

**Senate File 237 - Introduced**

SENATE FILE 237  
BY COMMITTEE ON ECONOMIC  
GROWTH/REBUILD IOWA

(SUCCESSOR TO SF 178)

**A BILL FOR**

1 An Act relating to community development by allocating tax  
2 credits for redevelopment of brownfields and grayfields and  
3 by making an appropriation for certain community partnership  
4 programs designed to support community beautification  
5 projects.  
6 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 by adding the following new paragraph:

3 NEW PARAGRAPH. *f.* The redevelopment tax credit program for  
4 brownfields and grayfields administered pursuant to sections  
5 15.293A and 15.293B.

6 Sec. 2. Section 15.119, Code 2011, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 2A. In allocating the amount of tax  
9 credits authorized pursuant to subsection 1 among the programs  
10 specified in subsection 2, the department shall allocate at  
11 least five million dollars for purposes of subsection 2,  
12 paragraph "f".

13 Sec. 3. Section 15.291, subsection 5, Code 2011, is amended  
14 to read as follows:

15 5. "*Qualifying investment*" means ~~the purchase price, the~~  
16 ~~cleanup costs, and the redevelopment costs~~ that are directly  
17 related to a qualifying redevelopment project and that are  
18 incurred after the project has been registered and approved by  
19 the board. "*Qualifying investment*" only includes the purchase  
20 price, the cleanup costs, and the redevelopment costs.

21 Sec. 4. Section 15.292, subsections 1 and 4, Code 2011, are  
22 amended to read as follows:

23 1. The department shall establish and administer a  
24 brownfield redevelopment program for purposes of providing  
25 financial and technical assistance for the acquisition,  
26 remediation, or redevelopment of brownfield sites. Financial  
27 assistance under the program shall be provided from the  
28 brownfield redevelopment fund created in section 15.293.  
29 ~~Technical assistance under the program shall be in the form~~  
30 ~~of providing an applicant with assistance in identifying~~  
31 ~~other alternative forms of assistance for which the applicant~~  
32 ~~may be eligible. The department may provide information on~~  
33 alternative forms of assistance.

34 4. An application for assistance under the program shall  
35 include any information required by the department including,

1 ~~but not limited to, all of the following:~~

2     *a.* A business plan which includes a remediation plan.

3     *b.* A budget for remediating or redeveloping the site.

4     *c.* A statement of purpose describing the intended use of  
5 and proposed repayment schedule for any financial assistance  
6 received by the applicant.

7     *d.* Evidence of sponsorship.

8     *e.* Other information the department deems necessary in order  
9 to process and review the application.

10     Sec. 5. Section 15.293A, subsections 2, 6, 7, 8, and 9, Code  
11 2011, are amended to read as follows:

12     2. *a.* (1) The department shall accept and, in conjunction  
13 with the council and the board, review applications for tax  
14 credits pursuant to this section.

15     (2) Upon review of an application, the department may  
16 register the project under the program. If the department  
17 registers the project, the department shall, in conjunction  
18 with the council and the board, make a preliminary  
19 determination as to the amount of tax credit for which the  
20 investor qualifies.

21     (3) After registering the project, the department  
22 shall issue a letter notifying the investor of successful  
23 registration under the program. The letter shall include  
24 the amount of tax credit for which the investor has received  
25 preliminary approval. The letter shall state that the amount  
26 is a preliminary determination only. The amount of tax credit  
27 included on a certificate issued pursuant to this section  
28 shall be contingent upon completion of the requirements of  
29 subparagraphs (4) and (5).

30     (4) Upon completion of a registered project, an audit  
31 of the project, completed by an independent certified public  
32 accountant licensed in this state, shall be submitted to the  
33 department.

34     (5) Upon review of the audit and verification of the amount  
35 of the investment, the department may issue a certificate to

1 the investor stating the amount of tax credit the investor may  
2 claim.

