

**Senate File 23 - Introduced**

SENATE FILE 23  
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 2019, 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 in accordance with section  
5 421.60, subsection 2, paragraph "e". However, the aggregate  
6 amount of tax credit that may be refunded pursuant to this  
7 section and section 422.10 or 422.33, subsection 5, shall not  
8 exceed one million dollars per taxpayer per year. In lieu of  
9 claiming a refund, a taxpayer may elect to have the overpayment  
10 shown on its final, completed return credited to the tax  
11 liability for the following year.

12      Sec. 2. Section 422.10, subsection 4, Code 2019, 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 in accordance with section 421.60, subsection 2,  
18 paragraph "e". However, the aggregate amount of tax credit that  
19 may be refunded pursuant to this section and section 15.335  
20 shall not exceed one million dollars per taxpayer per year. In  
21 lieu of claiming a refund, a taxpayer may elect to have the  
22 overpayment shown on the taxpayer's final, completed return  
23 credited to the tax liability for the following taxable year.

24      Sec. 3. Section 422.33, subsection 5, paragraph g, Code  
25 2019, is amended to read as follows:

26      g. Any credit in excess of the tax liability for the taxable  
27 year shall be refunded with interest in accordance with section  
28 421.60, subsection 2, paragraph "e". However, the aggregate  
29 amount of tax credit that may be refunded pursuant to this  
30 subsection and section 15.335 shall not exceed one million  
31 dollars per taxpayer per taxable year. In lieu of claiming a  
32 refund, a taxpayer may elect to have the overpayment shown on  
33 its final, completed return credited to the tax liability for  
34 the following taxable year.

35      Sec. 4. RETROACTIVE APPLICABILITY. This Act applies

1 retroactively to January 1, 2019, for tax years beginning on  
2 or after that date.

3 EXPLANATION

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

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

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

16 The bill applies retroactively to January 1, 2019, for tax  
17 years beginning on or after that date.