

**House File 2527 - Introduced**

HOUSE FILE 2527

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 738)

**A BILL FOR**

1 An Act relating to taxation, including the administration and  
2 review of certain economic development programs and certain  
3 tax incentive programs and the reenactment of the estate  
4 tax and including effective date and retroactive and other  
5 applicability provisions.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I

REVIEW AND REAUTHORIZATION OF PROGRAMS

Section 1. INTENT AND PURPOSE.

1. It is the intent of the general assembly that each tax credit, withholding credit, and revenue division program should effectuate the purposes for which it was enacted and that the cost of such programs should be included more readily in the yearly budgeting process.

2. The purposes of this Act are to provide for the regular review of all tax credit, withholding credit, and revenue division programs in order to facilitate the reauthorization of successful programs and to do so at a cost that can be accommodated by the state's annual budget.

DIVISION II

LEGISLATIVE TAX EXPENDITURE COMMITTEE

Sec. 2. Section 2.45, Code Supplement 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 5. *a.* The legislative tax expenditure committee which shall be composed of ten members of the general assembly, consisting of five members from each house, to be appointed by the legislative council. In appointing the five members of each house to the committee, the council shall appoint three members from the majority party and two members from the minority party.

*b.* The legislative tax expenditure committee shall have the powers and duties described in section 2.48.

Sec. 3. NEW SECTION. 2.48 Legislative tax expenditure committee — review of tax incentive programs.

1. *Statement of principles of sound tax policy.* The legislative tax expenditure committee shall do all of the following:

*a.* Issue a statement of principles of sound tax policy.

(1) In issuing the statement, the committee may consult with the department of revenue, the legislative services agency, and independent experts who have demonstrated expertise in

1 matters of tax policy, fiscal policy, and public finance such  
2 as that typically found among tax attorneys, certified public  
3 accountants, and faculty members at institutions of higher  
4 learning in the state.

5 (2) The statement shall reflect to the extent practicable  
6 the best practices of state and local taxation as recognized  
7 by experts in the fields of economics, fiscal policy, law,  
8 accounting, and public finance.

9 (3) The statement shall address issues of equity,  
10 simplicity, competitiveness, public purpose, and adequacy as  
11 those issues pertain to taxation in Iowa.

12 *b.* Evaluate any tax expenditure available under Iowa law  
13 and assess its conformance with the statement of principles of  
14 sound tax policy issued pursuant to paragraph "a". For purposes  
15 of this section, "tax expenditure" means an exclusion from  
16 the operation or collection of a tax imposed in this state.  
17 Tax expenditures include tax credits, exemptions, deductions,  
18 and rebates. Tax expenditures also include sales tax refunds  
19 issued pursuant to section 423.3 or section 423.4.

20 *c.* Establish and maintain a system for making available  
21 to the public information about the amount and effectiveness  
22 of tax expenditures, and the extent to which tax expenditures  
23 comply with the statement of principles of sound tax policy.

24 2. *Review of tax expenditures — budget estimates.* The  
25 legislative tax expenditure committee shall do all of the  
26 following:

27 *a.* Engage in the regular review of the state's tax  
28 expenditures.

29 (1) In reviewing tax expenditures, the committee may review  
30 any tax expenditure at any time, but shall at a minimum perform  
31 the reviews described in subsection 3.

32 (2) For each tax expenditure reviewed, the committee shall  
33 submit a report to the legislative council containing the  
34 results of the review. The report shall contain a statement  
35 of the policy goals of the tax expenditure and a return on

1 investment calculation for the tax expenditure. For purposes  
2 of this subparagraph, "*return on investment calculation*"  
3 means analyzing the cost to the state of providing the tax  
4 expenditure, analyzing the benefits realized by the state from  
5 providing the tax expenditure, and reaching a conclusion as to  
6 whether the benefits of the tax expenditure are worth the cost  
7 to the state of providing the tax expenditure.

8 (3) The report described in subparagraph (2) may include  
9 recommendations for better aligning tax expenditures with the  
10 principles of sound tax policy issued pursuant to subsection 1.

11 b. (1) Estimate for each fiscal year, in conjunction with  
12 the legislative services agency and the department of revenue,  
13 the cost of each individual tax expenditure and the total cost  
14 of all tax expenditures, and by December 15 provide those  
15 estimates to the governor for use in the preparation of the  
16 budget message under section 8.22 and to the general assembly  
17 to be used in the budget process.

18 (2) The estimates provided pursuant to subparagraph (1) may  
19 include the committee's recommendations for the imposition of a  
20 limitation on a specified tax expenditure, a limitation on the  
21 total amount of tax expenditures, or any other recommendation  
22 for a specific tax expenditure or the program under which the  
23 tax expenditure is provided.

24 3. *Schedule of review of certain tax expenditures.* The  
25 committee shall review the following tax expenditures and  
26 incentives according to the following schedule:

27 a. In 2011:

28 (1) The high quality jobs program under chapter 15,  
29 subchapter II, part 13.

30 (2) The tax credits for increasing research activities  
31 available under sections 15.335, 15A.9, 422.10, and 422.33.

32 b. In 2012:

33 (1) The Iowa fund of funds program in chapter 15E, division  
34 VII.

35 (2) Property tax revenue divisions for urban renewal areas

1 under section 403.19.

2 (3) The targeted jobs withholding credits available under  
3 section 403.19A.

4 (4) Funding of urban renewal projects with increased local  
5 sales and services tax revenues under section 423B.10.

6 (5) School tuition organization tax credits under sections  
7 422.11S and 422.33.

8 (6) Tuition and textbook tax credits under section 422.12.  
9 c. In 2013:

10 (1) The child and dependent care and early childhood  
11 development tax credits under section 422.12C.

12 (2) The endow Iowa tax credits authorized under section  
13 15E.305.

14 d. In 2014:

15 (1) Tax credits for investments in qualifying businesses  
16 and community-based seed capital funds under chapter 15E,  
17 division V.

18 (2) Historic preservation and cultural and entertainment  
19 district tax credits under chapter 404A.

20 (3) Wind energy production tax credits under chapter 476B.

21 (4) Renewable energy tax credits under chapter 476C.

22 e. In 2015:

23 (1) The agricultural assets transfer tax credit under  
24 section 175.37.

25 (2) The claim of right tax credit under section 422.5.

26 (3) The reduction in allocating income to Iowa by S  
27 corporation shareholders under section 422.8.

28 (4) The minimum tax credit under sections 422.11B, 422.33,  
29 and 422.60.

30 (5) The assistive device corporate tax credit under section  
31 422.33.

32 (6) The charitable conservation contribution tax credit  
33 under sections 422.11W and 422.33.