3 b. (1) To claim a redevelopment tax credit under this  
4 section, a taxpayer must attach one or more tax credit  
5 certificates to the taxpayer's tax return. A tax credit  
6 certificate shall not be used or attached to a return filed  
7 for a taxable year beginning prior to July 1, 2009. ~~The tax~~  
8 ~~credit certificate or certificates attached to the taxpayer's~~  
9 ~~tax return shall be issued in the taxpayer's name, expire on or~~  
10 ~~after the last day of the taxable year for which the taxpayer~~  
11 ~~is claiming the tax credit, and show a tax credit amount equal~~  
12 ~~to or greater than the tax credit claimed on the taxpayer's tax~~  
13 ~~return.~~

14 b. (2) ~~After verifying the eligibility of a qualifying~~  
15 ~~investor for a tax credit pursuant to this section, the~~  
16 ~~department of economic development shall issue a redevelopment~~  
17 ~~tax credit certificate to be attached to the investor's~~  
18 ~~tax return.~~ The tax credit certificate shall contain the  
19 taxpayer's name, address, tax identification number, the amount  
20 of the credit, the name of the qualifying investor, any other  
21 information required by the department of revenue, and a place  
22 for the name and tax identification number of a transferee and  
23 the amount of the tax credit being transferred.

24 c. (3) The tax credit certificate, unless rescinded by  
25 the board, shall be accepted by the department of revenue as  
26 payment for taxes imposed pursuant to chapter 422, divisions  
27 II, III, and V, and in chapter 432, and for the moneys and  
28 credits tax imposed in section 533.329, subject to any  
29 conditions or restrictions placed by the board upon the face of  
30 the tax credit certificate and subject to the limitations of  
31 this section.

32 d. (4) Tax credit certificates issued under this section  
33 may be transferred to any person or entity. Within ninety days  
34 of transfer, the transferee shall submit the transferred tax  
35 credit certificate to the department of revenue along with a

1 statement containing the transferee's name, tax identification  
2 number, and address, the denomination that each replacement  
3 tax credit certificate is to carry, and any other information  
4 required by the department of revenue.

5 ~~e.~~ (5) Within thirty days of receiving the transferred  
6 tax credit certificate and the transferee's statement, the  
7 department of revenue shall issue one or more replacement tax  
8 credit certificates to the transferee. Each replacement tax  
9 credit certificate must contain the information required for  
10 the original tax credit certificate and must have the same  
11 expiration date that appeared in the transferred tax credit  
12 certificate. Tax credit certificate amounts of less than  
13 the minimum amount established by rule of the department of  
14 economic development shall not be transferable.

15 ~~f.~~ (6) A tax credit shall not be claimed by a transferee  
16 under this section until a replacement tax credit certificate  
17 identifying the transferee as the proper holder has been  
18 issued. The transferee may use the amount of the tax credit  
19 transferred against the taxes imposed in chapter 422, divisions  
20 II, III, and V, and in chapter 432, and against the moneys and  
21 credits tax imposed in section 533.329, for any tax year the  
22 original transferor could have claimed the tax credit. Any  
23 consideration received for the transfer of the tax credit shall  
24 not be included as income under chapter 422, divisions II, III,  
25 and V, under chapter 432, or against the moneys and credits tax  
26 imposed in section 533.329. Any consideration paid for the  
27 transfer of the tax credit shall not be deducted from income  
28 under chapter 422, divisions II, III, and V, under chapter  
29 432, or against the moneys and credits tax imposed in section  
30 533.329.

31 6. For the fiscal year beginning July 1, 2009, the maximum  
32 amount of tax credits issued by the department shall not  
33 exceed one million dollars. ~~The department shall not issue~~  
34 ~~tax credits pursuant to this section in subsequent fiscal~~  
35 ~~years unless authorized pursuant to this subsection.~~ For each

1 subsequent fiscal year, the amount of tax credits that may be  
2 issued by the department shall be subject to the limitation in  
3 section 15.119.

4 7. An investment shall be deemed to have been made on the  
5 date the qualifying redevelopment project is completed. An  
6 ~~investment made prior to January 1, 2009, or after June 30,~~  
7 ~~2010, shall not qualify for a tax credit under this part.~~

8 8. ~~A qualifying redevelopment project that is not completed~~  
9 ~~within thirty months after issuance of an approval for the~~  
10 ~~project by the board shall cease to be eligible for a tax~~  
11 ~~credit pursuant to this section, however, the board in its~~  
12 ~~discretion may provide for an additional twelve-month period~~  
13 ~~in which to complete a project. A registered project shall~~  
14 be completed within thirty months of the project's approval  
15 unless the department, with the approval of the board, provides  
16 additional time to complete the project. A project shall not  
17 be provided more than twelve months of additional time. If the  
18 registered project is not completed within the time required,  
19 the project is not eligible to claim a tax credit pursuant to  
20 this section.

