

**Senate File 410 - Introduced**

SENATE FILE 410  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO SSB 1112)

**A BILL FOR**

1 An Act modifying the innovation fund investment tax credit  
2 and including effective date and retroactive applicability  
3 provisions.

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

1 Section 1. Section 15E.52, subsection 1, paragraph c, Code  
2 2013, is amended to read as follows:

3 c. "*Innovative business*" means a business applying ~~new~~  
4 ~~or original~~ innovative methods to the manufacture of a product  
5 or the delivery of a service. "*Innovative business*" includes  
6 but is not limited to a business engaged in the industries  
7 of advanced manufacturing, biosciences, and information  
8 technology.

9 Sec. 2. Section 15E.52, subsection 3, Code 2013, is amended  
10 to read as follows:

11 3. The amount of a tax credit allowed under this section  
12 shall equal ~~twenty~~ twenty-five percent of the taxpayer's equity  
13 investment in an innovation fund.

14 Sec. 3. Section 15E.52, subsection 5, paragraph a, Code  
15 2013, is amended to read as follows:

16 a. The board shall issue certificates under this section  
17 which may be redeemed for tax credits. The board shall issue  
18 such certificates so that not more than the amount allocated  
19 for such tax credits under section 15.119, subsection 2, may be  
20 claimed. ~~The certificates shall not be transferable.~~

21 Sec. 4. Section 15E.52, subsection 5, Code 2013, is amended  
22 by adding the following new paragraph:

23 NEW PARAGRAPH. c. A certificate issued pursuant to this  
24 section cannot pledge the credit of the state and any such  
25 certificate so pledged to secure the debt of the original  
26 holder or a transferee shall not constitute a contract binding  
27 the state.

28 Sec. 5. Section 15E.52, subsection 6, Code 2013, is amended  
29 to read as follows:

30 ~~6. A taxpayer shall not redeem a certificate and related tax~~  
31 ~~credit prior to the third tax year following the tax year in~~  
32 ~~which the investment is made.~~ Any tax credit in excess of the  
33 taxpayer's liability for the tax year may be credited to the  
34 tax liability for the following five years or until depleted,  
35 whichever is earlier. A tax credit shall not be carried back

1 to a tax year prior to the tax year in which the taxpayer claims  
2 the tax credit.

3 Sec. 6. Section 15E.52, Code 2013, is amended by adding the  
4 following new subsections:

5 NEW SUBSECTION. 8. Tax credit certificates issued pursuant  
6 to this section may be transferred, in whole or in part, to any  
7 person. A tax credit certificate shall only be transferred  
8 once. Within ninety days of transfer, the transferee shall  
9 submit the transferred tax credit certificate to the department  
10 of revenue along with a statement containing the transferee's  
11 name, tax identification number, and address, the denomination  
12 that each replacement tax credit certificate is to carry, and  
13 any other information required by the department of revenue.

14 NEW SUBSECTION. 9. Within thirty days of receiving the  
15 transferred tax credit certificate and the transferee's  
16 statement, the department of revenue shall issue one or  
17 more replacement tax credit certificates to the transferee.  
18 Each replacement tax credit certificate must contain the  
19 information required for the original tax credit certificate.  
20 A replacement tax credit certificate may designate a different  
21 tax than the tax designated on the original tax credit  
22 certificate. A tax credit shall not be claimed by a transferee  
23 under this section until a replacement tax credit certificate  
24 identifying the transferee as the proper holder has been  
25 issued.

26 NEW SUBSECTION. 10. The transferee may use the amount of  
27 the tax credit transferred against the taxes imposed in chapter  
28 422, divisions II, III, and V, and in chapter 432, and against  
29 the moneys and credits tax imposed in section 533.329, for  
30 any tax year the original transferor could have claimed the  
31 tax credit. Any consideration received for the transfer of  
32 the tax credit shall not be included as income under chapter  
33 422, divisions II, III, and V. Any consideration paid for the  
34 transfer of the tax credit shall not be deducted from income  
35 under chapter 422, divisions II, III, and V.



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1 fund made on or after that date.