34 (7) The motor vehicle fuel tax credit under section 422.110.

35 4. A tax expenditure or incentive reviewed pursuant to

1 subsection 3 shall be reviewed again not more than five years  
2 after the tax expenditure or incentive was most recently  
3 reviewed.

4 DIVISION III

5 MAXIMUM AGGREGATE TAX CREDIT LIMIT FOR CERTAIN ECONOMIC  
6 DEVELOPMENT PROGRAMS

7 Sec. 4. Section 15.119, subsection 1, Code Supplement 2009,  
8 is amended by striking the subsection and inserting in lieu  
9 thereof the following:

10 1. *a.* Notwithstanding any provision to the contrary in any  
11 of the programs listed in subsection 2, the department, except  
12 as provided in paragraph "b", shall not authorize for any one  
13 fiscal year an amount of tax credits for the programs specified  
14 in subsection 2 that is in excess of one hundred twenty million  
15 dollars.

16 *b.* The department may authorize an amount of tax credits  
17 during a fiscal year that is in excess of the amount specified  
18 in paragraph "a", but the amount of such excess shall be counted  
19 against the total amount of tax credits that may be authorized  
20 for the next fiscal year.

21 DIVISION IV

22 FILM PROGRAM SUSPENSION

23 Sec. 5. Section 15.393, Code Supplement 2009, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 5. The department shall not register a new  
26 project pursuant to this section until July 1, 2012.

27 Sec. 6. EFFECTIVE UPON ENACTMENT. This division of this  
28 Act, being deemed of immediate importance, takes effect upon  
29 enactment.

30 DIVISION V

31 SUPPLEMENTAL RESEARCH ACTIVITIES CREDIT

32 Sec. 7. Section 15.335, Code Supplement 2009, is amended to  
33 read as follows:

34 **15.335 Research activities credit.**

35 1. *a.* An eligible business may claim a corporate tax credit

1 for increasing research activities in this state during the  
2 period the eligible business is participating in the program.

3 b. For purposes of this section, "*research activities*"  
4 includes the development and deployment of innovative renewable  
5 energy generation components manufactured or assembled in this  
6 state. For purposes of this section, "*innovative renewable*  
7 *energy generation components*" does not include a component  
8 with more than two hundred megawatts of installed effective  
9 nameplate capacity.

10 c. The tax credits for innovative renewable energy  
11 generation components shall not exceed two million dollars.

12 2. a. (1) ~~The~~ In the case of an eligible business whose  
13 gross revenues do not exceed twenty million dollars per year,  
14 the credit equals the sum of the following:

15 (a) (1) ~~Six and one-half~~ Ten percent of the excess of  
16 qualified research expenses during the tax year over the base  
17 amount for the tax year based upon the state's apportioned  
18 share of the qualifying expenditures for increasing research  
19 activities.

20 (b) (2) ~~Six and one-half~~ Ten percent of the basic research  
21 payments determined under section 41(e)(1)(A) of the Internal  
22 Revenue Code during the tax year based upon the state's  
23 apportioned share of the qualifying expenditures for increasing  
24 research activities.

25 b. In the case of an eligible business whose gross revenues  
26 exceed twenty million dollars per year, the credit equals the  
27 sum of the following:

28 (1) Three percent of the excess of qualified research  
29 expenses during the tax year over the base amount for the tax  
30 year based upon the state's apportioned share of the qualifying  
31 expenditures for increasing research activities.

32 (2) Three percent of the basic research payments determined  
33 under section 41(e)(1)(A) of the Internal Revenue Code during  
34 the tax year based upon the state's apportioned share of the  
35 qualifying expenditures for increasing research activities.

1     ~~(2)~~ 3. ~~The~~ For purposes of subsection 2, the state's  
2 apportioned share of the qualifying expenditures for increasing  
3 research activities is a percent equal to the ratio of  
4 qualified research expenditures in this state to total  
5 qualified research expenditures.

6     ~~b,~~ 4. a. In lieu of the credit amount computed in  
7 ~~paragraph "a", subparagraph (1)~~ subsection 2, an eligible  
8 business may elect to compute the credit amount for qualified  
9 research expenses incurred in this state in a manner consistent  
10 with the alternative incremental credit described in section  
11 41(c)(4) of the Internal Revenue Code. The taxpayer may make  
12 this election regardless of the method used for the taxpayer's  
13 federal income tax. The election made under this paragraph is  
14 for the tax year and the taxpayer may use another or the same  
15 method for any subsequent year.

16     ~~e, b.~~ b. For purposes of the alternate credit computation  
17 method in ~~paragraph "b" "a",~~ the credit percentages applicable  
18 to qualified research expenses described in clauses (i), (ii),  
19 and (iii) of section 41(c)(4)(A) of the Internal Revenue Code  
20 ~~are one and sixty-five hundredths percent, two and twenty~~  
21 ~~hundredths percent, and two and seventy-five hundredths~~  
22 ~~percent, respectively.~~ as follows:

23     (1) In the case of an eligible business whose gross revenues  
24 do not exceed twenty million dollars per year, the credit  
25 percentages are two and fifty-four hundredths percent, three  
26 and thirty-eight hundredths percent, and four and twenty-three  
27 hundredths percent, respectively.

28     (2) In the case of an eligible business whose gross revenues  
29 exceed twenty million dollars per year, the credit percentages  
30 are seventy-six hundredths percent, one and two hundredths  
31 percent, and one and twenty-seven hundredths percent,  
32 respectively.

33     ~~2.~~ 5. The credit allowed in this section is in addition  
34 to the credit authorized in section 422.10 and section 422.33,  
35 subsection 5. However, if the alternative credit computation



1 method is used in section 422.10 or section 422.33, subsection  
2 5, the credit allowed in this section shall also be computed  
3 using that method.

4 ~~3.~~ 6. If the eligible business is a partnership, S  
5 corporation, limited liability company, or estate or trust  
6 electing to have the income taxed directly to the individual,  
7 an individual may claim the tax credit allowed. The amount  
8 claimed by the individual shall be based upon the pro rata  
9 share of the individual's earnings of the partnership, S  
10 corporation, limited liability company, or estate or trust.

11 ~~4.~~ 7. a. For purposes of this section, "*base amount*",  
12 "*basic research payment*", and "*qualified research expense*" mean  
13 the same as defined for the federal credit for increasing  
14 research activities under section 41 of the Internal Revenue  
15 Code, except that for the alternative incremental credit such  
16 amounts are for research conducted within this state.

17 b. For purposes of this section, "*Internal Revenue Code*"  
18 means the Internal Revenue Code in effect on January 1, 2009.