21 9. The department shall develop a system for registration  
22 and authorization of projects receiving tax credits authorized  
23 pursuant to this part and shall control distribution of all  
24 tax credits distributed to investors pursuant to this part.  
25 In developing the system, the department shall provide for a  
26 list of applicants for the tax credit and maintain it from  
27 year to year so that if the maximum aggregate amount of tax  
28 credits available under the program is reached in one year, an  
29 applicant can be given priority consideration for the credit  
30 in an ensuing year.

31 Sec. 6. Section 15.293A, subsection 12, Code 2011, is  
32 amended by striking the subsection.

33 Sec. 7. Section 15.293B, subsection 1, Code 2011, is amended  
34 by striking the subsection and inserting in lieu thereof the  
35 following:

1 1. The department shall accept and review applications for  
2 tax credits pursuant to section 15.293A and, with the approval  
3 of the council, make recommendations regarding the applications  
4 to the board.

5 Sec. 8. Section 15.293B, subsection 2, unnumbered paragraph  
6 1, Code 2011, is amended to read as follows:

7 An investor applying for a tax credit shall provide the  
8 ~~council~~ department with all of the following:

9 Sec. 9. Section 15.294, subsection 4, Code 2011, is amended  
10 to read as follows:

11 4. The council, in conjunction with the department,  
12 shall consider applications for redevelopment tax credits as  
13 described in sections 15.293A and 15.293B, and ~~the council~~  
14 ~~may approve~~ may recommend to the board which applications to  
15 approve and the amount of such tax credits ~~for qualifying~~  
16 ~~investments in qualifying redevelopment projects~~ that each  
17 project is eligible to receive.

18 Sec. 10. COMMUNITY PARTNERSHIP PROGRAM. There is  
19 appropriated from the general fund of the state to the  
20 department of natural resources for the fiscal year beginning  
21 July 1, 2011, and ending June 30, 2012, the following amount,  
22 or so much thereof as is necessary, to be used for the purposes  
23 designated:

24 For the purposes of the community partnership program  
25 described in section 455E.11, subsection 2, paragraph "a",  
26 subparagraph (1), subparagraph division (a), subparagraph  
27 subdivision (ii), subparagraph part (B):

28 ..... \$ 200,000

29 Sec. 11. RETROACTIVE APPLICABILITY. The sections of this  
30 Act amending sections 15.291 and 15.293A apply retroactively to  
31 January 1, 2011, for tax years beginning on or after that date.

32 EXPLANATION

33 This bill relates to community development.

34 The bill makes changes to the administration of the  
35 brownfield redevelopment program and the redevelopment tax

1 credits for brownfields and grayfields by the department of  
2 economic development.

3 The bill provides that the department may provide  
4 information on alternative forms of assistance to participants  
5 in the brownfield redevelopment program and provides that  
6 the department may require certain additional information of  
7 applicants for financial assistance under the program.

8 Current law provides for the verification of eligibility  
9 for redevelopment tax credits and the issuance of tax credits.  
10 The bill specifies a detailed process for verification of  
11 eligibility, including the registration of projects, the  
12 review of applications, and the issuance of letters containing  
13 preliminary approval for an amount of tax credits. The bill  
14 also requires investors to submit an audit of a project to the  
15 department before a tax credit certificate may be issued.

16 Current law requires that all projects be completed within  
17 the period of time between January 1, 2009, and June 30, 2010.  
18 The bill eliminates this requirement.

19 The bill also eliminates the department's ability to carry  
20 over any unissued tax credit amounts from one year to the next  
21 and provides that a qualifying investment only includes costs  
22 incurred after the project is registered.

23 The changes to the redevelopment tax credit program and tax  
24 credits, including the definition of qualifying investment,  
25 apply retroactively to January 1, 2011, for tax years beginning  
26 on or after that date.

27 The bill makes a number of conforming changes to provisions  
28 related to the administration of the program by the department,  
29 the brownfield redevelopment advisory council, and the Iowa  
30 economic development board.

31 In 2010, the general assembly authorized the department of  
32 natural resources to expend up to \$100,000 for purposes of  
33 providing grants to certain community partnership programs  
34 designed to support community beautification projects. The  
35 bill appropriates an additional \$200,000 for the fiscal year

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1 beginning July 1, 2011, for such purposes.