

House File 593 - Introduced

HOUSE FILE 593

BY HEIN

A BILL FOR

1 An Act providing a tax credit against the individual income
2 tax for equity investments in a qualified motor fuel pump
3 station, and including effective date and retroactive and
4 other applicability provisions.

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

1 Section 1. NEW SECTION. 422.10A Qualified motor fuel pump
2 station investment tax credit.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "*Equity investment*" means an equity interest in a
6 business which equity interest was received in exchange for
7 a capital contribution or payment in the form of cash, real
8 property, or tangible personal property.

9 b. "*Governing documents*" means the organizing documents
10 of a business including but not limited to a certificate of
11 organization, certificate of limited partnership, articles of
12 incorporation, or other similar document, and the operating
13 documents of a business including but not limited to a
14 partnership agreement, operating agreement, bylaws, or other
15 similar documents.

16 c. "*Qualified motor fuel pump station*" means a business that
17 meets all of the following requirements:

18 (1) The business is operated for profit and primarily
19 engaged in the retail sale of motor fuel to consumers in this
20 state.

21 (2) The business has a commercial domicile, as defined in
22 section 422.32, in this state.

23 (3) The governing documents of the business require that
24 at least one percent of the annual profits of the business be
25 donated for the benefit of fire fighters, police officers, or
26 emergency medical service personnel serving in this state, or
27 veterans living in this state.

28 2. The taxes imposed under this division, less the credits
29 allowed under section 422.12, shall be reduced by a qualified
30 motor fuel pump station tax credit in an amount equal to five
31 percent of a taxpayer's equity investment in a qualified motor
32 fuel pump station.

33 3. Any tax credit in excess of the taxpayer's liability
34 for the tax year is not refundable but may be credited to the
35 tax liability for the following five years or until depleted,

1 whichever is earlier.

2 4. In order for an equity investment to qualify for the tax
3 credit, the business in which the equity investment is made
4 shall, within one hundred twenty days of the first investment,
5 do all of the following:

6 a. Submit an application to the department, in the manner
7 and form prescribed by the department, to be verified as a
8 qualified motor fuel pump station.

9 b. Notify the department of the names, addresses, equity
10 issued, consideration paid for the equity interest, and the
11 amount of any tax credits, of all equity owners who may qualify
12 for the tax credits. The list of equity owners who may qualify
13 for the tax credits shall be amended as new equity investments
14 are sold or as any information on the list changes.

15 5. After verifying the eligibility of a qualified motor fuel
16 pump station, the department shall allow the claiming of tax
17 credits as provided in subsection 2.

18 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
19 immediate importance, takes effect upon enactment.

20 Sec. 3. APPLICABILITY. This Act applies to equity
21 investments made on or after the effective date of this Act.

22 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
23 retroactively to January 1, 2015, for tax years beginning on
24 or after that date.

25

EXPLANATION

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

28 This bill provides an individual income tax credit for
29 an individual who makes an equity investment in a qualified
30 motor fuel pump station. The tax credit is equal to 5 percent
31 of the individual's equity investment. "Equity investment",
32 "qualified motor fuel pump station", and other related terms
33 are defined in the bill.

34 In order to qualify for the tax credit, a business must,
35 within 120 days of the first investment, apply to the

1 department of revenue to be verified as a qualified motor fuel
2 pump station and must provide certain investor and investment
3 information.

4 The tax credit is nonrefundable, but any amount in excess of
5 the tax liability may be carried forward for up to five years.

6 The bill takes effect upon enactment and applies to
7 equity investments made on or after that date, and applies
8 retroactively to tax years beginning on or after January 1,
9 2015.