19 ~~5.~~ 8. Any credit in excess of the tax liability for the  
20 taxable year shall be refunded with interest computed under  
21 section 422.25. In lieu of claiming a refund, a taxpayer may  
22 elect to have the overpayment shown on its final, completed  
23 return credited to the tax liability for the following year.

24 ~~6.~~ 9. The department of revenue shall by February 15  
25 of each year issue an annual report to the general assembly  
26 containing the total amount of all claims made by employers  
27 under this section, and the portion of the claims issued as  
28 refunds, for all claims processed during the previous calendar  
29 year. The report shall contain the name of each claimant for  
30 whom a tax credit in excess of five hundred thousand dollars  
31 was issued and the amount of the credit received.

32 Sec. 8. APPLICABILITY. This division of this Act applies  
33 to tax credits awarded under section 15.335 on or after July  
34 1, 2010.

35

DIVISION VI

1       MAXIMUM AMOUNT OF ACCELERATED CAREER EDUCATION JOB CREDITS

2       Sec. 9. Section 260G.4B, subsection 1, Code 2009, is amended  
3 to read as follows:

4       1. The total amount of program job credits from all  
5 employers which shall be allocated for all accelerated career  
6 education programs in the state in any one fiscal year shall  
7 not exceed ~~the sum of three million dollars in the fiscal~~  
8 ~~year beginning July 1, 2000, three million dollars in the~~  
9 ~~fiscal year beginning July 1, 2001, three million dollars~~  
10 ~~in the fiscal year beginning July 1, 2002, four million~~  
11 ~~dollars in the fiscal year beginning July 1, 2003, and six~~  
12 ~~million dollars in the fiscal year beginning July 1, 2004,~~  
13 ~~and every fiscal year thereafter~~ five million four hundred  
14 thousand dollars. Any increase in program job credits above  
15 ~~the six million dollar limitation per fiscal year shall be~~  
16 ~~developed, based on recommendations in a study conducted by~~  
17 ~~the department of economic development, pursuant to this~~  
18 ~~section, Code Supplement 2003, of the needs and performance of~~  
19 ~~approved programs in the fiscal years beginning July 1, 2000,~~  
20 ~~and July 1, 2001.~~ A community college shall file a copy of  
21 each agreement with the department of economic development.  
22 The department shall maintain an annual record of the proposed  
23 program job credits under each agreement for each fiscal year.  
24 Upon receiving a copy of an agreement, the department shall  
25 allocate any available amount of program job credits to the  
26 community college according to the agreement sufficient for  
27 the fiscal year and for the term of the agreement. When the  
28 total available program job credits are allocated for a fiscal  
29 year, the department shall notify all community colleges that  
30 the maximum amount has been allocated and that further program  
31 job credits will not be available for the remainder of the  
32 fiscal year. Once program job credits have been allocated to  
33 a community college, the full allocation shall be received by  
34 the community college throughout the fiscal year and for the  
35 term of the agreement even if the statewide program job credit

1 maximum amount is subsequently allocated and used.

2

DIVISION VII

3

MAXIMUM AMOUNT OF AGRICULTURAL ASSET TRANSFER TAX CREDITS

4

Sec. 10. Section 175.37, subsection 10, Code Supplement

5

2009, is amended to read as follows:

6

10. The amount of tax credit certificates that may be issued

7

pursuant to this section shall not exceed ~~six~~ two million

8

dollars in any fiscal year. The authority shall issue the tax

9

credit certificates on a first-come, first-served basis.

10

DIVISION VIII

11

ECONOMIC DEVELOPMENT REGION REVOLVING LOAN FUND TAX CREDIT

12

Sec. 11. Section 15E.231, subsection 2, Code Supplement

13

2009, is amended by striking the subsection.

14

Sec. 12. Section 15E.232, subsections 1 and 2, Code 2009,

15

are amended by striking the subsections.

16

Sec. 13. Section 422.33, subsection 17, Code Supplement

17

2009, is amended by striking the subsection.

18

Sec. 14. Section 422.60, subsection 9, Code Supplement

19

2009, is amended by striking the subsection.

20

Sec. 15. Section 533.329, subsection 2, paragraph k, Code

21

Supplement 2009, is amended by striking the paragraph.

22

Sec. 16. REPEAL. Sections 422.11K and 432.12F, Code 2009,

23

are repealed.

24

Sec. 17. RETROACTIVE APPLICABILITY. This division of this

25

Act applies retroactively to January 1, 2010, for tax years

26

beginning on or after that date.

27

DIVISION IX

28

MAXIMUM AMOUNT OF ENDOW IOWA TAX CREDITS

29

Sec. 18. Section 15E.305, subsection 2, unnumbered

30

paragraph 1, Code Supplement 2009, is amended to read as

31

follows:

32

The aggregate amount of tax credits authorized pursuant to

33

this section shall not exceed a total of ~~three~~ two million

34

seven hundred thousand dollars plus such additional credit

35

amount as provided by this section annually. The maximum

1 amount of tax credits granted to a taxpayer shall not exceed  
2 five percent of the aggregate amount of tax credits authorized.

3 Sec. 19. EFFECTIVE UPON ENACTMENT. This division of this  
4 Act, being deemed of immediate importance, takes effect upon  
5 enactment.

6 Sec. 20. RETROACTIVE APPLICABILITY. This division of this  
7 Act applies retroactively to January 1, 2010, for endow Iowa  
8 tax credits authorized on or after that date.

9 DIVISION X

10 MAXIMUM AMOUNT OF SCHOOL TUITION ORGANIZATION TAX CREDITS

11 Sec. 21. Section 422.11S, subsection 7, paragraph a,  
12 subparagraph (2), Code 2009, is amended to read as follows:

13 (2) *"Total approved tax credits"* means ~~for the tax year~~  
14 ~~beginning in the 2006 calendar year, two million five hundred~~  
15 ~~thousand dollars, for the tax year beginning in the 2007~~  
16 ~~calendar year, five million dollars, and for tax years~~  
17 ~~beginning on or after January 1, 2008, seven~~ 2011, six million  
18 five seven hundred fifty thousand dollars.

