

House Study Bill 278 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HEIN)

A BILL FOR

1 An Act relating to state taxation and economic development
2 activities, including future tax contingencies, state
3 income tax deductions, tax credits, the state inheritance
4 tax, the sales and use tax, disaster recovery housing,
5 energy infrastructure, telehealth parity, consumer loans,
6 local regulations, and other properly related matters, and
7 including effective date and retroactive applicability
8 provisions.

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

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DIVISION I

FUTURE TAX CHANGES

Section 1. 2018 Iowa Acts, chapter 1161, section 133, is amended by striking the section and inserting in lieu thereof the following:

SEC. 133. EFFECTIVE DATE. This division of this Act takes effect January 1, 2023.

DIVISION II

CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS

Sec. 2. Section 422.12C, subsection 1, paragraphs f and g, Code 2021, are amended to read as follows:

f. For a taxpayer with net income of forty thousand dollars or more but less than ~~forty-five~~ ninety thousand dollars, thirty percent.

g. For a taxpayer with net income of ~~forty-five~~ ninety thousand dollars or more, zero percent.

Sec. 3. Section 422.12C, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. The taxes imposed under [this subchapter](#), less the amounts of nonrefundable credits allowed under [this subchapter](#), may be reduced by an early childhood development tax credit equal to twenty-five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent, as defined in the Internal Revenue Code, ages three through five for early childhood development expenses. In determining the amount of early childhood development expenses for the tax year beginning in the 2006 calendar year only, such expenses paid during November and December of the previous tax year shall be considered paid in the tax year for which the tax credit is claimed. This credit is available to a taxpayer whose net income is less than ~~forty-five~~ ninety thousand dollars. If the early childhood development tax credit is claimed for a tax year, the taxpayer and the taxpayer's spouse shall not claim the child and dependent care credit under [subsection 1](#).

Sec. 4. RETROACTIVE APPLICABILITY. This division of this

1 Act applies retroactively to tax years beginning on or after
2 January 1, 2021.

3 DIVISION III

4 COVID-19 RELATED GRANTS — TAXATION

5 Sec. 5. Section 422.7, subsection 62, Code 2021, is amended
6 to read as follows:

7 62. a. Subtract, to the extent included, the amount of
8 any financial assistance qualifying COVID-19 grant provided to
9 an eligible small issued to an individual or business by the
10 economic development authority under the Iowa small business
11 relief grant program created during calendar year 2020 to
12 provide financial assistance to eligible small businesses
13 economically impacted by the COVID-19 pandemic, the Iowa
14 finance authority, or the department of agriculture and land
15 stewardship.

16 b. For purposes of this subsection, "qualifying COVID-19
17 grant" includes any grant identified by the department by rule
18 that was issued under a grant program administered by the
19 economic development authority, Iowa finance authority, or
20 the department of agriculture and land stewardship to provide
21 financial assistance to individuals and businesses economically
22 impacted by the COVID-19 pandemic.

23 c. The economic development authority, Iowa finance
24 authority, or the department of agriculture and land
25 stewardship shall notify the department of any COVID-19 grant
26 program that may qualify under this subsection in the manner
27 and form prescribed by the department.

28 d. This subsection is repealed January 1, 2024, and does not
29 apply to tax years beginning on or after that date.

30 Sec. 6. Section 422.35, subsection 30, Code 2021, is amended
31 to read as follows:

32 30. a. Subtract, to the extent included, the amount of
33 any financial assistance qualifying COVID-19 grant provided
34 to an eligible small issued to a business by the economic
35 development authority under the Iowa small business relief

1 ~~grant program created during calendar year 2020 to provide~~
2 ~~financial assistance to eligible small businesses economically~~
3 ~~impacted by the COVID-19 pandemic, the Iowa finance authority,~~
4 ~~or the department of agriculture and land stewardship.~~

5 b. For purposes of this subsection, "qualifying COVID-19
6 grant" includes any grant identified by the department by rule
7 that was issued under a grant program administered by the
8 economic development authority, Iowa finance authority, or
9 the department of agriculture and land stewardship to provide
10 financial assistance to businesses economically impacted by the
11 COVID-19 pandemic.

12 c. The economic development authority, Iowa finance
13 authority, or the department of agriculture and land
14 stewardship shall notify the department of any COVID-19 grant
15 program that may qualify under this subsection in the manner
16 and form prescribed by the department.

17 d. This subsection is repealed January 1, 2024, and does not
18 apply to tax years beginning on or after that date.

19 Sec. 7. EFFECTIVE DATE. This division of this Act, being
20 deemed of immediate importance, takes effect upon enactment.

21 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
22 Act applies retroactively to March 23, 2020, for tax years
23 ending on or after that date.

24 DIVISION IV

25 FEDERAL PAYCHECK PROTECTION PROGRAM

26 Sec. 9. FEDERAL PAYCHECK PROTECTION PROGRAM.

27 Notwithstanding any other provision of the law to the contrary,
28 for any tax year ending after March 27, 2020, Division N, Tit.
29 II, subtit. B, §276 and §278(a), of the federal Consolidated
30 Appropriations Act, 2021, Pub. L. No. 116-260, applies in
31 computing net income for state tax purposes under section 422.7
32 or 422.35.

33 Sec. 10. EFFECTIVE DATE. This division of this Act, being
34 deemed of immediate importance, takes effect upon enactment.

35 DIVISION V

1 SCHOOL TUITION ORGANIZATION TAX CREDIT

2 Sec. 11. Section 422.11S, subsection 1, Code 2021, is
3 amended to read as follows:

4 1. a. The taxes imposed under this subchapter, less the
5 credits allowed under section 422.12, shall be reduced by a
6 school tuition organization tax credit equal to ~~sixty-five~~
7 percent the following percentage of the amount of the voluntary
8 cash or noncash contributions made by the taxpayer during the
9 applicable tax year to a school tuition organization, subject
10 to the total dollar value of the organization's tax credit
11 certificates as computed in subsection 8:

12 (1) For the tax year beginning on or after January 1, 2021,
13 but before January 1, 2022, sixty-five percent.

