

Senate Study Bill 1193

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

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

A BILL FOR

1 An Act relating to the transfer of certain property-related tax
2 credits.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2087SC 80
5 tm/sh/8

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1 1 Section 1. Section 15E.193B, subsection 8, Code 2003, is
1 2 amended to read as follows:
1 3 8. The amount of the tax credits determined pursuant to
1 4 subsection 6, paragraph "a", for each project shall be
1 5 approved by the department of economic development. The
1 6 department shall utilize the financial information required to
1 7 be provided under subsection 5, paragraph "e", to determine
1 8 the tax credits allowed for each project. In determining the
1 9 amount of tax credits to be allowed for a project, the
1 10 department shall not include the portion of the project cost
1 11 financed through federal, state, and local government tax
1 12 credits, grants, and forgivable loans. Upon approving the
1 13 amount of the tax credit, the department of economic
1 14 development shall issue a tax credit certificate to the
1 15 eligible housing business. An eligible housing business or
1 16 transferee shall not claim the tax credit unless a tax credit
1 17 certificate issued by the department of economic development
1 18 is attached to the taxpayer's return for the tax year for
1 19 which the tax credit is claimed. The tax credit certificate
1 20 shall contain the taxpayer's name, address, tax identification
1 21 number, the amount of the tax credit, and other information
1 22 required by the department of revenue and finance. The tax
1 23 credit certificate shall be transferable if low-income housing
1 24 tax credits authorized under section 42 of the Internal
1 25 Revenue Code are used to assist in the financing of the
1 26 housing development. The department of economic development
1 27 and the department of revenue and finance shall adopt
1 28 procedures relating to the issuance of the certificates, the
1 29 transfer of a certificate and related tax credit by an
1 30 eligible housing business, and for the redemption of a
1 31 certificate and related tax credit by an eligible housing
1 32 business or transferee.

1 33 Sec. 2. Section 404A.2, Code 2003, is amended by adding
1 34 the following new unnumbered paragraph after unnumbered
1 35 paragraph 3:

2 1 NEW UNNUMBERED PARAGRAPH. A person receiving a tax credit
2 2 under this chapter may transfer all or a portion of the unused
2 3 tax credit to any other person. The transferee may use the
2 4 amount of the tax credit transferred against taxes imposed
2 5 under chapter 422, division II, III, or V, or chapter 432 for
2 6 any tax year the transferor could have claimed the credit.
2 7 Any consideration received for the transfer of the tax credit
2 8 shall not be included as income under chapter 422, division
2 9 II, III, or V, or chapter 432. Any consideration paid for the
2 10 transfer of the tax credit shall not be deducted under chapter
2 11 422, division II, III, or V, or chapter 432.

2 12 Sec. 3. Section 404A.4, subsection 2, Code 2003, is
2 13 amended to read as follows:

2 14 2. After verifying the eligibility for the tax credit, the
2 15 state historic preservation office, in consultation with the
2 16 department of economic development, shall issue a property
2 17 rehabilitation tax credit certificate to be attached to the
2 18 person's tax return. The tax credit certificate shall contain
2 19 the taxpayer's name, address, tax identification number, the
2 20 date of project completion, the amount of credit, ~~and~~ other
2 21 information required by the department of revenue and finance,
2 22 and a place for the name and tax identification number of a

2 23 transferee and the amount of the tax credit being transferred.

2 24 EXPLANATION

2 25 This bill relates to the transfer of certain property=
2 26 related tax credits.

2 27 The bill amends the tax credit provisions for eligible
2 28 housing businesses under the enterprise zone program. Under
2 29 the enterprise zone program, an eligible housing business may
2 30 claim a tax credit up to a maximum of 10 percent of the new
2 31 investment which is directly related to the eligible housing
2 32 project. The new investment that may be used to compute the
2 33 tax credit shall not exceed the new investment used for the
2 34 first \$140,000 of value for each single-family home or for
2 35 each unit of a multiple dwelling unit building containing
3 1 three or more units.

3 2 The bill provides that, upon approving the amount of the
3 3 tax credit, the department of economic development shall issue
3 4 a tax credit certificate to the eligible housing business.
3 5 The bill provides that an eligible housing business or
3 6 transferee shall not claim the tax credit unless a tax credit
3 7 certificate issued by the department of economic development
3 8 is attached to the taxpayer's return for the tax year for
3 9 which the tax credit is claimed. The bill provides that the
3 10 tax credit certificate shall be transferable if low-income
3 11 housing tax credits authorized under section 42 of the
3 12 Internal Revenue Code are used to assist in the financing of
3 13 the housing development. The bill provides that the
3 14 department of economic development and the department of
3 15 revenue and finance shall adopt procedures relating to the
3 16 issuance of the certificates, the transfer of a certificate
3 17 and related tax credit by an eligible housing business, and
3 18 the redemption of a certificate and related tax credit by an
3 19 eligible housing business or transferee.

3 20 The bill provides that a person receiving a historic
3 21 property rehabilitation tax credit may transfer all or a
3 22 portion of the unused tax credit to any other person. For any
3 23 tax year the transferor could have claimed the tax credit, the
3 24 bill provides that the transferee may use the amount of the
3 25 tax credit against personal or corporate income tax liability,
3 26 franchise tax liability, or insurance premium tax liability.
3 27 The bill provides that consideration received for the transfer
3 28 of a tax credit shall not be included as income for state tax
3 29 purposes and any consideration paid for the transfer of a tax
3 30 credit shall not be deducted from income for state tax
3 31 purposes.

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