19 DIVISION XI

20 VENTURE CAPITAL — IOWA FUND OF FUNDS

21 Sec. 22. Section 15E.66, subsections 1 and 7, Code 2009, are  
22 amended to read as follows:

23 1. The board may issue certificates and related tax  
24 credits to designated investors which, if redeemed for the  
25 maximum possible amount, shall not exceed a total aggregate  
26 of ~~one hundred~~ sixty million dollars of tax credits. The  
27 certificates shall be issued contemporaneously with a  
28 commitment to invest in the Iowa fund of funds by a designated  
29 investor. A certificate issued by the board shall have a  
30 specific maturity date or dates designated by the board and  
31 shall be redeemable only in accordance with the contingencies  
32 reflected on the certificate or incorporated therein by  
33 reference. A certificate and the related tax credit shall be  
34 transferable by the designated investor. A tax credit shall  
35 not be claimed or redeemed except by a designated investor or

1 transferee in accordance with the terms of a certificate from  
2 the board. A tax credit shall not be claimed for a tax year  
3 that begins earlier than the maturity date or dates stated  
4 on the certificate. An individual may claim the credit of a  
5 partnership, limited liability company, S corporation, estate,  
6 or trust electing to have the income taxed directly to the  
7 individual. The amount claimed by the individual shall be  
8 based upon the pro rata share of the individual's earnings from  
9 the partnership, limited liability company, S corporation,  
10 estate, or trust. Any tax credit in excess of the taxpayer's  
11 tax liability for the tax year may be credited to the tax  
12 liability for the following seven years, or until depleted,  
13 whichever is earlier.

14 7. In determining the ~~one hundred million dollar~~ maximum  
15 aggregate limit in subsection 1 and the ~~twenty million~~  
16 ~~dollar~~ fiscal year limitation in subsection 5, the board shall  
17 use the cumulative amount of scheduled aggregate returns on  
18 certificates issued by the board to designated investors.  
19 However, certificates and related tax credits which have  
20 expired shall not be included and certificates and related tax  
21 credits which have been redeemed shall be included only to the  
22 extent of tax credits actually allowed.

23 Sec. 23. EFFECTIVE UPON ENACTMENT. This division of this  
24 Act, being deemed of immediate importance, takes effect upon  
25 enactment.

26 DIVISION XII

27 VENTURE CAPITAL — INVESTMENT TAX CREDIT

28 Sec. 24. Section 422.33, subsection 13, Code Supplement  
29 2009, is amended by striking the subsection.

30 Sec. 25. Section 422.60, subsection 6, Code Supplement  
31 2009, is amended by striking the subsection.

32 Sec. 26. Section 533.329, subsection 2, paragraph i, Code  
33 Supplement 2009, is amended by striking the paragraph.

34 Sec. 27. REPEAL. Sections 15E.51, 422.11G, and 432.12B,  
35 Code 2009, are repealed.

1     Sec. 28. TAX CREDIT CERTIFICATE VALIDITY. Tax credit  
2 certificates issued for future tax years for investments made  
3 on or before July 1, 2010, under the provisions repealed in  
4 this division of this Act are valid and may be claimed by a  
5 taxpayer after the effective date of this division of this Act  
6 in the tax year stated on the certificate.

7                                   DIVISION XIII

8     REFUNDABLE INVESTMENT TAX CREDITS FOR VALUE-ADDED AGRICULTURAL  
9                                   PRODUCTS

10    Sec. 29. Section 15.333, subsection 3, Code Supplement  
11 2009, is amended by striking the subsection.

12    Sec. 30. EFFECTIVE UPON ENACTMENT. This division of this  
13 Act, being deemed of immediate importance, takes effect upon  
14 enactment.

15                                   DIVISION XIV

16                   MAXIMUM AMOUNT OF HISTORIC TAX CREDITS

17    Sec. 31. Section 404A.4, subsection 2, Code Supplement  
18 2009, is amended by adding the following new paragraph:

19    NEW PARAGRAPH. *d.* For the fiscal year beginning July 1,  
20 2012, and for each fiscal year thereafter, the department shall  
21 reserve not more than forty-five million dollars worth of tax  
22 credits for any one taxable year.

23    Sec. 32. Section 404A.4, subsection 4, paragraph a, Code  
24 Supplement 2009, is amended to read as follows:

25    *a.* The total amount of tax credits that may be approved  
26 for a fiscal year prior to the fiscal year beginning July  
27 1, 2012, under this chapter shall not exceed fifty million  
28 dollars. The total amount of tax credits that may be approved  
29 for a fiscal year beginning on or after July 1, 2012, shall not  
30 exceed forty-five million dollars.

31                                   DIVISION XV

32                   ESTATE TAX REENACTED

33    Sec. 33. NEW SECTION. **451.1 Definitions.**

34    As used in this chapter, unless the context otherwise  
35 requires:

1 1. "*Adjusted taxable estate*" means the taxable estate  
2 computed for federal estate tax purposes reduced by sixty  
3 thousand dollars.

4 2. "*Federal estate tax*" means the tax imposed by the  
5 provisions of the Federal Estate Tax Act.

6 3. "*Federal Estate Tax Act*" and all such similar terms,  
7 means Title III of chapter 27 of the Acts of the Sixty-ninth  
8 Congress of the United States, first session, appearing in  
9 44 Statutes at Large, chapter 27, as of January 1, 2000, as  
10 amended.

11 4. "*Gross estate*" means the gross estate as determined under  
12 section 451.3.

13 5. "*Internal Revenue Code*" means the Internal Revenue Code  
14 as of the implementation date of this chapter, as specified in  
15 section 451.13.

16 6. "*Iowa estate tax*" means the tax imposed by this chapter.

17 7. "*Month*" means a calendar month.

18 8. "*Net estate*" means the net estate as determined under the  
19 provisions of section 451.3.

20 9. "*Personal representative*" means the executor of the will  
21 or administrator of the estate of the decedent, or if there  
22 is no such executor or administrator appointed, qualified and  
23 acting, then any person in actual or constructive possession of  
24 any property included in the gross estate of the decedent.

25 Sec. 34. NEW SECTION. 451.2 Additional tax.

26 1. An amount equal to the federal estate tax credit for  
27 state inheritance and estate taxes as allowed in the Internal  
28 Revenue Code is imposed upon every transfer of the net estate  
29 of every decedent being a resident of, or owning property in,  
30 this state.

31 2. If the decedent is a resident of Iowa and all property  
32 is located in Iowa, or is subject to the jurisdiction of the  
33 courts of Iowa, an amount equal to the tax imposed under  
34 subsection 1 shall be paid to the state of Iowa. If the  
35 decedent is a nonresident or if property is located outside the

1 state of Iowa and not subject to jurisdiction of Iowa courts,  
2 the tax shall be prorated on the basis that the Iowa property  
3 bears to the total gross estate for federal tax purposes.

4 3. The total tax or the Iowa share of the total tax shall be  
5 credited with the amount of any inheritance tax due the state  
6 of Iowa as provided in chapter 450.

7 Sec. 35. NEW SECTION. **451.3 Gross and net estate.**

8 The gross estate shall be the same as finally determined for  
9 federal estate tax and the net estate shall be the gross estate  
10 less deductions as permitted by federal law, in arriving at the  
11 net taxable federal estate, all determined as provided in the  
12 Internal Revenue Code.

