

HOUSE FILE \_\_\_\_\_  
BY MAY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to an infrastructure project tax credit program  
2 for certain county fairs and providing a retroactive  
3 applicability date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1359YH 82  
6 mg/gg/14

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1 1 Section 1. NEW SECTION. 174.25 COUNTY FAIR PROJECT TAX  
1 2 CREDIT.  
1 3 1. a. An eligible fair may claim a tax credit equal to  
1 4 the amount calculated under subsection 2 for an infrastructure  
1 5 project involving the construction of new buildings or  
1 6 improvements to existing land and buildings on the  
1 7 fairgrounds. The infrastructure project shall have a minimum  
1 8 cost of one hundred thousand dollars. The tax credit shall be  
1 9 allowed against taxes imposed under chapter 422, divisions II,  
1 10 III, and V, and under chapter 432.  
1 11 b. For purposes of this section, "eligible fair" means an  
1 12 organization that operates a county fair event that meets all  
1 13 of the following:  
1 14 (1) Is located in a county with a population of at least  
1 15 fifteen thousand but not more than eighteen thousand and whose  
1 16 county seat has a population of at least eleven thousand but  
1 17 not more than fifteen thousand.  
1 18 (2) Has an average annual attendance at the fair event  
1 19 during the last three calendar years of at least one hundred  
1 20 fifty thousand individuals.  
1 21 (3) Has an infrastructure project involving the  
1 22 construction of new buildings or improvements to land and  
1 23 existing buildings that is underway at the fairgrounds where  
1 24 the county fair event is held or contracts have been let for  
1 25 such infrastructure project where construction will begin  
1 26 within six months.  
1 27 2. The amount of tax credit shall be calculated as  
1 28 provided in this subsection as follows:  
1 29 a. For the first tax year for which the tax credit is  
1 30 claimed, determine the tax credit as follows:  
1 31 (1) Calculate the average daily state sales tax collected  
1 32 in the city nearest the fairgrounds where the eligible fair is  
1 33 held during the base period multiplied by the number of days  
1 34 of the county fair event beginning after the base period.  
1 35 (2) Calculate the sum of the state sales tax collected in  
2 1 the city nearest the fairgrounds during the time the county  
2 2 fair event is held after the base period plus the state sales  
2 3 tax collected during the county fair event held after the base  
2 4 period.  
2 5 (3) Subtract the amount computed under subparagraph (1)  
2 6 from the amount computed under subparagraph (2). This is the  
2 7 amount of the tax credit.  
2 8 For purposes of the calculation in this paragraph "a",  
2 9 "base period" means the two calendar quarters ending  
2 10 immediately before the county fair event that is held in the  
2 11 calendar year preceding the calendar year in which the tax  
2 12 year for which the tax credit will first be claimed.  
2 13 b. The tax credit computed in paragraph "a" shall be  
2 14 allowed for up to four consecutive tax years. However, the  
2 15 total amount of the tax credits for the eligible fair shall  
2 16 not exceed the lesser of the following:  
2 17 (1) The cost of the infrastructure project.  
2 18 (2) One million six hundred thousand dollars.  
2 19 3. Any credit in excess of the tax liability is not

2 20 refundable but the excess for the tax year may be credited to  
2 21 the tax liability for the following ten tax years or until  
2 22 depleted, whichever is earlier.

2 23 4. An individual may claim the tax credit allowed a  
2 24 partnership, limited liability company, S corporation, estate,  
2 25 or trust electing to have the income taxed directly to the  
2 26 individual. The amount claimed by the individual shall be  
2 27 based upon the pro rata share of the individual's earnings of  
2 28 the partnership, limited liability company, S corporation,  
2 29 estate, or trust.

2 30 5. a. To claim the tax credit, the eligible fair shall  
2 31 file an application with the department of revenue on forms  
2 32 approved by the director of revenue establishing its  
2 33 eligibility, the total cost of the infrastructure project for  
2 34 which the claim is made, and other information required by the  
2 35 department.

3 1 b. After verifying the eligibility for the tax credit, the  
3 2 department of revenue shall issue a county fair project tax  
3 3 credit certificate to be attached to the person's tax return.  
3 4 The tax credit certificate shall contain the taxpayer's name,  
3 5 address, tax identification number, the date of project  
3 6 completion, the amount of credit, other information required  
3 7 by the department of revenue, and a place for the name and tax  
3 8 identification number of a transferee and the amount of the  
3 9 tax credit being transferred.

