

House File 2349 - Introduced

HOUSE FILE 2349
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HF 2082)

A BILL FOR

1 An Act providing for a tax credit against the individual
2 and corporate income taxes, the franchise tax, insurance
3 premiums tax, and the moneys and credits tax for a
4 charitable contribution to certain institutions engaged in
5 regenerative medicine research and including a retroactive
6 applicability date provision.

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

1 Section 1. NEW SECTION. 422.11Y Regenerative medicine
2 research tax credit.

3 1. a. The taxes imposed under this division, less the
4 credits allowed under section 422.12, shall be reduced by a
5 regenerative medicine research tax credit.

6 b. The credit shall be in an amount equal to twenty
7 percent of a taxpayer's charitable contribution to an eligible
8 research institution located in the state. For purposes
9 of this section, "*eligible research institution*" means a
10 nonprofit organization exempt from federal income taxation
11 under section 501(c)(3) of the Internal Revenue Code that is
12 engaged in research designed to improve patient care through
13 the development and dissemination of novel clinical therapies
14 for the functional repair and replacement of diseased tissues
15 and organs.

16 c. An individual may claim a tax credit under this
17 subsection of a partnership, limited liability company,
18 S corporation, estate, or trust electing to have income
19 taxed directly to the individual. The amount claimed by the
20 individual shall be based upon the pro rata share of the
21 individual's earnings from the partnership, limited liability
22 company, S corporation, estate, or trust.

23 d. Any tax credit in excess of the taxpayer's tax liability
24 for the tax year is not refundable, but the taxpayer may
25 elect to have the excess credited to the tax liability for
26 the following four tax years or until depleted, whichever is
27 earlier.

28 2. a. To claim a tax credit under this section, the
29 taxpayer shall apply to the department for a tax credit
30 certificate. After verifying the eligibility of a taxpayer for
31 a tax credit pursuant to this section, the department shall
32 issue a tax credit certificate to be attached to the taxpayer's
33 tax return. The tax credit certificate shall be issued on
34 a first-come, first-served basis based upon the date of the
35 application and shall contain the taxpayer's name, address,

1 tax identification number, the amount of the credit, the
2 certificate expiration date, and any other information required
3 by the department.

4 *b.* To claim a tax credit under this section, a taxpayer must
5 attach one or more tax credit certificates to the taxpayer's
6 tax return. The tax credit certificate or certificates
7 attached to the taxpayer's tax return shall be issued in the
8 taxpayer's name, and the expiration date on the certificate
9 shall be a date that falls on or after the last day of the
10 taxable year for which the taxpayer is claiming the tax credit.

11 *c.* The tax credit certificate, unless otherwise void,
12 shall be accepted by the department as payment toward the
13 tax liability of the taxpayer, subject to any conditions or
14 restrictions placed by the department upon the face of the
15 tax credit certificate and subject to the limitations of this
16 section.

17 *d.* Tax credit certificates issued under this section are not
18 transferable to any person or entity.

19 3. A deduction pursuant to section 170 of the Internal
20 Revenue Code for the amount of the contribution eligible for
21 the tax credit is not allowed for state tax purposes.

22 4. The maximum amount of tax credits issued in a fiscal
23 year pursuant to this section, section 422.33, subsection 29,
24 section 422.60, subsection 15, section 432.12M, and section
25 533.329, subsection 2, paragraph "n", shall not exceed ten
26 million dollars.

27 Sec. 2. Section 422.33, Code Supplement 2009, is amended by
28 adding the following new subsection:

29 NEW SUBSECTION. 29. The taxes imposed under this division
30 shall be reduced by a regenerative medicine research tax credit
31 in the same manner, for the same amount, and under the same
32 conditions as provided in section 422.11Y.

33 Sec. 3. Section 422.60, Code Supplement 2009, is amended by
34 adding the following new subsection:

35 NEW SUBSECTION. 15. The taxes imposed under this division

1 shall be reduced by a regenerative medicine research tax credit
2 in the same manner, for the same amount, and under the same
3 conditions as provided in section 422.11Y.

4 Sec. 4. NEW SECTION. **432.12M Regenerative medicine research**
5 **tax credit.**

6 The taxes imposed under this chapter shall be reduced by a
7 regenerative medicine research tax credit in the same manner,
8 for the same amount, and under the same conditions as provided
9 in section 422.11Y.

10 Sec. 5. Section 533.329, subsection 2, Code Supplement
11 2009, is amended by adding the following new paragraph:

12 NEW PARAGRAPH. *n.* The moneys and credits tax imposed
13 under this section shall be reduced by a regenerative medicine
14 research tax credit in the same manner, for the same amount,
15 and under the same conditions as provided in section 422.11Y.

16 Sec. 6. **RETROACTIVE APPLICABILITY.** This Act applies
17 retroactively to January 1, 2010, for tax years beginning on
18 or after that date.

19 **EXPLANATION**

20 This bill provides a credit against the individual or
21 corporate income tax, the franchise tax, the insurance
22 premiums tax, and the moneys and credits tax for 20 percent
23 of a taxpayer's contribution to a regenerative medicine
24 research institution located in the state. Generally,
25 such contributions are tax deductible under current federal
26 and state law, and taking a deduction for the contribution
27 precludes the taxpayer from claiming the credit.

28 The tax credit is not refundable but, at the taxpayer's
29 election, may be credited to the taxpayer's tax liability for
30 up to four subsequent tax years or until depletion, whichever
31 is earlier. The tax credits are not transferable. The maximum
32 amount of tax credits is limited to \$10 million in any one
33 fiscal year. The department of revenue approves the tax
34 credits and issues the tax credit certificates to taxpayers.

35 The bill applies retroactively to January 1, 2010, for tax

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1 years beginning on or after that date.