

Senate File 98 - Introduced

SENATE FILE _____
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 1082)

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

A BILL FOR

1 An Act relating to historic preservation and cultural and
2 entertainment district tax credits, making appropriations, and
3 providing applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1209SV 82
6 tm/gg/14

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1 1 Section 1. Section 404A.1, subsection 1, Code 2007, is
1 2 amended to read as follows:
1 3 1. A historic preservation and cultural and entertainment
1 4 district tax credit, subject to the availability of the
1 5 credit, is granted against the tax imposed under chapter 422,
1 6 division II, III, or V, or chapter 432, for the rehabilitation
1 7 of eligible property located in this state as provided in this
1 8 chapter. Tax credits in excess of tax liabilities shall be
1 9 refunded or credited as provided in section 404A.4, subsection
1 10 3.

1 11 Sec. 2. Section 404A.4, subsection 3, Code 2007, is
1 12 amended to read as follows:

1 13 3. A person receiving a historic preservation and cultural
1 14 and entertainment district tax credit under this chapter which
1 15 is in excess of the person's tax liability for the tax year is
1 16 entitled to a refund of the excess at a discounted value. ~~The~~
~~1 17 discounted value of the tax credit refund, as calculated by~~
~~1 18 the department of economic development, in consultation with~~
~~1 19 the department of revenue, shall be determined based on the~~
~~1 20 discounted value of the tax credit five years after the tax~~
~~1 21 year of the project completion at an interest rate equivalent~~
~~1 22 to the prime rate plus two percent. The refunded tax credit~~
~~1 23 shall not exceed seventy-five percent of the allowable tax~~
~~1 24 credit. Any credit in excess of the tax liability shall be~~
~~1 25 refunded with interest computed under section 422.25. In lieu~~
~~1 26 of claiming a refund, a taxpayer may elect to have the~~
~~1 27 overpayment shown on the taxpayer's final, completed return~~
~~1 28 credited to the tax liability for the following year.~~

1 29 Sec. 3. Section 404A.4, subsection 4, Code 2007, is
1 30 amended to read as follows:

1 31 4. The total amount of tax credits that may be approved
1 32 for a fiscal year under this chapter shall not exceed ~~two~~
1 33 ~~twenty~~ million four hundred thousand dollars less any amount
1 34 ~~appropriated pursuant to section 404A.6. For the fiscal~~
~~1 35 period beginning July 1, 2005, and ending June 30, 2015, an~~
~~2 1 additional four million dollars of tax credits may be approved~~
~~2 2 each fiscal year for purposes of projects located in cultural~~
~~2 3 and entertainment districts certified pursuant to section~~
~~2 4 303.3B. Of the tax credits approved for a fiscal year under~~
~~2 5 this chapter, two million dollars of tax credits shall be~~
~~2 6 allocated for purposes of projects with qualified costs of~~
~~2 7 five hundred thousand dollars or less, and seven million~~
~~2 8 dollars of tax credits shall be allocated for purposes of~~
~~2 9 projects located in cultural and entertainment districts~~
~~2 10 certified pursuant to section 303.3B or identified in Iowa~~
~~2 11 great places agreements developed pursuant to section 303.3C.~~
2 12 Any of the ~~additional~~ tax credits allocated for projects
2 13 located in certified cultural and entertainment districts or
2 14 identified in Iowa great places agreements and for projects
2 15 with a cost of five hundred thousand dollars or less that are
2 16 not approved reserved during a fiscal year shall be applied to

2 17 reserved tax credits issued in accordance with section 404A.3
2 18 in order of original reservation. The department of cultural
2 19 affairs shall establish by rule the procedures for the
2 20 application, review, selection, and awarding of certifications
2 21 of completion. The departments of ~~economic development,~~
2 22 cultural affairs, and revenue shall each adopt rules to
2 23 jointly administer this subsection and shall provide by rule
2 24 for the method to be used to determine for which fiscal year
2 25 the tax credits are available. With the exception of tax
2 26 credits issued pursuant to contracts entered into prior to
2 27 July 1, 2005, tax credits shall not be reserved for more than
2 28 five years.

2 29 Sec. 4. NEW SECTION. 404A.6 APPROPRIATION ==
2 30 ADMINISTRATIVE COSTS.

2 31 For the fiscal year beginning July 1, 2007, and each fiscal
2 32 year thereafter, there is appropriated from the general fund
2 33 of the state to the department of cultural affairs one hundred
2 34 fifty thousand dollars, or so much thereof as is necessary,
2 35 for purposes of costs associated with administering this

3 1 chapter.
3 2 Sec. 5. Section 422.11D, subsection 1, Code 2007, is
3 3 amended to read as follows:

3 4 1. The taxes imposed under this division, less the credits
3 5 allowed under sections 422.12 and 422.12B, shall be reduced by
3 6 a historic preservation and cultural and entertainment
3 7 district tax credit equal to the amount as computed under
3 8 chapter 404A for rehabilitating eligible property. Any credit
3 9 in excess of the tax liability shall be refunded or credited
3 10 to the following year, as provided in section 404A.4,
3 11 subsection 3.

