

Senate Study Bill 3091

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT
BILL)

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

A BILL FOR

1 An Act increasing the amount of investment tax credit for which
2 an eligible housing business may qualify if specified energy
3 efficiency standards are met, and including effective and
4 retroactive applicability date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6 TLSB 5506XD 82

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1 1 Section 1. Section 15E.193B, subsection 6, paragraph a,
1 2 Code 2007, is amended to read as follows:

1 3 a. An eligible housing business may claim a tax credit up
1 4 to a maximum of ten percent of the new investment which is
1 5 directly related to the building or rehabilitating of a
1 6 minimum of four single-family homes located in that part of a
1 7 city or county in which there is a designated enterprise zone
1 8 or one multiple dwelling unit building containing three or
1 9 more individual dwelling units located in that part of a city
1 10 or county in which there is a designated enterprise zone.

1 11 However, the following construction or rehabilitation projects
1 12 meeting or exceeding United States environmental protection
1 13 agency energy star or target finder rating performance
1 14 requirements may claim a tax credit up to a maximum of twelve
1 15 percent of the eligible new investment:

1 16 (1) Multifamily unit projects with three floors or less
1 17 above-grade that achieve the energy star label and a home
1 18 energy rating system index of eighty-five or higher.

1 19 (2) Single-family unit projects with three floors or less
1 20 above-grade that achieve the energy star label and a home
1 21 energy rating system index of eighty or higher.

1 22 (3) Projects that include both commercial space and
1 23 residential units and have more than three floors above-grade
1 24 that achieve an energy star target finder rating of
1 25 seventy-five or higher.

1 26 Information documenting achievement of these ratings shall
1 27 be provided by the eligible housing business and verified by
1 28 the department.

1 29 PARAGRAPH DIVIDED. The new investment that may be used to
1 30 compute the tax credit shall not exceed the new investment
1 31 used for the first one hundred forty thousand dollars of value
1 32 for each single-family home or for each unit of a multiple
1 33 dwelling unit building containing three or more units. The
1 34 tax credit may be used to reduce the tax liability imposed
1 35 under chapter 422, division II, III, or V, or chapter 432.

2 1 Any credit in excess of the tax liability for the tax year may
2 2 be credited to the tax liability for the following seven years
2 3 or until depleted, whichever occurs earlier. If the business
2 4 is a partnership, S corporation, limited liability company, or
2 5 estate or trust electing to have the income taxed directly to
2 6 the individual, an individual may claim the tax credit
2 7 allowed. The amount claimed by the individual shall be based
2 8 upon the pro rata share of the individual's earnings of the
2 9 partnership, S corporation, limited liability company, or
2 10 estate or trust except as allowed for under subsection 8 when
2 11 low-income housing tax credits authorized under section 42 of
2 12 the Internal Revenue Code are used to assist in the financing
2 13 of the housing development.

2 14 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

2 15 This Act, being deemed of immediate importance, takes effect
2 16 upon enactment and applies retroactively to tax years

2 17 beginning on or after January 1, 2008.

2 18 EXPLANATION

2 19 This bill provides for an increased tax credit for
2 20 enterprise zone housing projects which meet certain energy
2 21 efficiency standards. Currently, an eligible housing business
2 22 may claim a tax credit up to a maximum of 10 percent of the
2 23 business' new investment which is directly related to the
2 24 building or rehabilitating of a specified form of housing
2 25 located in a part of a city or county in which there is a
2 26 designated enterprise zone. The bill increases the tax credit
2 27 to 12 percent if a project meets specified environmental
2 28 protection agency energy star or target finder rating
2 29 performance requirements. The bill requires information
2 30 documenting achievement of the specified ratings to be
2 31 provided to the department of economic development by an
2 32 eligible housing business and verified by the department.

2 33 The bill takes effect upon enactment, and applies
2 34 retroactively to tax years beginning on or after January 1,
2 35 2008.

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