

House File 2638 - Introduced

HOUSE FILE 2638

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 671)

A BILL FOR

1 An Act relating to certain tax credits awarded by the economic
2 development authority for equity investments in qualifying
3 businesses or innovation funds and including effective date
4 provisions.

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

1 Section 1. Section 15.119, subsection 2, paragraphs d and e,
2 Code 2020, are amended to read as follows:

3 *d.* The tax credits for investments in qualifying businesses
4 issued pursuant to [section 15E.43](#). In allocating tax credits
5 pursuant to [this subsection](#), the authority shall allocate at
6 least two million and not more than four million dollars for
7 purposes of this paragraph, unless the authority determines
8 that the tax credits awarded will be less than that amount.

9 *e.* The tax credits for investments in an innovation fund
10 pursuant to [section 15E.52](#). In allocating tax credits pursuant
11 to [this subsection](#), the authority shall allocate at least six
12 million and not more than eight million dollars for purposes of
13 this paragraph, unless the authority determines that the tax
14 credits awarded will be less than that amount.

15 Sec. 2. Section 15.119, Code 2020, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 2A. On or before June 30 of each year,
18 the authority shall determine the amount of tax credits that
19 shall be issued pursuant to sections 15E.43 and 15E.52 for
20 the following fiscal year. In allocating the amount of tax
21 credits authorized pursuant to subsection 1 among the programs
22 specified in subsection 2, the aggregate amount allocated by
23 the authority for purposes of subsection 2, paragraphs “d” and
24 “e”, shall not exceed ten million dollars.

25 Sec. 3. Section 15E.43, subsection 2, paragraphs b and c,
26 Code 2020, are amended to read as follows:

27 *b.* The maximum amount of a tax credit that may be issued
28 per ~~calendar~~ fiscal year to a natural person and the person’s
29 spouse or dependent shall not exceed one hundred thousand
30 dollars combined. For purposes of this paragraph, a tax
31 credit issued to a partnership, limited liability company, S
32 corporation, estate, or trust electing to have income taxed
33 directly to the individual shall be deemed to be issued to
34 the individual owners based upon the pro rata share of the
35 individual’s earnings from the entity. For purposes of this

1 paragraph, "dependent" has the same meaning as provided by the
2 Internal Revenue Code.

3 c. The maximum amount of tax credits that may be issued
4 per ~~calendar~~ fiscal year for equity investments in any one
5 qualifying business shall not exceed five hundred thousand
6 dollars.

7 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
8 importance, takes effect upon enactment.

9 EXPLANATION

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

12 This bill relates to certain tax credits awarded by the
13 economic development authority for equity investments in a
14 qualifying business or innovation fund.

15 The bill directs the economic development authority to
16 determine on or before June 30 of each year the amount of tax
17 credits that will be issued for the following fiscal year
18 for equity investments in qualifying businesses pursuant to
19 Code section 15E.43 and in innovation funds pursuant to Code
20 section 15E.52. The bill caps the aggregate amount of these
21 tax credits at \$10 million.

22 The bill changes the maximum amount of tax credits that may
23 be issued in a year to a natural person and the person's spouse
24 or dependant, or for equity investments in any one qualifying
25 business, from a calendar year basis to a fiscal year basis.

26 The bill takes effect upon enactment.