14 (2) For the tax year beginning on or after January 1, 2022,
15 but before January 1, 2023, seventy-two percent.

16 (3) For the tax year beginning on or after January 1, 2023,
17 but before January 1, 2024, seventy-eight percent.

18 (4) For the tax year beginning on or after January 1, 2024,
19 but before January 1, 2025, eighty-five percent.

20 (5) For tax years beginning on or after January 1, 2025,
21 eighty-seven percent.

22 b. The tax credit shall be claimed by use of a tax credit
23 certificate as provided in subsection 7.

24 Sec. 12. Section 422.11S, subsection 8, paragraph a,
25 subparagraph (2), Code 2021, is amended to read as follows:

26 (2) ~~(a)~~ *"Total approved tax credits"* means for the 2006
27 calendar year, two million five hundred thousand dollars, for
28 the 2007 calendar year, five million dollars, for calendar
29 years beginning on or after January 1, 2008, but before January
30 1, 2012, seven million five hundred thousand dollars, for
31 calendar years beginning on or after January 1, 2012, but
32 before January 1, 2014, eight million seven hundred fifty
33 thousand dollars, for calendar years beginning on or after
34 January 1, 2014, but before January 1, 2019, twelve million
35 dollars, ~~and~~ for calendar years beginning on or after January

1 1, 2019, but before January 1, 2020, thirteen million dollars,
2 and for calendar years beginning on or after January 1, 2020,
3 but before January 1, 2022, fifteen million dollars, for
4 calendar years beginning on or after January 1, 2022, but
5 before January 1, 2023, sixteen million five hundred thousand
6 dollars, for calendar years beginning on or after January 1,
7 2023, but before January 1, 2024, eighteen million dollars,
8 for calendar years beginning on or after January 1, 2024, but
9 before January 1, 2025, nineteen million five hundred thousand
10 dollars, and for calendar years beginning on or after January
11 1, 2025, twenty million dollars.

12 ~~(b) (i) During any calendar year beginning on or after~~
13 ~~January 1, 2022, if the amount of awarded tax credits from the~~
14 ~~preceding calendar year are equal to or greater than ninety~~
15 ~~percent of the total approved tax credits for the current~~
16 ~~calendar year, the total approved tax credits for the current~~
17 ~~calendar year shall equal the product of ten percent multiplied~~
18 ~~by the total approved tax credits for the current calendar year~~
19 ~~plus the total approved tax credits for the current calendar~~
20 ~~year.~~

21 ~~(ii) If total approved tax credits are recomputed pursuant~~
22 ~~to subparagraph subdivision (i), the total approved tax credits~~
23 ~~shall equal the previous total approved tax credits recomputed~~
24 ~~pursuant to subparagraph subdivision (i) for purposes of future~~
25 ~~recomputations under subparagraph subdivision (i), provided~~
26 ~~that the maximum total approved tax credits recomputed pursuant~~
27 ~~to this subparagraph division (b) shall not exceed twenty~~
28 ~~million dollars in a calendar year.~~

29 Sec. 13. RETROACTIVE APPLICABILITY. This division of this
30 Act applies retroactively to January 1, 2021, for tax years
31 beginning on or after that date.

32 DIVISION VI

33 TARGETED JOBS WITHHOLDING CREDIT

34 Sec. 14. Section 403.19A, subsection 3, paragraph c,
35 subparagraph (2), Code 2021, is amended to read as follows:

1 (2) The pilot project city and the economic development
2 authority shall not enter into a withholding agreement after
3 June 30, ~~2021~~ 2026.

4 DIVISION VII

5 ECONOMIC EMERGENCY FUND — EXCESS MONEYS

6 Sec. 15. Section 8.55, subsection 2, Code 2021, is amended
7 by striking the subsection and inserting in lieu thereof the
8 following:

9 2. The maximum balance of the fund is the amount equal to
10 two and one-half percent of the adjusted revenue estimate for
11 the fiscal year. If the amount of moneys in the fund exceeds
12 the maximum balance, moneys in excess of the maximum balance
13 shall be distributed as follows:

14 a. An amount equal to not more than five percent of
15 the adjusted revenue estimate for the fiscal year shall be
16 transferred to the general fund of the state.

17 b. The remainder of the excess, if any, shall be transferred
18 to the taxpayer relief fund created in section 8.57E.

19 Sec. 16. EFFECTIVE DATE. This division of this Act takes
20 effect July 1, 2022.

21 DIVISION VIII

22 TAXPAYER RELIEF FUND — TAX CREDIT

23 Sec. 17. Section 8.57E, subsection 2, Code 2021, is amended
24 to read as follows:

25 2. Moneys in the taxpayer relief fund shall only be used
26 pursuant to appropriations or transfers made by the general
27 assembly for tax relief, ~~including but not limited to increases~~
28 ~~in the general retirement income exclusion under section 422.7,~~
29 ~~subsection 31, or reductions in income tax rates.~~ During
30 each fiscal year beginning on or after July 1, 2021, in which
31 the balance of the taxpayer relief fund equals or exceeds one
32 hundred twenty million dollars, there is transferred from the
33 taxpayer relief fund to the Iowa taxpayer relief tax credit
34 fund created in section 422.120 the entire balance of the
35 taxpayer relief fund to be used for the Iowa taxpayer relief

1 tax credit in accordance with section 422.120, subsection 5.

