

**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.