

Senate File 394 - Introduced

SENATE FILE 394
BY BOLKCOM

A BILL FOR

1 An Act limiting the amount of research activities tax credit
2 that is refundable and including retroactive applicability
3 provisions.

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

1 Section 1. Section 15.335, subsection 8, Code 2017, is
2 amended to read as follows:

3 8. Any credit in excess of the tax liability for the taxable
4 year shall be refunded with interest computed under section
5 422.25. However, the aggregate amount of tax credit that may
6 be refunded pursuant to this section and section 422.10 or
7 section 422.33, subsection 5, shall not exceed one million
8 dollars per taxpayer per taxable year. In lieu of claiming a
9 refund, a taxpayer may elect to have the overpayment shown on
10 its final, completed return credited to the tax liability for
11 the following year.

12 Sec. 2. Section 422.10, subsection 4, Code 2017, is amended
13 to read as follows:

14 4. Any credit in excess of the tax liability imposed by
15 section 422.5 less the amounts of nonrefundable credits allowed
16 under [this division](#) for the taxable year shall be refunded
17 with interest computed under [section 422.25](#). However, the
18 aggregate amount of tax credit that may be refunded pursuant to
19 this section and section 15.335 shall not exceed one million
20 dollars per taxpayer per taxable year. In lieu of claiming
21 a refund, a taxpayer may elect to have the overpayment shown
22 on the taxpayer's final, completed return credited to the tax
23 liability for the following taxable year.

24 Sec. 3. Section 422.33, subsection 5, paragraph f, Code
25 2017, is amended to read as follows:

26 *f.* Any credit in excess of the tax liability for the taxable
27 year shall be refunded with interest computed under section
28 422.25. However, the aggregate amount of tax credit that may
29 be refunded pursuant to this subsection and section 15.335
30 shall not exceed one million dollars per taxpayer per taxable
31 year. In lieu of claiming a refund, a taxpayer may elect
32 to have the overpayment shown on its final, completed return
33 credited to the tax liability for the following taxable year.

34 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
35 retroactively to January 1, 2017, for tax years beginning on

1 or after that date.

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EXPLANATION

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

5 Under current law, the research activities tax credits are
6 refundable, meaning any amount of the tax credits in excess of
7 a taxpayer's tax liability are issued to the taxpayer in the
8 form of a tax refund.

9 This bill limits the aggregate amount of research activities
10 tax credits that may be refunded to \$1 million per taxpayer
11 per taxable year. This limitation includes the individual and
12 corporate research activities credits, and the supplemental
13 research activities tax credit awarded by the economic
14 development authority under Code section 15.335.

15 The bill applies retroactively to January 1, 2017, for tax
16 years beginning on or after that date.