2 Sec. 18. Section 257.21, subsection 2, Code 2021, is amended
3 to read as follows:

4 2. The instructional support income surtax shall be imposed
5 on the state individual income tax for the calendar year during
6 which the school's budget year begins, or for a taxpayer's
7 fiscal year ending during the second half of that calendar year
8 and after the date the board adopts a resolution to participate
9 in the program or the first half of the succeeding calendar
10 year, and shall be imposed on all individuals residing in the
11 school district on the last day of the applicable tax year.
12 As used in [this section](#), "state individual income tax" means
13 the taxes computed under [section 422.5](#), less the amounts of
14 nonrefundable credits allowed under [chapter 422, subchapter II](#),
15 except for the Iowa taxpayer relief tax credit allowed under
16 section 422.120.

17 Sec. 19. NEW SECTION. 422.120 Iowa taxpayer relief tax
18 credit — fund.

19 1. For purposes of this section, unless the context
20 otherwise requires:

21 a. "Eligible individual" means, with respect to a tax year,
22 an individual who makes and files an individual income tax
23 return pursuant to section 422.13. "Eligible individual" does
24 not include an estate or trust, or an individual for whom an
25 individual income tax return was not timely filed, including
26 extensions.

27 b. "Unclaimed tax credit" means, with respect to a tax
28 year, the aggregate amount by which the Iowa taxpayer relief
29 tax credits that were eligible to be claimed by eligible
30 individuals, if any, exceeds the Iowa taxpayer relief tax
31 credits actually claimed by eligible individuals, if any.

32 2. The taxes imposed under this subchapter, less the credits
33 allowed under this subchapter except the credits for withheld
34 tax and estimated tax paid in section 422.16, shall be reduced
35 by an Iowa taxpayer relief tax credit to an eligible individual

1 for the tax year beginning January 1 immediately preceding July
2 1 of any fiscal year during which a transfer, if any, is made
3 from the taxpayer relief fund in section 8.57E to the Iowa
4 taxpayer relief tax credit fund created in this section.

5 3. The credit shall be equal to the quotient of the amount
6 transferred to the Iowa taxpayer relief tax credit fund in
7 the applicable fiscal year, divided by the number of eligible
8 individuals for the tax year immediately preceding the tax year
9 for which the credit in this section is allowed, as determined
10 by the director of revenue in accordance with this section,
11 rounded down to the nearest whole dollar. The department of
12 revenue shall draft the income tax form for any tax year in
13 which a credit will be allowed under this section to provide
14 the information and space necessary for eligible individuals to
15 claim the credit.

16 4. Any credit in excess of the taxpayer's liability for the
17 tax year is not refundable and shall not be credited to the tax
18 liability for any following year or carried back to a tax year
19 prior to the tax year in which the taxpayer claims the credit.

20 5. a. There is established within the state treasury
21 under the control of the department an Iowa taxpayer relief
22 tax credit fund consisting of any moneys transferred by the
23 general assembly by law from the taxpayer relief fund created
24 in section 8.57E for purposes of the credit provided in this
25 section. For the fiscal year beginning July 1, 2021, and for
26 each fiscal year thereafter, the department shall transfer from
27 the Iowa taxpayer relief tax credit fund to the general fund
28 of the state, the lesser of the balance of the Iowa taxpayer
29 relief tax credit fund or an amount equal to the Iowa taxpayer
30 relief tax credits claimed in that fiscal year, if any. Any
31 moneys in the Iowa taxpayer relief tax credit fund which
32 represent unclaimed tax credits shall immediately revert to
33 the taxpayer relief fund created in section 8.57E. Interest
34 or earnings on moneys in the Iowa taxpayer relief tax credit
35 fund shall be credited to the taxpayer relief fund created in

1 section 8.57E.

2 **b.** The moneys transferred to the general fund of the state
3 in accordance with this subsection shall not be considered new
4 revenues for purposes of the state general fund expenditure
5 limitation under section 8.54 but instead as replacement of
6 a like amount included in the expenditure limitation for the
7 fiscal year in which the transfer is made.

8 Sec. 20. Section 422D.2, Code 2021, is amended to read as
9 follows:

10 **422D.2 Local income surtax.**

11 A county may impose by ordinance a local income surtax as
12 provided in [section 422D.1](#) at the rate set by the board of
13 supervisors, of up to one percent, on the state individual
14 income tax of each individual residing in the county at the
15 end of the individual's applicable tax year. However, the
16 cumulative total of the percents of income surtax imposed on
17 any taxpayer in the county shall not exceed twenty percent.
18 The reason for imposing the surtax and the amount needed
19 shall be set out in the ordinance. The surtax rate shall be
20 set to raise only the amount needed. For purposes of this
21 section, "*state individual income tax*" means the tax computed
22 under [section 422.5](#), less the amounts of nonrefundable credits
23 allowed under [chapter 422, subchapter II](#), except for the Iowa
24 taxpayer relief tax credit allowed under section 422.120.

25 Sec. 21. EFFECTIVE DATE. This division of this Act, being
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 22. RETROACTIVE APPLICABILITY. This division of this
28 Act applies retroactively to January 1, 2021, for tax years
29 beginning on or after that date.

30 DIVISION IX

31 STATE INHERITANCE TAX

32 Sec. 23. Section 450.10, Code 2021, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 7. *a.* In lieu of each rate of tax imposed
35 in subsections 1 through 4, for property passing from the

1 estate of a decedent dying on or after July 1, 2021, but before
2 July 1, 2022, there shall be imposed a rate of tax equal to
3 the applicable tax rate in subsections 1 through 4, reduced by
4 ten percent, and rounded to the nearest one-hundredth of one
5 percent.

6 *b.* In lieu of each rate of tax imposed in subsections 1
7 through 4, for property passing from the estate of a decedent
8 dying on or after July 1, 2022, but before July 1, 2023, there
9 shall be imposed a rate of tax equal to the applicable tax rate
10 in subsections 1 through 4, reduced by twenty percent, and
11 rounded to the nearest one-hundredth of one percent.