13 Sec. 36. NEW SECTION. **451.4 Tax on net estate.**

14 The tax imposed by this chapter shall be upon the transfer  
15 of the total net estate of every decedent dying after the  
16 implementation date of this chapter as provided in section  
17 451.13.

18 Sec. 37. NEW SECTION. **451.5 Duty of personal  
19 representative.**

20 The personal representative of a decedent whose estate may  
21 be subject to the tax imposed by this chapter, shall file  
22 in the office of the director of revenue, on or before the  
23 last day of the ninth month after the death of the decedent,  
24 duplicate copies of the estate tax return provided for in the  
25 Federal Estate Tax Act, and in like manner, duplicate copies  
26 of all supplemental or amended returns. The values of all  
27 items included in the gross estate, as shown by those returns,  
28 or supplemental or amended returns, shall be considered as  
29 the values of those items for the purposes of this chapter.  
30 In case of revaluation or correction of valuation of any of  
31 those items, either by supplemental or amended returns, or  
32 by the federal commissioner of internal revenue, or by an  
33 appellate tribunal by which the value is finally determined,  
34 the corrected values shall be considered as the values of those  
35 items for the purposes of this chapter.



1     Sec. 38. NEW SECTION.   **451.6 Payment of tax.**

2     The tax imposed by this chapter shall be paid by the personal  
3 representative to the department of revenue on or before the  
4 last day of the ninth month after the death of the decedent.

5     Sec. 39. NEW SECTION.   **451.7 Disposal of tax.**

6     The proceeds of this tax shall be paid into the general fund  
7 of the state.

8     Sec. 40. NEW SECTION.   **451.8 Claim for credit or refund.**

9     If the personal representative of a resident decedent  
10 shall have paid to the treasurer of the United States or  
11 to a collector of internal revenue an estate tax under the  
12 provisions of the Federal Estate Tax Act in respect of property  
13 included in the gross estate, determined as herein provided,  
14 and shall have claimed as credits or deductions against the  
15 federal estate tax a sum less than the maximum credits or  
16 deductions allowed by the provisions of the Federal Estate Tax  
17 Act for any estate, inheritance, legacy or succession taxes  
18 actually paid to any state or territory of the United States,  
19 or to the District of Columbia, it shall be the personal  
20 representative's duty, with due diligence, to file in the  
21 bureau of internal revenue a claim for credit or refund for  
22 such amount, if any, as such estate shall be properly entitled  
23 to receive under the provisions of the Federal Estate Tax Act  
24 and of this chapter.

25     Sec. 41. NEW SECTION.   **451.9 Appeal.**

26     If any claim for refund or credit, or any part thereof,  
27 shall be denied or disallowed by the commissioner of internal  
28 revenue, the personal representative, the director of revenue,  
29 or any person having an interest in said estate which may be  
30 adversely affected by such denial or disallowance, may apply  
31 to the judge of the court having jurisdiction of such estate,  
32 for an order directing such personal representative to take,  
33 perfect, and prosecute an appeal from the decision of the  
34 commissioner of internal revenue to such court or tribunal as  
35 may have jurisdiction of such matter, and, upon the granting

1 of such order, the director of revenue may assist in the  
2 prosecution of such appeal. The judge of the court granting  
3 such order may make a reasonable allowance for attorney fees  
4 for the prosecution of such appeal, and direct the manner in  
5 which the same, together with any other costs or expenses which  
6 may be allowed by said court in connection therewith, shall be  
7 paid.

8 Sec. 42. NEW SECTION. 451.10 **Effect of allowance.**

9 If any claim for credit or refund, or any part thereof, shall  
10 be finally determined in favor of such personal representative,  
11 any amount refunded or credited thereon shall inure to the  
12 benefit of such estate.

13 Sec. 43. NEW SECTION. 451.11 **Effect of disallowance.**

14 If any claim for credit or refund or any part thereof,  
15 shall be finally determined adversely to such personal  
16 representative, for any reason other than lack of diligence or  
17 other failure of duty on the personal representative's part,  
18 the amount so denied or disallowed, or so much thereof as  
19 shall have been paid to the department of revenue under the  
20 provisions of this chapter, shall, upon a claim duly filed  
21 with, and proper showing made to, the director of revenue,  
22 be refunded by the department of revenue to such personal  
23 representative, and shall inure to the benefit of such estate.

24 Sec. 44. NEW SECTION. 451.12 **Applicable statutes**  
25 **penalties.**

26 All the provisions of chapter 450 with respect to the lien  
27 provisions of section 450.7, and the determination, imposition,  
28 payment, and collection of the tax imposed under that chapter,  
29 including penalty and interest upon delinquent taxes and the  
30 confidentiality of the tax return, are applicable to this  
31 chapter, except as they are in conflict with this chapter. The  
32 exceptions to the lien provisions found in section 450.7 do  
33 not apply to this chapter. The penalty provisions set out in  
34 section 450.53 shall apply to a person in possession of assets  
35 to be reported for purposes of taxation who willfully makes a

1 false or fraudulent return or willfully fails to pay the tax,  
2 supply the information, make, sign, or file the required return  
3 within the time required by law or a person who willfully  
4 attempts in any manner to evade taxes imposed by this chapter  
5 or avoid payment of the tax. The director of revenue shall  
6 adopt rules necessary for the enforcement of this chapter.

7 Sec. 45. NEW SECTION. 451.13 **Contingent implementation**  
8 **— applicability.**

9 1. This chapter shall be implemented as of the date on  
10 which a provision of the Internal Revenue Code providing for  
11 a credit against federal estate taxes owed for the amount of  
12 state inheritance and estate taxes paid, pursuant to chapter  
13 450 and this chapter, is applicable.

14 2. This chapter applies to the estates of persons dying on  
15 or after the implementation date specified in subsection 1.

16 CONFORMING AMENDMENTS

17 Sec. 46. Section 12.71, subsection 8, Code 2009, is amended  
18 to read as follows:

19 8. Bonds issued under the provisions of this section are  
20 declared to be issued for a general public and governmental  
21 purpose and all bonds issued under this section shall be exempt  
22 from taxation by the state of Iowa and the interest on the  
23 bonds shall be exempt from the state income tax and the state  
24 inheritance and estate tax.

25 Sec. 47. Section 12.80, subsection 3, Code 2009, is amended  
26 to read as follows:

27 3. Bonds issued under this section are declared to be  
28 issued for an essential public and governmental purpose and all  
29 bonds issued under this section shall be exempt from taxation  
30 by the state of Iowa and the interest on the bonds shall be  
31 exempt from the state income tax and the state inheritance and  
32 estate tax.

