

House File 2006 - Introduced

HOUSE FILE 2006
BY ISENHART

A BILL FOR

1 An Act providing for the periodic repeal of state and local tax
2 expenditures and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 421C.1 Tax expenditures repealed.

2 1. Beginning on June 30, 2011, and every fourth year
3 thereafter, each Code provision in effect that provides for
4 a state or local tax expenditure is repealed. For purposes
5 of this section, "tax expenditure" means an exclusion from
6 the operation or collection of a tax imposed in this state.
7 Tax expenditures include tax credits, exemptions, deductions,
8 and rebates. Tax expenditures also include sales tax refunds
9 issued pursuant to section 423.4.

10 2. Every four years, the general assembly and the
11 governor shall review all tax expenditures of the state and
12 its political subdivisions and shall give consideration to
13 reenactment of those tax expenditures which are found to
14 achieve the public policy goals for which they were originally
15 enacted.

16 3. a. The repeal of a tax expenditure shall be applicable
17 beginning with the tax year, assessment year, or fiscal year,
18 as applicable, following the date of the repeal.

19 b. The repeal of a tax expenditure originally taken prior
20 to its repeal that authorized the carryforward of an unused
21 portion of the tax expenditure shall continue to be valid
22 after its repeal until the unused portion is depleted or until
23 expiration of the carryforward period provided for in the
24 statutory authorization for the tax expenditure, whichever
25 is earlier. The repeal of a tax expenditure shall not apply
26 to a taxpayer who was authorized to take the tax expenditure
27 pursuant to a contract entered into with a state agency
28 until such time as the contract is voided or expires. A tax
29 expenditure authorized for multiple years that is repealed
30 pursuant to this section shall continue after the date of
31 repeal until its expiration provided for in the statutory
32 authorization for the tax expenditure.

33 Sec. 2. APPLICABILITY. This Act applies to tax expenditures
34 in effect on and after June 30, 2011.

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EXPLANATION

2 This bill provides for the automatic repeal of all state and
3 local tax expenditures every fourth year, beginning on June 30,
4 2011. A "tax expenditure" is an exclusion from the operation
5 or collection of a tax imposed in this state. Tax expenditures
6 include tax credits, exemptions, deductions, and rebates. Tax
7 expenditures also include sales tax refunds issued pursuant to
8 section 423.4.

9 Every four years, the general assembly and the governor must
10 review all tax expenditures of the state and its political
11 subdivisions and give consideration to reenactment of those tax
12 expenditures which are found to achieve the public policy goals
13 for which they were originally enacted.

14 The repeal of a tax expenditure is applicable beginning with
15 the tax year, assessment year, or fiscal year following the
16 date of the repeal. The repeal of a tax expenditure originally
17 taken prior to its repeal that authorized the carryforward
18 of an unused portion of the tax expenditure continues to be
19 valid after its repeal until the unused portion is depleted or
20 until the statutory carryforward period has expired, whichever
21 is earlier. The repeal of a tax expenditure does not apply
22 to a taxpayer who was authorized to take the tax expenditure
23 pursuant to a contract entered into with a state agency
24 until such time as the contract is voided or expires. A tax
25 expenditure authorized for multiple years that is repealed
26 continues to be valid after the date of repeal until its
27 statutory expiration.

28 The bill applies to tax expenditures in effect on and after
29 June 30, 2011.