12 *c.* In lieu of each rate of tax imposed in subsections 1
13 through 4, for property passing from the estate of a decedent
14 dying on or after July 1, 2023, but before July 1, 2024, there
15 shall be imposed a rate of tax equal to the applicable tax rate
16 in subsections 1 through 4, reduced by thirty percent, and
17 rounded to the nearest one-hundredth of one percent.

18 *d.* In lieu of each rate of tax imposed in subsections 1
19 through 4, for property passing from the estate of a decedent
20 dying on or after July 1, 2024, but before July 1, 2025, there
21 shall be imposed a rate of tax equal to the applicable tax
22 rate in subsections 1 through 4, reduced by forty percent, and
23 rounded to the nearest one-hundredth of one percent.

24 *e.* In lieu of each rate of tax imposed in subsections 1
25 through 4, for property passing from the estate of a decedent
26 dying on or after July 1, 2025, but before July 1, 2026, there
27 shall be imposed a rate of tax equal to the applicable tax
28 rate in subsections 1 through 4, reduced by fifty percent, and
29 rounded to the nearest one-hundredth of one percent.

30 *f.* In lieu of each rate of tax imposed in subsections 1
31 through 4, for property passing from the estate of a decedent
32 dying on or after July 1, 2026, but before July 1, 2027, there
33 shall be imposed a rate of tax equal to the applicable tax
34 rate in subsections 1 through 4, reduced by sixty percent, and
35 rounded to the nearest one-hundredth of one percent.

1 *g.* In lieu of each rate of tax imposed in subsections 1
2 through 4, for property passing from the estate of a decedent
3 dying on or after July 1, 2027, but before July 1, 2028, there
4 shall be imposed a rate of tax equal to the applicable tax rate
5 in subsections 1 through 4, reduced by seventy percent, and
6 rounded to the nearest one-hundredth of one percent.

7 *h.* In lieu of each rate of tax imposed in subsections 1
8 through 4, for property passing from the estate of a decedent
9 dying on or after July 1, 2028, but before July 1, 2029, there
10 shall be imposed a rate of tax equal to the applicable tax rate
11 in subsections 1 through 4, reduced by eighty percent, and
12 rounded to the nearest one-hundredth of one percent.

13 *i.* In lieu of each rate of tax imposed in subsections 1
14 through 4, for property passing from the estate of a decedent
15 dying on or after July 1, 2029, but before July 1, 2030, there
16 shall be imposed a rate of tax equal to the applicable tax rate
17 in subsections 1 through 4, reduced by ninety percent, and
18 rounded to the nearest one-hundredth of one percent.

19 Sec. 24. NEW SECTION. **450.98 Tax repealed.**

20 Effective July 1, 2030, this chapter shall not apply to
21 property of estates of decedents dying on or after July 1,
22 2030. The inheritance tax shall not be imposed under this
23 chapter in the event the decedent dies on or after July 1,
24 2030, and, to this extent, this chapter is repealed.

25 Sec. 25. NEW SECTION. **450B.8 Tax repealed.**

26 Effective July 1, 2030, this chapter shall not apply to
27 property of estates of decedents dying on or after July 1,
28 2030. The qualified use inheritance tax shall not be imposed
29 under this chapter in the event the decedent dies on or after
30 July 1, 2030, and, to this extent, this chapter is repealed.

31 Sec. 26. CODE EDITOR DIRECTIVE. The Code editor is directed
32 to remove chapters 450 and 450B from the Code and correct
33 appropriate references to chapters 450 and 450B and appropriate
34 references to the inheritance tax and qualified use inheritance
35 tax effective July 1, 2040.

DIVISION X

HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

Sec. 27. HIGH QUALITY JOBS — REDUCTIONS IN OPERATIONS.

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4 1. Notwithstanding section 15.329, subsection 1, paragraph
5 "b", subparagraph (2), the economic development authority shall
6 not presume that a reduction in operations is a reduction in
7 operations while simultaneously applying for assistance with
8 regard to a business that submits an application on or before
9 June 30, 2022, if the business demonstrates to the satisfaction
10 of the authority all of the following:

11 a. That the reduction in operations occurred after March 1,
12 2020.

13 b. That the reduction in operations was caused by the
14 COVID-19 pandemic.

15 2. The economic development authority shall consider
16 whether the benefit of the project proposed by a business
17 under subsection 1 outweighs any negative impact related to
18 the business's reduction in operations. The business shall
19 remain subject to all other eligibility requirements pursuant
20 to section 15.329.

21 3. This section is repealed July 1, 2022.

DIVISION XI

HOUSING TRUST FUND

24 Sec. 28. Section 428A.8, subsection 3, Code 2021, is amended
25 to read as follows:

26 3. Notwithstanding [subsection 2](#), the amount of money that
27 shall be transferred pursuant to [this section](#) to the housing
28 trust fund in any one fiscal year shall not exceed ~~three~~ seven
29 million dollars. Any money that otherwise would be transferred
30 pursuant to [this section](#) to the housing trust fund in excess
31 of that amount shall be deposited in the general fund of the
32 state.

DIVISION XII

HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS

35 Sec. 29. Section 15.327, Code 2021, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 016. "*Licensed center*" means the same as
3 defined in section 237A.1.

4 Sec. 30. Section 15.329, Code 2021, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 3A. In addition to the factors in
7 subsection 3, in determining the eligibility of a business to
8 participate in the program the authority may consider whether a
9 proposed project will provide a licensed center for use by the
10 business's employees.