33 Sec. 48. Section 12.81, subsection 8, Code 2009, is amended  
34 to read as follows:

35 8. Bonds issued under the provisions of this section are

1 declared to be issued for a general public and governmental  
2 purpose and all bonds issued under this section shall be exempt  
3 from taxation by the state of Iowa and the interest on the  
4 bonds shall be exempt from the state income tax and the state  
5 inheritance and estate tax.

6 Sec. 49. Section 12.87, subsection 8, Code Supplement 2009,  
7 is amended to read as follows:

8 8. Any bonds issued and sold under the provisions of this  
9 section are declared to be issued and sold for an essential  
10 public and governmental purpose, and all bonds issued and sold  
11 under this section except as otherwise provided in any trust  
12 indentures, resolutions, or other instruments authorizing their  
13 issuance shall be exempt from taxation by the state of Iowa and  
14 the interest on the bonds shall be exempt from the state income  
15 tax and the state inheritance and estate tax.

16 Sec. 50. Section 12.90A, subsection 9, Code Supplement  
17 2009, is amended to read as follows:

18 9. Annual appropriation bonds issued under this section are  
19 declared to be issued for an essential public and governmental  
20 purpose and all annual appropriation bonds issued under this  
21 section shall be exempt from taxation by the state of Iowa  
22 and the interest on the annual appropriation bonds shall be  
23 exempt from the state income tax and the state inheritance and  
24 estate tax.

25 Sec. 51. Section 12.91, subsection 9, Code 2009, is amended  
26 to read as follows:

27 9. Bonds issued under the provisions of this section are  
28 declared to be issued for a general public and governmental  
29 purpose and all bonds issued under this section shall be exempt  
30 from taxation by the state of Iowa and the interest on the  
31 bonds shall be exempt from the state income tax and the state  
32 inheritance and estate tax.

33 Sec. 52. Section 16.177, subsection 8, Code 2009, is amended  
34 to read as follows:

35 8. Bonds issued under this section are declared to be

1 issued for an essential public and governmental purpose and all  
2 bonds issued under this section shall be exempt from taxation  
3 by the state of Iowa and the interest on the bonds shall be  
4 exempt from the state income tax and the state inheritance and  
5 estate tax.

6 Sec. 53. Section 321.47, subsection 2, Code 2009, is amended  
7 to read as follows:

8 2. The persons entitled under the laws of descent and  
9 distribution of an intestate's property to the possession  
10 and ownership of a vehicle owned in whole or in part by a  
11 decedent, upon filing an affidavit stating the name and date of  
12 death of the decedent, the right to possession and ownership  
13 of the persons filing the affidavit, and that there has been  
14 no administration of the decedent's estate, which instrument  
15 shall also contain an agreement to indemnify creditors of  
16 the decedent who would be entitled to levy execution upon  
17 the motor vehicle to the extent of the value of the motor  
18 vehicle, are entitled upon fulfilling the other requirements of  
19 this chapter, to the issuance of a registration card for the  
20 interest of the decedent in the vehicle and a certificate of  
21 title to it. If a decedent dies testate, and either the will is  
22 not probated or is admitted to probate without administration,  
23 the persons entitled to the possession and ownership of a  
24 vehicle owned in whole or in part by the decedent may file  
25 an affidavit and, upon fulfilling the other requirements of  
26 this chapter, are entitled to the issuance of a registration  
27 card for the interest of the decedent in the vehicle and a  
28 certificate of title to the vehicle. The affidavit shall  
29 contain the same information and indemnity agreement as is  
30 required in cases of intestacy pursuant to this section. A  
31 requirement of chapter 450 or 451 shall not be considered  
32 satisfied by the filing of the affidavit provided for in this  
33 section. If, from the records in the office of the county  
34 treasurer, there appear to be any liens on the vehicle, the  
35 certificate of title shall contain a statement of the liens

1 unless the application is accompanied by proper evidence of  
2 their satisfaction or extinction. Evidence of extinction  
3 may consist of, but is not limited to, an affidavit of the  
4 applicant stating that a security interest was foreclosed as  
5 provided in chapter 554, article 9, part 6.

6 Sec. 54. Section 421.60, subsection 2, paragraph c,  
7 unnumbered paragraph 1, Code 2009, is amended to read as  
8 follows:

9 If the notice of assessment or denial of a claim for refund  
10 relates to a tax return filed pursuant to section 422.14 or  
11 chapter 450 ~~or~~, 450A, or 451, by the taxpayer which designates  
12 an individual as an authorized representative of the taxpayer  
13 with respect to that return, or if a power of attorney has been  
14 filed with the department by the taxpayer which designates an  
15 individual as an authorized representative of the taxpayer with  
16 respect to any tax that is included in the notice of assessment  
17 or denial of a claim for refund, a copy of the notice together  
18 with any additional information required to be sent to the  
19 taxpayer shall be sent to the authorized representative as  
20 well.

21 Sec. 55. Section 450.7, subsection 2, unnumbered paragraph  
22 1, Code Supplement 2009, is amended to read as follows:

23 Notice of the lien is not required to be recorded. The  
24 rights of the state under the lien have priority over all  
25 subsequent mortgages, purchases, or judgment creditors; and a  
26 conveyance after the decedent's death of the property subject  
27 to a lien does not discharge the property except as otherwise  
28 provided in this chapter. However, if additional tax is  
29 determined to be owing under this chapter or chapter 451 after  
30 the lien has been released under paragraph "a" or "b", the lien  
31 does not have priority over subsequent mortgages, purchases,  
32 or judgment creditors unless notice of the lien is recorded in  
33 the office of the recorder of the county where the estate is  
34 probated, or where the property is located if the estate has  
35 not been administered. The department of revenue may release

1 the lien by filing in the office of the clerk of the court in  
2 the county where the property is located, the decedent owner  
3 died, or the estate is pending or was administered, one of the  
4 following:

5     Sec. 56. Section 450.68, subsection 1, paragraph b, Code  
6 Supplement 2009, is amended to read as follows:

7     *b.* Federal tax returns, copies of returns, return  
8 information as defined in section 6103(b) of the Internal  
9 Revenue Code, and state inheritance tax returns, which are  
10 required to be filed with the department for the enforcement  
11 of the inheritance and estate tax laws of this state, shall be  
12 deemed and held as confidential by the department. However,  
13 such returns or return information may be disclosed by the  
14 director to officers or employees of other state agencies,  
15 subject to the same confidentiality restrictions imposed on the  
16 officers and employees of the department.

17     Sec. 57. Section 455G.6, subsection 14, Code Supplement  
18 2009, is amended to read as follows:

19     14. Bonds issued under the provisions of this section are  
20 declared to be issued for an essential public and governmental  
21 purpose and all bonds issued under this chapter shall be exempt  
22 from taxation by the state of Iowa and the interest on the  
23 bonds shall be exempt from the state income tax and the state  
24 inheritance and estate tax.

