

Senate Study Bill 1191

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON ZIEMAN)

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

A BILL FOR

1 An Act relating to entities eligible to claim certain property=
2 related tax credits.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1892SC 81
5 tm/gg/14

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1 1 Section 1. Section 15E.193B, subsection 5, Code 2005, is
1 2 amended by adding the following new paragraph:
1 3 NEW PARAGRAPH. f. If the eligible housing business is a
1 4 limited partnership, the name of any limited partner who may
1 5 be allocated all or a portion of a tax credit allowed under
1 6 subsection 6, paragraph "a".
1 7 Sec. 2. Section 15E.193B, subsection 6, paragraph a, Code
1 8 2005, is amended to read as follows:
1 9 a. An eligible housing business or a limited partner of
1 10 the eligible housing business designated by the eligible
1 11 housing business may claim a tax credit up to a maximum of ten
1 12 percent of the new investment which is directly related to the
1 13 building or rehabilitating of a minimum of four single-family
1 14 homes located in that part of a city or county in which there
1 15 is a designated enterprise zone or one multiple dwelling unit
1 16 building containing three or more individual dwelling units
1 17 located in that part of a city or county in which there is a
1 18 designated enterprise zone. The new investment that may be
1 19 used to compute the tax credit shall not exceed the new
1 20 investment used for the first one hundred forty thousand
1 21 dollars of value for each single-family home or for each unit
1 22 of a multiple dwelling unit building containing three or more
1 23 units. The tax credit may be used to reduce the tax liability
1 24 imposed under chapter 422, division II, III, or V, or chapter
1 25 432. Any credit in excess of the tax liability for the tax
1 26 year may be credited to the tax liability for the following
1 27 seven years or until depleted, whichever occurs earlier. If
1 28 the business is a partnership, S corporation, limited
1 29 liability company, or estate or trust electing to have the
1 30 income taxed directly to the individual, an individual may
1 31 claim the tax credit allowed. The amount claimed by the
1 32 individual shall be based upon the pro rata share of the
1 33 individual's earnings of the partnership, S corporation,
1 34 limited liability company, or estate or trust except when a
1 35 limited partnership designates a limited partner to claim the
2 1 tax credit.

2 2 Sec. 3. Section 15E.193B, subsection 8, unnumbered
2 3 paragraph 1, Code 2005, is amended to read as follows:
2 4 The amount of the tax credits determined pursuant to
2 5 subsection 6, paragraph "a", for each project shall be
2 6 approved by the department of economic development. The
2 7 department shall utilize the financial information required to
2 8 be provided under subsection 5, paragraph "e", to determine
2 9 the tax credits allowed for each project. In determining the
2 10 amount of tax credits to be allowed for a project, the
2 11 department shall not include the portion of the project cost
2 12 financed through federal, state, and local government tax
2 13 credits, grants, and forgivable loans. Upon approving the
2 14 amount of the tax credit, the department of economic
2 15 development shall issue a tax credit certificate to the
2 16 eligible housing business or to a limited partner designated

2 17 by the eligible housing business. An eligible housing
2 18 business or the designated limited partner or transferee shall
2 19 not claim the tax credit unless a tax credit certificate
2 20 issued by the department of economic development is attached
2 21 to the taxpayer's return for the tax year for which the tax
2 22 credit is claimed. The tax credit certificate shall contain
2 23 the taxpayer's name, address, tax identification number, the
2 24 amount of the tax credit, and other information required by
2 25 the department of revenue. The tax credit certificate shall
2 26 be transferable if low-income housing tax credits authorized
2 27 under section 42 of the Internal Revenue Code are used to
2 28 assist in the financing of the housing development. Tax
2 29 credit certificates issued under this chapter may be
2 30 transferred to any person or entity. Within ninety days of
2 31 transfer, the transferee must submit the transferred tax
2 32 credit certificate to the department of economic development
2 33 along with a statement containing the transferee's name, tax
2 34 identification number, and address, and the denomination that
2 35 each replacement tax credit certificate is to carry and any
3 1 other information required by the department of revenue.
3 2 Within thirty days of receiving the transferred tax credit
3 3 certificate and the transferee's statement, the department of
3 4 economic development shall issue one or more replacement tax
3 5 credit certificates to the transferee. Each replacement
3 6 certificate must contain the information required to receive
3 7 the original certificate and must have the same expiration
3 8 date that appeared in the transferred tax credit certificate.
3 9 Tax credit certificate amounts of less than the minimum amount
3 10 established by rule of the department of economic development
3 11 shall not be transferable. A tax credit shall not be claimed
3 12 by a transferee under subsection 6, paragraph "a", until a
3 13 replacement tax credit certificate identifying the transferee
3 14 as the proper holder has been issued.

3 15 Sec. 4. Section 404A.4, subsection 1, Code 2005, is
3 16 amended to read as follows:

3 17 1. Upon completion of the rehabilitation project, a
3 18 certification of completion must be obtained from the state
3 19 historic preservation office of the department of cultural
3 20 affairs. A completion certificate shall identify the person
3 21 claiming the tax credit under this chapter and the
3 22 rehabilitation costs incurred up to the two years preceding
3 23 the completion date. The person claiming the tax credit may
3 24 be a limited partner designated by the limited partnership.

3 25 Sec. 5. Section 422.11D, subsection 2, Code 2005, is
3 26 amended to read as follows:

3 27 2. An individual may claim a property rehabilitation tax
3 28 credit allowed a partnership, limited liability company, S
3 29 corporation, estate, or trust electing to have the income
3 30 taxed directly to the individual. The amount claimed by the
3 31 individual shall be based upon the pro rata share of the
3 32 individual's earnings of a partnership, limited liability
3 33 company, S corporation, estate, or trust except when a limited
3 34 partnership designates a limited partner to claim the tax
3 35 credit.

EXPLANATION

4 1 This bill relates to entities eligible to claim certain
4 2 property-related tax credits.
4 3 The bill allows a tax credit to an eligible housing
4 4 business under the enterprise zone program to be allocated to
4 5 a limited partner designated by the limited partnership. The
4 6 bill allows a tax credit for a property rehabilitation project
4 7 certified under Code chapter 404A to be claimed by a limited
4 8 partner designated by the limited partnership.
4 9 LSB 1892SC 81
4 10 tm:rj/gg/14
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