3 10 6. a. Tax credit certificates issued under this section  
3 11 may be transferred to any person or entity. Within ninety  
3 12 days of transfer, the transferee must submit the transferred  
3 13 tax credit certificate to the department of revenue along with  
3 14 a statement containing the transferee's name, tax  
3 15 identification number, and address, and the denomination that  
3 16 each replacement tax credit certificate is to carry and any  
3 17 other information required by the department of revenue.  
3 18 Within thirty days of receiving the transferred tax credit  
3 19 certificate and the transferee's statement, the department of  
3 20 revenue shall issue one or more replacement tax credit  
3 21 certificates to the transferee. Each replacement certificate  
3 22 must contain the information required under subsection 5,  
3 23 paragraph "b", that appeared on the transferred tax credit  
3 24 certificate. Tax credit certificate amounts of less than the  
3 25 minimum amount established by rule of the department shall not  
3 26 be transferable. A tax credit shall not be claimed by a  
3 27 transferee under this section until a replacement tax credit  
3 28 certificate identifying the transferee as the proper holder  
3 29 has been issued.

3 30 b. The transferee may use the amount of the tax credit  
3 31 transferred against the taxes imposed under chapter 422,  
3 32 divisions II, III, and V, and chapter 432 for any tax year the  
3 33 original transferor could have claimed the tax credit. Any  
3 34 consideration received for the transfer of the tax credit  
3 35 shall not be included as income under chapter 422, divisions  
4 1 II, III, and V. Any consideration paid for the transfer of  
4 2 the tax credit shall not be deducted from income under chapter  
4 3 422, divisions II, III, and V.

4 4 Sec. 2. NEW SECTION. 422.11T COUNTY FAIR PROJECT TAX  
4 5 CREDIT.

4 6 The taxes imposed under this division, less the credits  
4 7 allowed under sections 422.12 and 422.12B, shall be reduced by  
4 8 a county fair project tax credit as provided in section  
4 9 174.25.

4 10 Sec. 3. Section 422.33, Code 2007, is amended to read by  
4 11 adding the following new subsection:

4 12 NEW SUBSECTION. 24. The taxes imposed under this division  
4 13 shall be reduced by a county fair project tax credit as  
4 14 provided in section 174.25.

4 15 Sec. 4. Section 422.60, Code 2007, is amended by adding  
4 16 the following new subsection:

4 17 NEW SUBSECTION. 13. The taxes imposed under this division  
4 18 shall be reduced by a county fair project tax credit as  
4 19 provided in section 174.25.

4 20 Sec. 5. NEW SECTION. 432.12J COUNTY FAIR PROJECT TAX  
4 21 CREDIT.

4 22 The taxes imposed under this chapter shall be reduced by a  
4 23 county fair project tax credit as provided in section 174.25.

4 24 Sec. 6. RETROACTIVE APPLICABILITY DATE. This Act applies  
4 25 retroactively to January 1, 2007, for tax years beginning on  
4 26 or after that date.

4 27 EXPLANATION

4 28 This bill provides a tax credit for a fair organization  
4 29 that operates a county fair located in a county with a  
4 30 population of 15,000 to 18,000, where the county seat has a

4 31 population of 11,000 to 15,000, and the average annual  
4 32 attendance at the county fair for the last three years has  
4 33 been 150,000 people. To receive the tax credit the fair  
4 34 organization must be or will be involved in the construction  
4 35 of new buildings or improvements to land and existing  
5 1 buildings at the fairgrounds.

5 2 The tax credit may be used to offset the tax liability  
5 3 under the individual and corporate income taxes, franchise  
5 4 tax, and insurance premium tax. The tax credit is  
5 5 transferable. The tax credit is nonrefundable but may be  
5 6 carried forward for up to 10 tax years or until used up.

5 7 The amount of the tax credit equals the excess of the state  
5 8 sales tax collected at the fair plus at establishments in the  
5 9 closest city to the fairgrounds over the average daily amount  
5 10 collected at those same establishments multiplied by the  
5 11 number of days of the county fair.

5 12 The amount of tax credit may be claimed for up to four tax  
5 13 years. However, the total amount of tax credit for the fair  
5 14 organization cannot exceed the cost of the infrastructure  
5 15 project or \$1.6 million, whichever is the lesser.

5 16 The bill applies retroactively to January 1, 2007, for tax  
5 17 years beginning on or after that date.

5 18 LSB 1359YH 82

5 19 mg:nh/gg/14