25     Sec. 58. Section 463C.12, subsection 8, Code 2009, is  
26 amended to read as follows:

27     8. Tax-exempt bonds issued by the authority in connection  
28 with the program, which are exempt from taxation for federal  
29 tax purposes, are also exempt from taxation by the state of  
30 Iowa and the interest on these bonds is exempt from state  
31 income taxes and state inheritance and estate taxes.

32     Sec. 59. Section 524.1406, subsection 3, paragraph a, Code  
33 2009, is amended to read as follows:

34     *a.* Notwithstanding any contrary provision in chapter  
35 490, division XIII, in determining the fair value of the

1 shareholder's shares of a bank organized under this chapter  
2 or a bank holding company as defined in section 524.1801 in a  
3 transaction or event in which the shareholder is entitled to  
4 appraisal rights, due consideration shall be given to valuation  
5 factors recognized for federal and estate tax purposes,  
6 including discounts for minority interests and discounts  
7 for lack of marketability. However, any payment made to  
8 shareholders under section 490.1324 shall be in an amount not  
9 less than the stockholders' equity in the bank disclosed in its  
10 last statement of condition filed under section 524.220 or the  
11 total equity capital of the bank holding company disclosed in  
12 the most recent report filed by the bank holding company with  
13 the board of governors of the federal reserve system, divided  
14 by the number of shares outstanding.

15 Sec. 60. Section 633.436, subsection 1, unnumbered  
16 paragraph 1, Code 2009, is amended to read as follows:

17 Except as provided in sections 633.211 and 633.212, shares  
18 of the distributees shall abate, for the payment of debts and  
19 charges, federal and state estate taxes, legacies, the shares  
20 of children born or adopted after the making of a will, or the  
21 share of the surviving spouse who elects to take against the  
22 will, without any preference or priority as between real and  
23 personal property, in the following order:

24 Sec. 61. Section 633.449, Code 2009, is amended to read as  
25 follows:

26 **633.449 Payment of federal estate taxes.**

27 All federal estate taxes, distinguished from state  
28 inheritance and estate taxes, owing by the estate of a decedent  
29 shall be paid from the property of the estate, unless the will  
30 of the decedent, or other trust instrument, provides expressly  
31 to the contrary.

32 Sec. 62. Section 633A.4703, unnumbered paragraph 1, Code  
33 2009, is amended to read as follows:

34 Except as otherwise provided by the governing instrument,  
35 where necessary to abate shares of the beneficiaries of a trust



1 for the payment of debts and charges, federal and state estate  
2 taxes, bequests, the share of the surviving spouse who takes  
3 an elective share, and the shares of children born or adopted  
4 after the execution of the trust, abatement shall occur in the  
5 following order:

6 DIVISION XVI

7 ENTERPRISE ZONES INTERIM STUDY COMMITTEE

8 Sec. 63. ENTERPRISE ZONES INTERIM STUDY COMMITTEE.

9 1. The legislative council is requested to establish an  
10 interim study committee to evaluate the effectiveness of Iowa's  
11 enterprise zone program and make recommendations on the future  
12 of the program. In conducting the study, the committee shall  
13 review the original policy goals of the program, the amount of  
14 state assistance provided under the program, and the benefits  
15 realized by the state through the administration of the  
16 program, and shall reach a conclusion as to whether the amount  
17 of assistance provided has been in proportion to the benefits  
18 realized.

19 2. The committee shall be composed of ten members of the  
20 general assembly. Five members shall be members of the senate,  
21 three of whom shall be appointed by the majority leader of the  
22 senate, and two of whom shall be appointed by the minority  
23 leader of the senate. Five members shall be members of the  
24 house of representatives, three of whom shall be appointed  
25 by the speaker of the house of representatives, and two of  
26 whom shall be appointed by the minority leader of the house of  
27 representatives.

28 3. The study committee shall issue a report to the general  
29 assembly containing its findings and recommendations by January  
30 15, 2011.

31 DIVISION XVII

32 INDUSTRIAL NEW JOBS TRAINING INTERIM STUDY COMMITTEE

33 Sec. 64. INDUSTRIAL NEW JOBS TRAINING INTERIM STUDY  
34 COMMITTEE.

35 1. The legislative council is requested to establish an

1 interim study committee to evaluate the effectiveness of Iowa's  
2 industrial new jobs training program and make recommendations  
3 on the future of the program. In conducting the study,  
4 the committee shall review the original policy goals of the  
5 program, the amount of state assistance provided under the  
6 program, and the benefits realized by the state through the  
7 administration of the program, and shall reach a conclusion  
8 as to whether the amount of assistance provided has been in  
9 proportion to the benefits realized. The review shall also  
10 include an examination of the efficiency of the bonding and  
11 withholding credit financing mechanisms used in the programs  
12 as well as the administrative and training costs entailed in  
13 the operation of the program.

14 2. The committee shall be composed of ten members of the  
15 general assembly. Five members shall be members of the senate,  
16 three of whom shall be appointed by the majority leader of the  
17 senate, and two of whom shall be appointed by the minority  
18 leader of the senate. Five members shall be members of the  
19 house of representatives, three of whom shall be appointed  
20 by the speaker of the house of representatives, and two of  
21 whom shall be appointed by the minority leader of the house of  
22 representatives.

23 3. The study committee shall issue a report to the general  
24 assembly containing its findings and recommendations by January  
25 15, 2011.

26 EXPLANATION

27 This bill relates to the administration and review of  
28 certain tax credit, withholding credit, division of revenue,  
29 and other financial assistance programs.

30 Division I of the bill expresses the intent and purposes of  
31 the bill.

32 Division II of the bill creates a legislative tax  
33 expenditure committee within the legislative council. The  
34 committee is composed of 10 members of the general assembly,  
35 five members from each house, appointed by the legislative

1 council. Of the five members from each house, three members  
2 must be from the majority party and two from the minority  
3 party.

4 The committee has a number of duties. The committee is  
5 required to issue a statement of principles of sound tax  
6 policy. In issuing the statement, the committee may consult  
7 with the department of revenue, the legislative services  
8 agency, and independent experts who have demonstrated expertise  
9 in matters of tax policy, fiscal policy, and public finance.  
10 The statement must reflect to the extent practicable the best  
11 practices of state and local taxation as recognized by experts  
12 in the fields of economics, fiscal policy, law, accounting, and  
13 public finance. The statement must address issues of equity,  
14 simplicity, competitiveness, public purpose, and adequacy as  
15 those issues pertain to taxation in Iowa.