3 12 Sec. 6. Section 422.33, subsection 10, paragraph a, Code
3 13 2007, is amended to read as follows:

3 14 a. The taxes imposed under this division shall be reduced
3 15 by a historic preservation and cultural and entertainment
3 16 district tax credit equal to the amount as computed under
3 17 chapter 404A for rehabilitating eligible property. Any credit
3 18 in excess of the tax liability shall be refunded or credited
3 19 to the following year, as provided in section 404A.4,
3 20 subsection 3.

3 21 Sec. 7. Section 422.60, subsection 4, paragraph a, Code
3 22 2007, is amended to read as follows:

3 23 a. The taxes imposed under this division shall be reduced
3 24 by a historic preservation and cultural and entertainment
3 25 district tax credit equal to the amount as computed under
3 26 chapter 404A for rehabilitating eligible property. Any credit
3 27 in excess of the tax liability shall be refunded or credited
3 28 to the following year, as provided in section 404A.4,
3 29 subsection 3.

3 30 Sec. 8. Section 432.12A, subsection 1, Code 2007, is
3 31 amended to read as follows:

3 32 1. The tax imposed under this chapter shall be reduced by
3 33 a historic preservation and cultural and entertainment
3 34 district tax credit equal to the amount as computed under
3 35 chapter 404A for rehabilitating eligible property. Any credit
4 1 in excess of the tax liability shall be refunded or credited
4 2 to the following year, as provided in section 404A.4,
4 3 subsection 3.

4 4 Sec. 9. TAX CREDIT CERTIFICATES == RESERVATION DATES.

4 5 1. In the order of original redemption dates, the
4 6 department of cultural affairs shall reissue historic
4 7 preservation and cultural and entertainment district tax
4 8 credit certificates held by the original tax credit
4 9 certificate recipient. Tax credit certificates that have been
4 10 sold since issuance shall not be reissued pursuant to this
4 11 subsection.

4 12 2. In the order of original reservation dates, the
4 13 department of cultural affairs shall modify the reservation
4 14 date of reserved historic preservation and cultural and
4 15 entertainment district tax credits based on the availability
4 16 of additional moneys for tax credits under this bill.

4 17 Sec. 10. APPLICABILITY. This Act applies to historic
4 18 preservation and cultural and entertainment district tax
4 19 credits applied for or reserved prior to July 1, 2007.

4 20 EXPLANATION

4 21 This bill relates to historic preservation and cultural and
4 22 entertainment district tax credits.

4 23 Currently, a person receiving a historic preservation and
4 24 cultural and entertainment district tax credit may receive a
4 25 tax credit refund at a discounted value for the amount in
4 26 excess of the taxpayer's tax liability in the year that the
4 27 tax credit is claimed.

4 28 The bill eliminates the discounting of the value of a
4 29 refund and allows the entire value of the tax credit to be
4 30 refunded. In addition, the bill allows a taxpayer, in lieu of
4 31 claiming a refund, to elect to have the overpayment shown on
4 32 the person's final, completed return credited to the tax
4 33 liability for the following year. The bill makes conforming
4 34 amendments.

4 35 Currently, the total amount of historic preservation and
5 1 cultural and entertainment district tax credits that may be
5 2 approved for a fiscal year shall not exceed \$2.4 million. For
5 3 the fiscal period beginning July 1, 2005, and ending June 30,
5 4 2015, an additional \$4 million of tax credits may be approved
5 5 each fiscal year for purposes of projects located in certified
5 6 cultural and entertainment districts.

5 7 The bill increases the amount of tax credits that may be
5 8 approved each fiscal year to \$20 million less the amount
5 9 appropriated for administrative costs. Of that amount, the
5 10 bill provides that \$2 million of tax credits shall be
5 11 allocated for purposes of projects with qualified costs of
5 12 \$500,000 or less, and \$7 million of tax credits shall be
5 13 allocated for purposes of projects located in certified
5 14 cultural and entertainment districts or identified in Iowa
5 15 great places agreements. The bill provides that any of the
5 16 tax credits allocated for projects located in certified
5 17 cultural and entertainment districts or identified in Iowa
5 18 great places agreements and for projects with a cost of
5 19 \$500,000 or less that are not reserved during a fiscal year
5 20 shall be applied to reserved tax credits in order of original
5 21 reservation.

5 22 The bill appropriates \$150,000 each fiscal year for the
5 23 fiscal year beginning July 1, 2007, and each fiscal year
5 24 thereafter, from the general fund of the state to the
5 25 department of cultural affairs for purposes of costs
5 26 associated with administering Code chapter 404A.

5 27 The bill provides that, in the order of redemption dates,
5 28 the department shall reissue the tax credit certificates held
5 29 by the original tax credit certificate recipient. The bill
5 30 provides that, in the order of original reservation dates, the
5 31 department shall modify the reservation date of the tax
5 32 credits based on the availability of additional moneys for tax
5 33 credits under the bill.

5 34 The bill applies to historic preservation and cultural and
5 35 entertainment district tax credits applied for or reserved
6 1 prior to July 1, 2007.

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