

House Study Bill 665 - Introduced

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

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 retroactive
6 applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11L 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 percent
7 of a taxpayer's charitable contribution to an eligible research
8 institution located in the state. For purposes of this
9 section, "*eligible research institution*" means an organization
10 qualifying under section 501(c)(3) of the Internal Revenue
11 Code as an organization exempt from federal income taxation
12 under section 501(a) of the Internal Revenue Code that is
13 engaged in research designed to improve patient care through
14 the development and dissemination of novel clinical therapies
15 for the functional repair and replacement of diseased tissues
16 and organs, including research for the treatment of cancer.
17 "*Eligible research institution*" excludes a postsecondary
18 institution or an entity or organization receiving twenty-five
19 percent or more of its annual budget from a postsecondary
20 institution.

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

28 d. Any tax credit in excess of the taxpayer's tax liability
29 for the tax year is not refundable, but the taxpayer may
30 elect to have the excess credited to the tax liability for
31 the following four tax years or until depleted, whichever is
32 earlier.

33 2. a. To claim a tax credit under this section, the
34 taxpayer shall apply to the department for a tax credit
35 certificate. After verifying the eligibility of a taxpayer for

1 a tax credit pursuant to this section, the department shall
2 issue a tax credit certificate to be attached to the taxpayer's
3 tax return. The tax credit certificate shall be issued on
4 a first-come, first-served basis based upon the date of the
5 application and shall contain the taxpayer's name, address,
6 tax identification number, the amount of the credit, the
7 certificate expiration date, and any other information required
8 by the department.

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

16 *c.* The tax credit certificate, unless otherwise void,
17 shall be accepted by the department as payment toward the
18 tax liability of the taxpayer, subject to any conditions or
19 restrictions placed by the department upon the face of the
20 tax credit certificate and subject to the limitations of this
21 section.

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

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

27 4. The maximum amount of tax credits issued in a fiscal
28 year pursuant to this section, section 422.33, subsection 29,
29 section 422.60, subsection 14, section 432.12N, and section
30 533.329, subsection 2, paragraph "m", shall not exceed ten
31 million dollars.

32 Sec. 2. Section 422.33, Code Supplement 2011, is amended by
33 adding the following new subsection:

34 NEW SUBSECTION. 29. The taxes imposed under this division
35 shall be reduced by a regenerative medicine research tax credit

1 in the same manner, for the same amount, and under the same
2 conditions as provided in section 422.11L.

3 Sec. 3. Section 422.60, Code Supplement 2011, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 14. The taxes imposed under this division
6 shall be reduced by a regenerative medicine research tax credit
7 in the same manner, for the same amount, and under the same
8 conditions as provided in section 422.11L.

9 Sec. 4. NEW SECTION. **432.12N Regenerative medicine research**
10 **tax credit.**

11 The taxes imposed under this chapter shall be reduced by a
12 regenerative medicine research tax credit in the same manner,
13 for the same amount, and under the same conditions as provided
14 in section 422.11L.

15 Sec. 5. Section 533.329, subsection 2, Code Supplement
16 2011, is amended by adding the following new paragraph:

17 NEW PARAGRAPH. *m.* The moneys and credits tax imposed
18 under this section shall be reduced by a regenerative medicine
19 research tax credit in the same manner, for the same amount,
20 and under the same conditions as provided in section 422.11L.

21 Sec. 6. **RETROACTIVE APPLICABILITY.** This Act applies
22 retroactively to January 1, 2012, for tax years beginning on
23 or after that date.

24 **EXPLANATION**

25 This bill provides a credit against the individual or
26 corporate income tax, the franchise tax, the insurance premiums
27 tax, and the moneys and credits tax for 20 percent of a
28 taxpayer's contribution to a regenerative medicine research
29 institution located in the state. In order to qualify for the
30 credit, the regenerative medicine research institute must be
31 qualified under 501(c)(3) of the Internal Revenue Code and must
32 engage in research that is designed to improve patient care
33 through the development and dissemination of novel clinical
34 therapies for the functional repair and replacement of diseased
35 tissues and organs, including cancer research. Postsecondary

1 institutions and entities that receive 25 percent or more of
2 their annual budget from a postsecondary institution do not
3 qualify.

4 Generally, such contributions are tax deductible under
5 current federal and state law, and taking a deduction for the
6 contribution precludes the taxpayer from claiming the credit
7 under the bill.

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

15 The bill applies retroactively to January 1, 2012, for tax
16 years beginning on or after that date.