11 DIVISION XIII

12 WORKFORCE HOUSING TAX CREDITS

13 Sec. 31. Section 15.119, subsection 2, paragraph g, Code
14 2021, is amended to read as follows:

15 g. The workforce housing tax incentives program administered
16 pursuant to [sections 15.351 through 15.356](#). In allocating
17 tax credits pursuant to [this subsection](#), the authority shall
18 not allocate more than ~~twenty-five~~ thirty million dollars for
19 purposes of this paragraph. Of the moneys allocated under this
20 paragraph, ~~ten~~ fifteen million dollars shall be reserved for
21 allocation to qualified housing projects in small cities, as
22 defined in [section 15.352](#), that are registered on or after July
23 1, 2017.

24 DIVISION XIV

25 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM AND FUND

26 Sec. 32. NEW SECTION. 16.57A **Transfer of unobligated or**
27 **unencumbered funds — report.**

28 1. Notwithstanding any other provision of law to the
29 contrary, the authority may transfer any unobligated and
30 unencumbered moneys in any revolving loan program fund created
31 pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit
32 in the disaster recovery housing assistance fund created in
33 section 16.57B.

34 2. Notwithstanding section 8.39, and any other law to
35 the contrary, with the prior written consent and approval of

1 the governor, the executive director of the authority may
2 transfer any unobligated and unencumbered moneys in any fund
3 created pursuant to section 16.5, subsection 1, paragraph
4 "s", for deposit in the disaster recovery housing assistance
5 fund created in section 16.57B. The prior written consent and
6 approval of the director of the department of management shall
7 not be required to transfer the unobligated and unencumbered
8 moneys.

9 3. Notwithstanding section 8.39, and any other law to the
10 contrary, with the prior written approval of the governor, the
11 director of the economic development authority may transfer
12 any unobligated and unencumbered moneys in any fund created
13 pursuant to section 15.106A, subsection 1, paragraph "o",
14 for deposit in the disaster recovery housing assistance fund
15 created in section 16.57B.

16 4. Any transfer made under this section shall be reported in
17 the same manner as provided in section 8.39, subsection 5.

18 Sec. 33. NEW SECTION. **16.57B Disaster recovery housing**
19 **assistance program — fund.**

20 1. *Definitions.* As used in this section, unless the context
21 otherwise requires:

22 a. "*Disaster-affected home*" means any of the following:

23 (1) A primary residence that is destroyed or damaged due
24 to a natural disaster that occurs on or after the effective
25 date of this division of this Act, and the primary residence is
26 located in a county that is the subject of a state of disaster
27 emergency proclamation by the governor that authorizes disaster
28 recovery housing assistance.

29 (2) A primary residence that is destroyed or damaged due to
30 a natural disaster that occurred on or after March 12, 2019,
31 but before the effective date of this division of this Act, and
32 is located in a county that has been declared a major disaster
33 by the president of the United States on or after March 12,
34 2019, but before the effective date of this division of this
35 Act, and is located in a county where individuals are eligible

1 for federal individual assistance.

2 *b.* "Fund" means the disaster recovery housing assistance
3 fund.

4 *c.* "Local program administrator" means any of the following:

5 (1) The cities of Ames, Cedar Falls, Cedar Rapids, Council
6 Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo,
7 and West Des Moines.

8 (2) A council of governments whose territory includes at
9 least one county that is the subject of a state of disaster
10 emergency proclamation by the governor that authorizes disaster
11 recovery housing assistance or the eviction prevention program
12 under section 16.57C on or after the effective date of this
13 division of this Act.

14 (3) A community action agency as defined in section 216A.91
15 and whose territory includes at least one county that is the
16 subject of a state of disaster emergency proclamation by the
17 governor that authorizes disaster recovery housing assistance
18 or the eviction prevention program under section 16.57C on or
19 after the effective date of this division of this Act.

20 (4) A qualified local organization or governmental entity
21 as determined by rules adopted by the authority.

22 *d.* "Program" means the disaster recovery housing assistance
23 program.

24 *e.* "Replacement housing" means housing purchased
25 by a homeowner or leased by a renter needed to replace
26 a disaster-affected home that is destroyed or damaged
27 beyond reasonable repair as determined by a local program
28 administrator.

29 *f.* "State of disaster emergency" means the same as described
30 in section 29C.6, subsection 1.

31 2. *Fund.*

32 *a.* (1) A disaster recovery housing assistance fund is
33 created within the authority. The moneys in the fund shall be
34 used by the authority for the development and operation of a
35 forgivable loan and grant program for homeowners and renters

1 with disaster-affected homes, and for the eviction prevention
2 program pursuant to section 16.57C.

3 (2) Notwithstanding section 12C.7, subsection 2, interest
4 or earnings on moneys deposited in the fund shall be credited
5 to the fund. Notwithstanding section 8.33, moneys credited to
6 the fund shall not revert at the close of a fiscal year.

7 b. Moneys transferred by the authority for deposit in the
8 fund, moneys appropriated to the fund, and any other moneys
9 available to and obtained or accepted by the authority for
10 placement in the fund shall be deposited in the fund.

11 c. The authority shall not use more than five percent of
12 the moneys in the fund on July 1 of a fiscal year for purposes
13 of administrative costs and other program support during the
14 fiscal year.

15 3. *Program.*

16 a. The authority shall establish and administer a disaster
17 recovery housing assistance program and shall use moneys in
18 the fund to award forgivable loans to eligible homeowners and
19 grants to eligible renters of disaster-affected homes. Moneys
20 in the fund may be expended following a state of disaster
21 emergency proclamation by the governor pursuant to section
22 29C.6 that authorizes disaster recovery housing assistance.

23 b. The authority may enter into an agreement with one or
24 more local program administrators to administer the program.

25 4. *Registration required.* To be considered for a forgivable
26 loan or grant under the program, a homeowner or renter must
27 register for the disaster case management program established
28 pursuant to section 29C.20B. The disaster case manager may
29 refer the homeowner or renter to the appropriate local program
30 administrator.

