

House File 240 - Introduced

HOUSE FILE 240

BY MAXWELL

A BILL FOR

1 An Act creating a tax credit against the individual and
2 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 and
6 other applicability provisions.

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

1 Section 1. NEW SECTION. 422.10C 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. A charitable contribution
9 shall not be eligible for the tax credit to the extent the
10 contribution was taken as a deduction pursuant to section 170
11 of the Internal Revenue Code for state tax purposes. For
12 purposes of this section, "*eligible research institution*"
13 means an organization qualifying under section 501(c)(3) of
14 the Internal Revenue Code as an organization exempt from
15 federal income tax under section 501(a) of the Internal
16 Revenue Code that is engaged in research designed to improve
17 patient care through the development and dissemination of novel
18 clinical therapies for the functional repair and replacement
19 of diseased tissues and organs, including research for the
20 treatment of cancer. "*Eligible research institution*" excludes
21 a postsecondary institution or an entity or organization
22 receiving twenty-five percent or more of its annual budget from
23 a postsecondary institution.

24 c. An individual may claim the tax credit allowed a
25 partnership, limited liability company, S corporation, estate,
26 or trust electing to have the income taxed directly to the
27 individual. The amount claimed by the individual shall be
28 based upon the pro rata share of the individual's earnings of
29 the partnership, limited liability company, S corporation,
30 estate, or trust.

31 d. Any tax credit in excess of the taxpayer's tax liability
32 is not refundable but the excess for the tax year may be
33 credited to the tax liability for the following four tax years
34 or until depleted, whichever is earlier.

35 2. a. A taxpayer must submit an application to the

1 department on or after the date the charitable contribution is
2 made. The application must be approved by the department in
3 order to claim the tax credit.

4 *b.* The department shall accept and approve applications
5 on a first-come, first-served basis according to the date
6 the application was received until the maximum amount of tax
7 credits that may be approved under subsection 3 is reached.
8 If for a fiscal year the aggregate amount of tax credits
9 applied for exceeds the amount specified in subsection 3,
10 the department shall establish a wait list for tax credits.
11 Valid applications filed by the taxpayer but not approved by
12 the department shall be placed on a wait list in the order
13 the applications were received and those applicants shall
14 be given priority for having their applications approved
15 in succeeding years. Placement on a wait list pursuant to
16 this paragraph shall not constitute a promise binding the
17 state. The availability of a tax credit and approval of a tax
18 credit application pursuant to this section in a future year
19 is contingent upon the availability of tax credits in that
20 particular year.

21 *c.* For tax credit applications received and approved by
22 the department in the fiscal year during which the charitable
23 contribution is made, the tax credit shall be claimed for the
24 tax year during which the charitable contribution is made. For
25 tax credit applications approved in any fiscal year following
26 the fiscal year during which the charitable contribution is
27 made, the tax credit shall be claimed for the tax year during
28 which the application is approved by the department. A tax
29 credit shall not be carried back to a tax year prior to the tax
30 year in which the taxpayer claims the tax credit.

31 3. The maximum aggregate amount of tax credits approved
32 in a fiscal year pursuant to this section, section 422.33,
33 subsection 27, section 422.60, subsection 14, section 432.12N,
34 and section 533.329, subsection 2, paragraph "m", shall not
35 exceed ten million dollars.

1 Sec. 2. Section 422.33, Code 2017, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 27. The taxes imposed under this division
4 shall be reduced by a regenerative medicine research tax credit
5 in the same manner, for the same amount, and under the same
6 conditions as provided in section 422.10C.

7 Sec. 3. Section 422.60, Code 2017, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 14. The taxes imposed under this division
10 shall be reduced by a regenerative medicine research tax credit
11 in the same manner, for the same amount, and under the same
12 conditions as provided in section 422.10C.

13 Sec. 4. NEW SECTION. **432.12N Regenerative medicine research**
14 **tax credit.**

15 The taxes imposed under this chapter shall be reduced by a
16 regenerative medicine research tax credit in the same manner,
17 for the same amount, and under the same conditions as provided
18 in section 422.10C.

19 Sec. 5. Section 533.329, subsection 2, Code 2017, is amended
20 by adding the following new paragraph:

21 NEW PARAGRAPH. *m.* The moneys and credits tax imposed
22 under this section shall be reduced by a regenerative medicine
23 research tax credit in the same manner, for the same amount,
24 and under the same conditions as provided in section 422.10C.

25 Sec. 6. **APPLICABILITY.** This Act applies to charitable
26 contributions to an eligible research institution located in
27 this state made on or after January 1, 2017.

28 Sec. 7. **RETROACTIVE APPLICABILITY.** This Act applies
29 retroactively to January 1, 2017, for tax years beginning on
30 or after that date.

31

EXPLANATION

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

34 This bill provides a credit against the individual or
35 corporate income tax, the franchise tax, the insurance premiums

1 tax, and the moneys and credits tax for 60 percent of a
2 taxpayer's contribution to a regenerative medicine research
3 institution located in the state. Contributions claimed as
4 a charitable deduction for Iowa tax purposes shall not be
5 eligible for the tax credit. In order to qualify for the
6 credit, the regenerative medicine research institute must be
7 qualified under 501(c)(3) of the Internal Revenue Code and must
8 engage in research that is designed to improve patient care
9 through the development and dissemination of novel clinical
10 therapies for the functional repair and replacement of diseased
11 tissues and organs, including cancer research. Postsecondary
12 institutions and entities that receive 25 percent or more of
13 their annual budget from a postsecondary institution do not
14 qualify.

15 In order to claim a tax credit, the taxpayer must submit
16 an application to the department of revenue (department) on
17 or after the date of the charitable contribution, and have
18 that application approved by the department. No more than
19 \$10 million in tax credits may be approved per fiscal year.
20 If applications for the tax credit exceed that amount, the
21 department is required to establish a wait list in the order
22 the applications were received and those applicants will
23 receive priority for receiving tax credits in succeeding years.

24 The tax credit is nonrefundable, but any amount in excess of
25 the taxpayer's tax liability may be carried forward for up to
26 four years. The tax credit cannot be carried back to a prior
27 tax year. For tax credit applications received and approved by
28 the department in the fiscal year during which the charitable
29 contribution is made, the tax credit shall be claimed for the
30 tax year during which the charitable contribution is made. For
31 applications approved by the department in any later fiscal
32 year, the tax credit shall be claimed for the tax year during
33 which the application is approved.

34 The bill applies retroactively to January 1, 2017, for
35 tax years beginning on or after that date, and applies to

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1 charitable contributions made on or after that date.