

Senate File 2335 - Introduced

SENATE FILE 2335

BY ZAUN

A BILL FOR

1 An Act providing a new business tax credit available against
2 the corporate income tax, and including effective date and
3 applicability provisions.

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

1 Section 1. Section 422.33, Code 2014, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 31. *a.* For purposes of this subsection:

4 (1) "*New business*" includes any activity engaged in by
5 any person or caused to be engaged in by the person with
6 the object of gain, benefit, or advantage, either direct or
7 indirect, which activity was not previously engaged in within
8 this state or caused to be engaged in within this state by
9 that person before January 1, 2015. This subparagraph shall
10 not be construed to include activity performed or caused to be
11 performed by a person acting in the capacity of an employee, or
12 activity that meets the definition of "casual sales" in section
13 423.3.

14 (2) "*New business owner*" means an individual who meets all
15 the following requirements:

16 (a) The individual acquires an equity interest in a new
17 business on or after January 1, 2015.

18 (b) The individual has not engaged in or caused to be
19 engaged in by the individual within this state the activity
20 of the new business with the objective of gain, benefit, or
21 advantage, either direct or indirect, prior to the date on
22 which the individual acquires the equity interest in the new
23 business. This subparagraph division shall not be construed
24 to include activity performed or caused to be performed by a
25 person acting in the capacity of an employee, or activity that
26 meets the definition of "casual sales" in section 423.3.

27 (3) "*Population*" means the population shown by the latest
28 preceding certified federal census.

29 (4) "*Qualified new Iowa business*" means a corporation that
30 is a new business whose equity interests are all owned by new
31 business owners and whose commercial domicile is in a county
32 in this state which county ranks among the bottom twenty-five
33 percent of all Iowa counties as measured by population.

34 *b.* The taxes imposed under this division shall be reduced
35 by a new business tax credit to a qualified new Iowa business

1 in an amount equal to the qualified new Iowa business's income
2 tax payable to this state under this division, computed without
3 regard to the credit allowed under this subsection or the
4 credit for estimated tax paid in section 422.91.

5 c. The maximum amount that may be refunded to a qualified
6 new Iowa business in any tax year in which the credit allowed
7 under this subsection is claimed shall not exceed the amount
8 paid as estimated tax by the new business pursuant to division
9 VII of this chapter for the tax year.

10 d. A qualified new Iowa business may claim the credit
11 allowed under this subsection for not more than ten tax years
12 following the tax year in which the qualified new Iowa business
13 is incorporated.

14 e. In order to be eligible for the new business tax credit a
15 business must make application to the department in the manner
16 and form prescribed by the department and must be certified as
17 a qualified new Iowa business by the department.

18 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
19 2015.

20 Sec. 3. APPLICABILITY. This Act applies to tax years
21 beginning on or after January 1, 2015.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with
24 the explanation's substance by the members of the general assembly.

25 This bill creates a new business tax credit available
26 against the corporate income tax.

27 The tax credit is available to qualified new Iowa businesses
28 and equals the qualified new Iowa business's total corporate
29 income tax liability.

30 "Qualified new Iowa business" is defined as any corporation
31 that is a new business owned entirely by new business owners
32 and whose commercial domicile is located in a county in this
33 state that ranks among the bottom 25 percent of all Iowa
34 counties as measured by population. "New business" includes
35 any activity engaged in for the first time in this state by a

1 person after January 1, 2015, with the object of gain, benefit,
2 or advantage, excluding activities performed as an employee
3 or activities that meet the definition of "casual sales" in
4 Code section 423.3. "New business owners" are individuals
5 that acquire an equity interest in a new business on or after
6 January 1, 2015, and that have not previously engaged in within
7 this state the activity of the new business with the object of
8 gain, benefit, or advantage, excluding activities performed as
9 an employee or activities that meet the definition of "casual
10 sales" in Code section 423.3.

11 The maximum amount that may be refunded to a qualified new
12 Iowa business in any tax year the credit is claimed cannot
13 exceed the total estimated tax payments made by the qualified
14 new Iowa business during the tax year. A qualified new Iowa
15 business may claim the tax credit for a period of 10 years
16 following the tax year in which the qualified new Iowa business
17 is incorporated.

18 In order to be eligible for the new business tax credit a
19 business must make application to the department of revenue and
20 be certified by the department as a qualified new Iowa business
21 by the department.

22 The bill takes effect January 1, 2015, and applies to tax
23 years beginning on or after that date.