31 5. *Homeowners.*

32 a. To be eligible for a forgivable loan under the program,
33 all of the following requirements shall apply:

34 (1) The homeowner's disaster-affected home must have
35 sustained damage greater than the damage that is covered by the

1 homeowner's property and casualty insurance policy insuring the
2 home plus any other state or federal disaster-related financial
3 assistance that the homeowner is eligible to receive.

4 (2) A local program administrator must either deem the
5 disaster-affected home suitable for rehabilitation or damaged
6 beyond reasonable repair.

7 (3) The disaster-affected home is not eligible for buyout by
8 the county or city where the disaster-affected home is located,
9 or the disaster-affected home is eligible for a buyout by the
10 county or city where the disaster-affected home is located, but
11 the homeowner is requesting a forgivable loan for the repair
12 or rehabilitation of the homeowner's disaster-affected home in
13 lieu of a buyout.

14 (4) Assistance under the program must not duplicate
15 benefits provided by any local, state, or federal disaster
16 recovery assistance program.

17 *b.* If a homeowner is referred to the authority or to a
18 local program administrator by the disaster case manager of the
19 homeowner, the authority may award a forgivable loan to the
20 eligible homeowner for any of the following purposes:

21 (1) Repair or rehabilitation of the disaster-affected home.

22 (2) (a) Down payment assistance on the purchase of
23 replacement housing, and the cost of reasonable repairs to be
24 performed on the replacement housing to render the replacement
25 housing decent, safe, sanitary, and in good repair.

26 (b) Replacement housing shall not be located in a
27 one-hundred-year floodplain.

28 (c) For purposes of this subparagraph, "*decent, safe,*
29 *sanitary, and in good repair*" means the same as described in 24
30 C.F.R. §5.703.

31 *c.* The authority shall determine the interest rate for the
32 forgivable loan.

33 *d.* If a homeowner who has been awarded a forgivable loan
34 sells a disaster-affected home or replacement housing for which
35 the homeowner received the forgivable loan prior to the end

1 of the loan term, the remaining principal on the forgivable
2 loan shall be due and payable pursuant to rules adopted by the
3 authority.

4 6. *Renters.*

5 a. To be eligible for a grant under the program, all of the
6 following requirements shall apply:

7 (1) A local program administrator either deems
8 the disaster-affected home of the renter suitable for
9 rehabilitation but unsuitable for current short-term
10 habitation, or the disaster-affected home is damaged beyond
11 reasonable repair.

12 (2) Assistance under the program must not duplicate
13 benefits provided by any local, state, or federal disaster
14 recovery assistance program.

15 b. If a renter is referred to the authority or to a local
16 program administrator by the disaster case manager of the
17 renter, the authority may award a grant to the eligible renter
18 to provide short-term financial assistance for the payment of
19 rent for replacement housing.

20 7. *Report.* On or before January 31 of each year, the
21 authority shall submit a report to the general assembly
22 that identifies all of the following for the calendar year
23 immediately preceding the year of the report:

24 a. The date of each state of disaster emergency proclamation
25 by the governor that authorized disaster recovery housing
26 assistance under this section.

27 b. The total number of forgivable loans and grants awarded.

28 c. The total number of forgivable loans, and the amount of
29 each loan awarded for repair or rehabilitation.

30 d. The total number of forgivable loans, and the amount of
31 each loan, awarded for down payment assistance on the purchase
32 of replacement housing and the cost of reasonable repairs to be
33 performed on the replacement housing to render the replacement
34 housing decent, safe, sanitary, and in good repair.

35 e. The total number of grants, and the amount of each grant,

1 awarded for rental assistance.

2 *f.* The total number of forgivable loans and grants awarded
3 in each county in which at least one homeowner or renter has
4 been awarded a forgivable loan or grant.

5 *g.* Each local program administrator involved in the
6 administration of the program.

7 *h.* The total amount of forgivable loan principal repaid.

8 Sec. 34. NEW SECTION. **16.57C Eviction prevention program.**

9 1. *a.* "*Eligible renter*" means a renter whose income meets
10 the qualifications of the program, who is at risk of eviction,
11 and who resides in a county that is the subject of a state of
12 disaster emergency proclamation by the governor that authorizes
13 the eviction prevention program.

14 *b.* "*Eviction prevention partner*" means a qualified local
15 organization or governmental entity as determined by rule by
16 the authority.

17 2. The authority shall establish and administer an eviction
18 prevention program. Under the eviction prevention program,
19 the authority shall award grants to eligible renters and to
20 eviction prevention partners for purposes of this section.
21 Grants may be awarded upon a state of disaster emergency
22 proclamation by the governor that authorizes the eviction
23 prevention program. Eviction prevention assistance shall be
24 paid out of the fund established in section 16.57B.

25 3. *a.* Grants awarded to eligible renters pursuant to this
26 section shall be used for short-term financial rent assistance
27 to keep eligible renters in the current residences of such
28 renters.

29 *b.* Grants awarded to eviction prevention partners pursuant
30 to this section shall be used to pay for rent or services
31 provided to eligible renters for the purpose of preventing the
32 eviction of eligible renters.

33 4. The authority may enter into an agreement with one or
34 more local program administrators to administer the program.

35 Sec. 35. NEW SECTION. **16.57D Rules.**

1 The authority shall adopt rules pursuant to chapter 17A to
2 implement and administer this part, including rules to do all
3 of the following:

4 1. Establish the maximum forgivable loan and grant amounts
5 awarded under the program.

6 2. Establish the terms of any forgivable loan provided under
7 the program.

8 3. Income qualifications of eligible renters in the
9 eviction prevention program.

10 Sec. 36. CODE EDITOR DIRECTIVE. The Code editor shall
11 designate sections 16.57A through 16.57D, as enacted by
12 this division of this Act, as a new part within chapter 16,
13 subchapter VIII, and may redesignate the new and preexisting
14 parts, replace references to sections 16.57A through 16.57D
15 with references to the new part, and correct internal
16 references as necessary, including references in subchapter or
17 part headnotes.

