

Senate File 267 - Introduced

SENATE FILE 267

BY SENG

A BILL FOR

1 An Act creating a tax credit available for 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. 422.11E 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 sixty 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 Code
11 as an organization exempt from federal income tax under section
12 501(a) of the Internal Revenue Code that is engaged in research
13 designed to improve patient care through the development and
14 dissemination of novel clinical therapies for the functional
15 repair and replacement of diseased tissues and organs,
16 including research for the treatment of cancer. "*Eligible*
17 *research institution*" excludes a postsecondary institution or an
18 entity or organization receiving twenty-five percent or more of
19 its annual budget from a postsecondary institution.

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

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

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

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

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

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

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

23 3. The maximum amount of tax credits issued in a fiscal
24 year pursuant to this section, section 422.33, subsection 30,
25 section 422.60, subsection 12, section 432.12N, and section
26 533.329, subsection 2, paragraph "k", shall not exceed ten
27 million dollars.

28 Sec. 2. Section 422.33, Code 2013, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 30. The taxes imposed under this division
31 shall be reduced by a regenerative medicine research tax credit
32 in the same manner, for the same amount, and under the same
33 conditions as provided in section 422.11E.

34 Sec. 3. Section 422.60, Code 2013, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 12. The taxes imposed under this division
2 shall be reduced by a regenerative medicine research tax credit
3 in the same manner, for the same amount, and under the same
4 conditions as provided in section 422.11E.

5 Sec. 4. NEW SECTION. 432.12N **Regenerative medicine research**
6 **tax credit.**

7 The taxes imposed under this chapter shall be reduced by a
8 regenerative medicine research tax credit in the same manner,
9 for the same amount, and under the same conditions as provided
10 in section 422.11E.

11 Sec. 5. Section 533.329, subsection 2, Code 2013, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. k. The moneys and credits tax imposed
14 under this section shall be reduced by a regenerative medicine
15 research tax credit in the same manner, for the same amount,
16 and under the same conditions as provided in section 422.11E.

17 Sec. 6. **RETROACTIVE APPLICABILITY.** This Act applies
18 retroactively to January 1, 2013, for tax years beginning on
19 or after that date.

20 **EXPLANATION**

21 This bill provides a credit against the individual or
22 corporate income tax, the franchise tax, the insurance premiums
23 tax, and the moneys and credits tax for 60 percent of a
24 taxpayer's contribution to a regenerative medicine research
25 institution located in the state. In order to qualify for the
26 credit, the regenerative medicine research institute must be
27 qualified under 501(c)(3) of the Internal Revenue Code and must
28 engage in research that is designed to improve patient care
29 through the development and dissemination of novel clinical
30 therapies for the functional repair and replacement of diseased
31 tissues and organs, including cancer research. Postsecondary
32 institutions and entities that receive 25 percent or more of
33 their annual budget from a postsecondary institution do not
34 qualify.

35 The tax credit is not refundable but, at the taxpayer's

1 election, may be credited to the taxpayer's tax liability for
2 up to four subsequent tax years or until depletion, whichever
3 is earlier. The tax credits are not transferable. The maximum
4 amount of tax credits is limited to \$10 million in any one
5 fiscal year. The department of revenue approves the tax
6 credits and issues the tax credit certificates to taxpayers.
7 The bill applies retroactively to January 1, 2013, for tax
8 years beginning on or after that date.