

House Study Bill 234 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to tax credits for investment in certain
2 qualifying businesses or community-based seed capital funds
3 and including retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.119, subsection 2, Code 2011, is
2 amended to read as follows:

3 2. The department, with the approval of the board, shall
4 adopt by rule a procedure for allocating the aggregate tax
5 credit limit established in this section among the following
6 programs ~~administered by the department~~:

7 a. The high quality job creation program administered
8 pursuant to sections 15.326 through 15.336.

9 b. The film, television, and video project promotion program
10 administered pursuant to sections 15.391 through 15.393.

11 c. The corporate tax research credit under the quality jobs
12 enterprise zone program pursuant to section 15A.9, subsection
13 8.

14 d. The enterprise zones program administered pursuant to
15 sections 15E.191 through 15E.197.

16 e. The assistive device tax credit program administered
17 pursuant to section 422.11E and section 422.33, subsection 9.

18 f. The tax credits for investments in qualifying businesses
19 and community-based seed capital funds issued by the capital
20 investment board pursuant to section 15E.43. In allocating
21 tax credits pursuant to this subsection, the department shall
22 allocate at least two million dollars for purposes of this
23 paragraph.

24 Sec. 2. Section 15E.43, subsection 4, Code 2011, is amended
25 by striking the subsection and inserting in lieu thereof the
26 following:

27 4. The board shall not issue tax credits under this section
28 in excess of the amount approved by the department for any one
29 fiscal year pursuant to section 15.119.

30 Sec. 3. Section 15E.44, subsection 2, paragraphs d and e,
31 Code 2011, are amended to read as follows:

32 d. The business is not a business engaged primarily in
33 retail sales, real estate, or the provision of health care
34 or other ~~professional~~ services that require a professional
35 license.

1 e. The business shall not have a net worth that exceeds ~~ten~~
2 five million dollars.

3 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
4 retroactively to January 1, 2011, for tax years beginning on
5 or after that date.

6 EXPLANATION

7 This bill makes changes to the administration of the tax
8 credits available for investments in qualifying businesses and
9 community-based seed capital funds.

10 Current law limits the maximum aggregate amount of such tax
11 credits that may be issued to a total of \$10 million. The
12 bill eliminates the existing limitation, places the credits
13 under the department of economic development's annual aggregate
14 tax credit limitation in Code section 15.119, and directs the
15 department to allocate at least \$2 million of that limit for
16 purposes of such credits.

17 The bill also changes the eligibility of certain qualifying
18 businesses. Currently, to be eligible for the tax credits, a
19 business must not be engaged primarily in "other professional
20 services" and must not have a net worth in excess of \$10
21 million. The bill requires instead that a business not
22 be engaged primarily in "other services that require a
23 professional license" and reduces the net worth ceiling to \$5
24 million.

25 The bill applies retroactively to January 1, 2011, for tax
26 years beginning on or after that date.