18 Sec. 37. EFFECTIVE DATE. This division of this Act, being
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION XV

21 BROWNFIELDS AND GRAYFIELDS

22 Sec. 38. Section 15.119, subsection 3, Code 2021, is amended
23 to read as follows:

24 3. In allocating the amount of tax credits authorized
25 pursuant to [subsection 1](#) among the programs specified in
26 subsection 2, the authority shall not allocate more than ~~ten~~
27 fifteen million dollars for purposes of [subsection 2](#), paragraph
28 "f".

29 Sec. 39. Section 15.291, subsection 2, Code 2021, is amended
30 to read as follows:

31 2. "*Brownfield site*" means an abandoned, idled, or
32 underutilized industrial or commercial facility where
33 expansion or redevelopment is complicated by real or perceived
34 environmental contamination. A brownfield site includes
35 property contiguous with the property on which the individual

1 or commercial facility is located. ~~A brownfield site does~~
2 ~~not include property which has been placed, or is proposed~~
3 ~~for placement, on the national priorities list established~~
4 ~~pursuant to the federal Comprehensive Environmental Response,~~
5 ~~Compensation, and Liability Act, 42 U.S.C. §9601 et seq.~~

6 Sec. 40. Section 15.293A, subsection 8, Code 2021, is
7 amended to read as follows:

8 8. ~~This section~~ is repealed on June 30, ~~2021~~ 2031.

9 Sec. 41. Section 15.293B, Code 2021, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 5A. a. Tax credits revoked under
12 subsection 3 including tax credits revoked up to five years
13 prior to the effective date of this division of this Act, and
14 tax credits not awarded under subsection 4 or 5, may be awarded
15 in the next annual application period established in subsection
16 1, paragraph "c".

17 b. Tax credits awarded pursuant to paragraph "a" shall not
18 be counted against the limit under section 15.119, subsection
19 3.

20 Sec. 42. Section 15.293B, subsection 7, Code 2021, is
21 amended to read as follows:

22 7. ~~This section~~ is repealed on June 30, ~~2021~~ 2031.

23 Sec. 43. Section 15.352, subsection 1, Code 2021, is amended
24 to read as follows:

25 1. "*Brownfield site*" means an abandoned, idled, or
26 underutilized property where expansion or redevelopment is
27 complicated by real or perceived environmental contamination.
28 A brownfield site includes property contiguous with the site
29 on which the property is located. ~~A brownfield site does~~
30 ~~not include property which has been placed, or is proposed~~
31 ~~for placement, on the national priorities list established~~
32 ~~pursuant to the federal Comprehensive Environmental Response,~~
33 ~~Compensation, and Liability Act, 42 U.S.C. §9601 et seq.~~

34 Sec. 44. EFFECTIVE DATE. The following, being deemed of
35 immediate importance, take effect upon enactment:

1 1. The section of this division of this Act amending section
2 15.293A, subsection 8.

3 2. The section of this division of this Act amending section
4 15.293B, subsection 7.

5

DIVISION XVI

6 HIGH QUALITY JOBS AND RENEWABLE CHEMICAL PRODUCTION TAX CREDITS

7 Sec. 45. Section 15.119, subsection 2, paragraph a,
8 subparagraphs (2) and (3), Code 2021, are amended to read as
9 follows:

10 (2) In allocating tax credits pursuant to [this subsection](#)
11 ~~for each fiscal year of the fiscal period beginning July 1,~~
12 ~~2016, and ending June 30, 2021~~ the fiscal year beginning July
13 1, 2021, and for each fiscal year thereafter, the authority
14 shall not allocate more than ~~one hundred five~~ seventy million
15 dollars for purposes of this paragraph. ~~This subparagraph (2)~~
16 ~~is repealed July 1, 2021.~~

17 ~~(3) (a) In allocating tax credits pursuant to this~~
18 ~~subsection for the fiscal year beginning July 1, 2021, and~~
19 ~~ending June 30, 2022, the authority shall not allocate more~~
20 ~~than one hundred five million dollars for purposes of this~~
21 ~~paragraph if the aggregate amount of renewable chemical~~
22 ~~production tax credits under [section 15.319](#) that were awarded~~
23 ~~on or after July 1, 2018, but before July 1, 2021, equals or~~
24 ~~exceeds twenty-seven million dollars.~~

25 ~~(b) As soon as practicable after June 30, 2021, the~~
26 ~~authority shall notify the general assembly of the aggregate~~
27 ~~amount of renewable chemical production tax credits awarded~~
28 ~~under [section 15.319](#) on or after July 1, 2018, but before~~
29 ~~July 1, 2021, and whether or not the tax credit allocation~~
30 ~~limitation described in subparagraph division (a) is~~
31 ~~applicable.~~

32 ~~(c) This subparagraph (3) is repealed July 1, 2022.~~

33

DIVISION XVII

34

BONUS DEPRECIATION

35 Sec. 46. Section 422.7, subsection 39A, Code 2021, is

1 amended by striking the subsection.

2 Sec. 47. Section 422.35, subsection 19A, Code 2021, is
3 amended by striking the subsection.

4 Sec. 48. RETROACTIVE APPLICABILITY. This division of this
5 Act applies retroactively to January 1, 2021, for tax years
6 beginning on or after that date, and for qualified property
7 placed in service on or after that date.

