

House Study Bill 286

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

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

A BILL FOR

1 An Act establishing an economic development tax credit
2 certificate transfer program.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1741YC 81
5 tm/gg/14

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1 1 Section 1. NEW SECTION. 15E.321 ECONOMIC DEVELOPMENT TAX
1 2 CREDIT CERTIFICATE TRANSFER PROGRAM.
1 3 1. The department shall establish and administer an
1 4 economic development tax credit certificate transfer program
1 5 for purposes of allowing a tax credit recipient that is a
1 6 biotechnology or emerging technology business to transfer
1 7 unused or partially used tax credits to another taxpayer in
1 8 return for private financial assistance.
1 9 2. A biotechnology or emerging technology business that
1 10 has received a tax credit and cannot apply part or all of the
1 11 tax credit due to limited tax liability may apply to the
1 12 department for the transfer of the tax credit. In addition to
1 13 any information required by the department, the applicant
1 14 shall submit, as part of the application, a copy of the
1 15 certificate issued for the tax credit if such a certificate
1 16 has been issued.
1 17 3. A taxpayer willing to exchange private financial
1 18 assistance for an unused or partially used tax credit may
1 19 apply to the department to receive a tax credit. In addition
1 20 to any information required by the department, a taxpayer
1 21 submitting an application to receive a tax credit under this
1 22 section shall identify the amount of private financial
1 23 assistance that the taxpayer is willing to provide in exchange
1 24 for a tax credit.
1 25 4. The department shall match applications submitted under
1 26 this section in a manner that can best stimulate and encourage
1 27 the extension of private financial assistance to biotechnology
1 28 and emerging technology businesses in the state. As part of
1 29 approving an application, the department shall require all of
1 30 the following:
1 31 a. Approved applicants must enter into a written agreement
1 32 concerning the terms and conditions of providing private
1 33 financial assistance in exchange for an unused or partially
1 34 used tax credit.
1 35 b. Private financial assistance supplied by a taxpayer
2 1 must be equal to at least seventy-five percent of the value of
2 2 the unused or partially used tax credit being transferred.
2 3 c. Private financial assistance received under this
2 4 section shall be used for the operation or expansion of a
2 5 biotechnology or emerging technology business.
2 6 d. If a tax credit certificate has been issued for the tax
2 7 credit that is being transferred, the certificate shall be
2 8 surrendered to the department.
2 9 5. The department of economic development shall issue a
2 10 tax credit certificate to a taxpayer providing private
2 11 financial assistance under this section in an amount equal to
2 12 an unused or partially used tax credit being transferred. The
2 13 taxpayer issued a tax credit certificate by the department of
2 14 economic development shall not claim the transferred tax
2 15 credit unless the tax credit certificate is attached to the
2 16 taxpayer's tax return for the tax year for which the tax
2 17 credit is claimed. A tax credit certificate shall contain the
2 18 taxpayer's name, address, tax identification number, the

2 19 amount of the tax credit, and other information required by
2 20 the department of revenue.

2 21 EXPLANATION

2 22 This bill establishes an economic development tax credit
2 23 certificate transfer program.

2 24 The bill requires the department of economic development to
2 25 establish and administer an economic development tax credit
2 26 certificate transfer program for purposes of allowing a tax
2 27 credit recipient that is a biotechnology or emerging
2 28 technology business to transfer unused or partially used tax
2 29 credits to another taxpayer in return for private financial
2 30 assistance.

2 31 The bill allows a biotechnology or emerging technology
2 32 business that has received a tax credit and cannot apply part
2 33 or all of the tax credit due to limited tax liability to apply
2 34 to the department for the transfer of the tax credit. The
2 35 bill allows a taxpayer willing to exchange private financial
3 1 assistance for an unused or partially used tax credit to apply
3 2 to the department to receive a tax credit.

3 3 The bill requires the department to match applications
3 4 submitted in a manner that can best stimulate and encourage
3 5 the extension of private financial assistance to biotechnology
3 6 and emerging technology businesses in the state.

3 7 The bill provides that, as part of approving an
3 8 application, the department shall require approved applicants
3 9 to enter into a written agreement concerning the terms and
3 10 conditions of providing private financial assistance in
3 11 exchange for an unused or partially used tax credit. Private
3 12 financial assistance supplied by a taxpayer must be equal to
3 13 at least 75 percent of the value of the unused or partially
3 14 used tax credit being transferred. The bill provides that
3 15 private financial assistance must be used for the operation or
3 16 expansion of a biotechnology or emerging technology business.

3 17 The bill requires the department to issue a tax credit
3 18 certificate to a taxpayer providing private financial
3 19 assistance in an amount equal to an unused or partially used
3 20 tax credit being transferred. The bill provides that a
3 21 taxpayer receiving the tax credit certificate under the
3 22 program shall not claim the transferred tax credit unless the
3 23 tax credit certificate is attached to the taxpayer's tax
3 24 return for the tax year for which the tax credit is claimed.

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