

House File 418 - Introduced

HOUSE FILE _____
BY WISE

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

A BILL FOR

1 An Act relating to a commercial property tax credit for
2 individual and corporation income tax, and including effective
3 and retroactive applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2521YH 82
6 mg/gg/14

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1 1 Section 1. NEW SECTION. 422.11T COMMERCIAL PROPERTY TAX
1 2 CREDIT.
1 3 1. The taxes imposed under this division, less the credits
1 4 allowed under sections 422.12 and 422.12B, shall be reduced by
1 5 a commercial property tax credit. To qualify for this credit,
1 6 the taxpayer shall have paid property tax during the tax year
1 7 levied on property that is assessed as commercial property for
1 8 property tax purposes.
1 9 2. The total amount of tax credit that may be claimed by a
1 10 taxpayer equals two hundred seventy-five dollars for a tax
1 11 year beginning in the 2007 calendar year and five hundred
1 12 fifty dollars for each tax year beginning in the 2008 calendar
1 13 year or the 2009 calendar year.
1 14 3. The amount of the tax credit claimed under this section
1 15 shall not be deducted in computing the taxpayer's taxable
1 16 income for state income tax purposes.
1 17 4. Any credit in excess of the tax liability shall be
1 18 refunded with interest computed under section 422.25. In lieu
1 19 of claiming a refund, a taxpayer may elect to have the
1 20 overpayment shown on the taxpayer's final, completed return
1 21 credited to the tax liability for the following tax year.
1 22 5. An individual may claim the tax credit allowed a
1 23 partnership, limited liability company, S corporation, estate,
1 24 or trust electing to have the income taxed directly to the
1 25 individual. The amount claimed by the individual shall be
1 26 based upon the pro rata share of the individual's earnings of
1 27 the partnership, limited liability company, S corporation,
1 28 estate, or trust.
1 29 6. This section is repealed January 1, 2010, for the tax
1 30 years beginning on or after that date.
1 31 Sec. 2. Section 422.33, Code 2007, is amended by adding
1 32 the following new subsection:
1 33 NEW SUBSECTION. 24. a. The taxes imposed under this
1 34 division shall be reduced by a commercial property tax credit.
1 35 To qualify for this credit, the taxpayer shall have paid
2 1 property tax during the tax year levied on property that is
2 2 assessed as commercial property for property tax purposes.
2 3 b. The total amount of credit that may be claimed by a
2 4 taxpayer equals two hundred seventy-five dollars for a tax
2 5 year beginning in the 2007 calendar year and five hundred
2 6 fifty dollars for each tax year beginning in the 2008 calendar
2 7 year or the 2009 calendar year. For corporations that file a
2 8 consolidated Iowa return in accordance with section 422.37,
2 9 each corporation filing on the consolidated return that paid
2 10 commercial property tax during the tax year may claim the
2 11 maximum tax credit.
2 12 c. The amount of the tax credit claimed under this
2 13 subsection shall not be deducted in computing the taxpayer's
2 14 taxable income for state income tax purposes. For
2 15 corporations that file a consolidated Iowa return in
2 16 accordance with section 422.37, each corporation filing on the
2 17 consolidated return that claimed the credit shall not deduct
2 18 the amount of the tax credit claimed by it for state income
2 19 tax purposes.

2 20 d. Any credit in excess of the tax liability shall be
2 21 refunded with interest computed under section 422.25. In lieu
2 22 of claiming a refund, a taxpayer may elect to have the
2 23 overpayment shown on the taxpayer's final, completed return
2 24 credited to the tax liability for the following tax year.

2 25 e. This subsection is repealed January 1, 2010, for tax
2 26 years beginning on or after that date.

2 27 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
2 28 This Act, being deemed of immediate importance, takes effect
2 29 upon enactment and applies retroactively to January 1, 2007,
2 30 for tax years beginning on or after that date.

2 31 EXPLANATION

2 32 This bill provides for an individual and corporation income
2 33 tax credit for a certain amount of commercial property tax
2 34 paid during the tax year. The credit is equal to \$275 for tax
2 35 years beginning in the 2007 calendar year and \$550 for tax
3 1 years beginning in the 2008 and 2009 calendar years. For
3 2 corporations included in a consolidated Iowa return, each
3 3 corporation in the consolidated return that paid commercial
3 4 property tax can claim the maximum credit. The credit amount
3 5 is not allowed as a deduction in computing Iowa taxable
3 6 income. Any credit in excess of the tax liability is
3 7 refundable.

3 8 This credit is repealed effective January 1, 2010, for tax
3 9 periods beginning on or after that date.

3 10 The bill takes effect upon enactment and applies
3 11 retroactively to January 1, 2007, for tax years beginning on
3 12 or after that date.

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