in section 521 of the Internal Revenue
3 Code, the department of economic development shall require
4 that the cooperative submit a list of its members and the
5 share of each member's interest in the cooperative. The
6 department shall issue a tax credit certificate to each member
7 contained on the submitted list.

8 Sec. 3. APPLICABILITY DATE. This Act applies to tax years
9 beginning on or after July 1, 2003.

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EXPLANATION

11 This bill eliminates a requirement that a cooperative must
12 be engaged in ethanol production to be eligible to claim a
13 special tax credit or refund available to an eligible business
14 involved in the production of value-added agricultural
15 products.

16 The bill amends provisions in Code section 15.333, which
17 provides that an eligible business may claim a tax credit of
18 up to 10 percent of a new investment that involves the
19 creation of new jobs. The Code section provides that an
20 eligible business involved in the production of value-added
21 agricultural products may elect to receive a refund of all or
22 a portion of the unused tax credit. The business must receive
23 a certificate issued by the department of economic development
24 in order to receive the tax credit or refund. The provision
25 allowing a cooperative to claim a tax credit or refund was
26 enacted during the 2001 Session in House File 716 (2001 Acts,
27 chapter 123).

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HSB 150

Success

SF 491

Agriculture

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON DRAKE)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

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