16 The committee must evaluate the tax expenditures available  
17 under Iowa law and assess their conformance with the statement  
18 of principles of sound tax policy. "Tax expenditure" is  
19 defined to mean an exclusion from the operation or collection  
20 of a tax imposed in this state. Tax expenditures include tax  
21 credits, exemptions, deductions, and rebates. Tax expenditures  
22 also include sales tax refunds issued pursuant to Code section  
23 423.3 or Code section 423.4.

24 The committee must establish and maintain a system for  
25 making available to the public information about the amount and  
26 effectiveness of tax expenditures and the extent to which tax  
27 expenditures comply with the statement of principles of sound  
28 tax policy.

29 The committee must engage in the regular review of the  
30 state's tax expenditures. In reviewing tax expenditures, the  
31 committee may review any tax expenditure at any time, but shall  
32 at a minimum perform certain reviews according to a schedule  
33 prescribed by statute. For each tax expenditure reviewed,  
34 the committee must submit a report to the legislative council  
35 containing the results of the review. The report must contain

1 a statement of the policy goals of the tax expenditure and  
2 a return on investment calculation for the tax expenditure.  
3 "Return on investment calculation" is defined to mean analyzing  
4 the cost to the state of providing the tax expenditure,  
5 analyzing the benefits realized by the state from providing  
6 the tax expenditure, and reaching a conclusion as to whether  
7 the benefits of the tax expenditure are worth the cost to the  
8 state of providing it. The committee's report may also include  
9 recommendations for better aligning tax expenditures with  
10 principles of sound tax policy.

11 The committee must also estimate for each fiscal year,  
12 in conjunction with the legislative services agency and  
13 the department of revenue, the cost of each individual tax  
14 expenditure and the total cost of all tax expenditures, and by  
15 December 15 provide those estimates to the governor for use  
16 in the preparation of the budget message under Code section  
17 8.22 and to the general assembly to be used in the budget  
18 process. The estimates provided may include the committee's  
19 recommendations for the imposition of a limitation on a  
20 specified tax expenditure, a limitation on the total amount of  
21 tax expenditures, or any other recommendation for a specific  
22 tax expenditure or the program under which the tax expenditure  
23 is provided.

24 Division III of the bill reduces the amount of tax credits  
25 that the department of economic development is allowed to  
26 authorize for certain programs each year from \$185 million to  
27 \$120 million, except as otherwise provided in the division.

28 Division IV of the bill prevents the department of economic  
29 development from registering any new projects under the film,  
30 television, and video project promotion program until July 1,  
31 2012. The division takes effect upon enactment.

32 Division V modifies the amount of the additional research  
33 activities credit in Code section 15.335. Currently, the  
34 amount of the credit is 6.5 percent of research expenditures.  
35 The division provides that for businesses with annual gross

1 revenues less than \$20 million, the credit amount is 10  
2 percent. For businesses with annual gross revenues greater  
3 than \$20 million, the amount of the credit is 3 percent.  
4 Division V also modifies the percentages applicable to the  
5 alternative incremental credit calculation available under the  
6 additional research activities tax credit. For businesses with  
7 annual gross revenues of \$20 million or less, the percentages  
8 are 2.54 percent, 3.38 percent, and 4.23 percent. For  
9 businesses with annual gross revenues greater than \$20 million,  
10 the applicable percentages are 0.76 percent, 1.02 percent, and  
11 1.27 percent. Division V applies to tax credits awarded under  
12 Code section 15.335 on or after July 1, 2010.

13 Division VI of the bill reduces the maximum amount of  
14 statewide program job credits that may be allocated to  
15 community colleges under the accelerated career education  
16 program in any one fiscal year to \$5.4 million. The maximum  
17 amount is currently \$6 million.

18 Division VII of the bill reduces the maximum amount of  
19 agricultural asset transfer tax credits that may be issued  
20 in any one fiscal year to \$2 million. The maximum amount is  
21 currently \$6 million.

22 Division VIII of the bill eliminates the economic  
23 development region revolving loan fund tax credit program. The  
24 division applies retroactively to January 1, 2010, for tax  
25 years beginning on or after that date.

26 Division IX of the bill reduces the maximum amount of tax  
27 credits that may be issued under the Endow Iowa program to \$2.7  
28 million. The maximum amount is currently \$3 million. The  
29 division is effective upon enactment and applies retroactively  
30 to January 1, 2010.

31 Division X of the bill reduces the maximum amount of school  
32 tuition organization tax credits that may be issued to \$6.75  
33 million. The maximum amount is currently \$7.5 million.

34 Division XI reduces the maximum aggregate amount of tax  
35 credits that may be issued under the Iowa fund of funds program

1 to \$60 million. Currently, \$100 million may be issued under  
2 the program. The division takes effect upon enactment.

3 Division XII eliminates the venture capital fund investment  
4 tax credit and makes conforming amendments. The division does  
5 not affect the validity of tax credit certificates issued for  
6 future years which may still be outstanding after enactment of  
7 the bill.

8 Division XIII of the bill eliminates the refundability  
9 of certain tax credits for value-added agricultural products  
10 available under the investment tax credit in Code section  
11 15.333. The division takes effect upon enactment.

12 Division XIV of the bill reduces the amount of historic  
13 preservation and cultural and entertainment district tax  
14 credits that can be reserved under Code chapter 404A from \$50  
15 million per year to \$45 million. The reductions only impact  
16 years in which the department has not yet approved projects  
17 under the program.

18 Division XV of the bill relates to estate taxes. In  
19 2001, Congress enacted the Economic Growth and Tax Relief  
20 Reconciliation Act (EGTRRA) which reduced the federal estate  
21 tax rates and increased the exemption level for estates for tax  
22 years 2002 through 2009. In 2010, EGTRRA repeals the federal  
23 estate tax completely. EGTRRA also phased out the tax credits  
24 for state inheritance and estate taxes in 25 percent increments  
25 between 2002 and 2005. Until 2008, Iowa had an estate tax,  
26 the base and the amount of which were calculated based on the  
27 federal tax credits phased out in EGTRRA. This type of tax was  
28 referred to as a "pick-up tax". In 2008, Iowa's estate tax was  
29 eliminated. This bill reenacts the estate tax, including the  
30 base and amount calculations specified in the Internal Revenue  
31 Code. The Code chapter reenacting the estate tax shall not be  
32 implemented unless the federal tax credits are reenacted as  
33 well.

34 Division XVI of the bill requests the legislative council  
35 to establish an interim study committee to evaluate and make

H.F. 2527

1 recommendations regarding the enterprise zone program.  
2 Division XVII of the bill requests the legislative council  
3 to establish an interim study committee to evaluate and make  
4 recommendations regarding the industrial new jobs training  
5 program.