8 DIVISION XVIII

9 ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

10 Sec. 49. Section 476.10A, subsection 2, Code 2021, is
11 amended to read as follows:

12 2. Notwithstanding [section 8.33](#), any unexpended moneys
13 remitted to the treasurer of state under [this section](#) shall be
14 retained for the purposes designated. ~~Notwithstanding section~~
15 ~~12C.7, subsection 2, interest or earnings on investments or~~
16 ~~time deposits of the moneys remitted under [this section](#) shall~~
17 ~~be retained and used for the purposes designated, pursuant to~~
18 ~~[section 476.46](#).~~

19 Sec. 50. Section 476.46, subsection 2, paragraph e,
20 subparagraph (3), Code 2021, is amended to read as follows:

21 (3) Interest on the fund shall be deposited in the fund.
22 ~~A portion of the interest on the fund, not to exceed fifty~~
23 ~~percent of the total interest accrued, shall be used for~~
24 ~~promotion and administration of the fund.~~

25 Sec. 51. Section 476.46, Code 2021, is amended by adding the
26 following new subsections:

27 NEW SUBSECTION. 3. The Iowa energy center shall not
28 initiate any new loans under this section after June 30, 2021.

29 NEW SUBSECTION. 4. Loan payments received under this
30 section on or after July 1, 2021, and any other moneys in the
31 fund on or after July 1, 2021, shall be deposited in the energy
32 infrastructure revolving loan fund created in section 476.46A.

33 Sec. 52. NEW SECTION. **476.46A Energy infrastructure**
34 **revolving loan program.**

35 1. a. An energy infrastructure revolving loan fund is

1 created in the office of the treasurer of state and shall be
2 administered by the Iowa energy center established in section
3 15.120.

4 *b.* The fund may be administered as a revolving fund and may
5 consist of any moneys appropriated by the general assembly for
6 purposes of this section and any other moneys that are lawfully
7 directed to the fund.

8 *c.* Moneys in the fund shall be used to provide financial
9 assistance for the development and construction of energy
10 infrastructure, including projects that support electric or gas
11 generation transmission, storage, or distribution; electric
12 grid modernization; energy-sector workforce development;
13 emergency preparedness for rural and underserved areas; the
14 expansion of biomass, biogas, and renewable natural gas;
15 innovative technologies; and the development of infrastructure
16 for alternative fuel vehicles.

17 *d.* Notwithstanding section 8.33, moneys appropriated in this
18 section that remain unencumbered or unobligated at the close of
19 the fiscal year shall not revert but shall remain available for
20 expenditure for the purposes designated until the close of the
21 succeeding fiscal year.

22 *e.* Notwithstanding section 12C.7, subsection 2, interest
23 or earnings on moneys in the fund shall be credited to the
24 fund. A percentage of the total interest credited to the fund,
25 not to exceed fifty percent, shall be used for promotion of
26 the energy infrastructure revolving loan program and for the
27 administration of the fund.

28 2. *a.* The Iowa energy center shall establish and administer
29 an energy infrastructure revolving loan program to encourage
30 the development of energy infrastructure within the state.

31 *b.* An individual, business, rural electric cooperative, or
32 municipal utility located and operating in this state shall be
33 eligible for financial assistance under the program. With the
34 approval of the Iowa energy center governing board established
35 under section 15.120, subsection 2, the economic development

1 authority shall determine the amount and the terms of all
2 financial assistance awarded to an individual, business, rural
3 electric cooperative, or municipal utility under the program.
4 All agreements and administrative authority shall be vested in
5 the Iowa energy center governing board.

6 c. The economic development authority may use not more than
7 five percent of the moneys in the fund at the beginning of each
8 fiscal year for purposes of administrative costs, marketing,
9 technical assistance, and other program support.

10 3. For the purposes of this section:

11 a. "Energy infrastructure" means land, buildings, physical
12 plant and equipment, and services directly related to the
13 development of projects used for, or useful for, electricity or
14 gas generation, transmission, storage, or distribution.

15 b. "Financial assistance" means the same as defined in
16 section 15.102.

17 Sec. 53. ALTERNATE ENERGY REVOLVING LOAN FUND — MONEYS
18 TRANSFERRED AND APPROPRIATED. Any unencumbered or unobligated
19 moneys remaining after June 30, 2021, in the alternate energy
20 revolving loan fund created pursuant to section 476.46, are
21 transferred and appropriated to the energy infrastructure
22 revolving loan fund created pursuant to section 476.46A, to be
23 used for purposes of the energy infrastructure revolving loan
24 program.

25 DIVISION XIX

26 INVESTMENTS IN QUALIFYING BUSINESSES AND EQUITY INVESTMENTS IN
27 INNOVATION FUNDS

28 Sec. 54. Section 15.119, subsection 2, paragraph d, Code
29 2021, is amended to read as follows:

30 d. (1) The tax credits for investments in qualifying
31 businesses issued pursuant to [section 15E.43](#) and for equity
32 [investments in an innovation fund pursuant to section 15E.52.](#)

33 In allocating tax credits pursuant to [this subsection](#), the
34 authority shall allocate ~~two~~ [an aggregate of ten million](#)
35 dollars for purposes of this ~~paragraph~~ [subparagraph](#), unless the

1 authority determines that the tax credits awarded will be less
2 than that amount.

3 (2) On or before June 30 of each fiscal year the authority
4 shall determine the amount of tax credits to be allocated
5 for the next fiscal year beginning July 1 to investments
6 in qualifying businesses and to equity investments in an
7 innovation fund under subparagraph (1). Any tax credits
8 allocated for purposes of subparagraph (1) and not awarded
9 in that fiscal year shall be reallocated to a purpose under
10 subparagraph (1) for the next fiscal year and shall not be
11 counted against the aggregate maximum of ten million dollars.

12 Sec. 55. Section 15.119, subsection 2, paragraph e, Code
13 2021, is amended by striking the paragraph.

14 Sec. 56. Section 15E.43, subsection 2, paragraphs b and c,
15 Code 2021, are amended to read as follows:

16 *b.* The maximum amount of a tax credit that may be issued
17 per ~~calendar~~ fiscal year to a natural person and the person's
18 spouse or dependent shall not exceed one hundred thousand
19 dollars combined. For purposes of this paragraph, a tax
20 credit issued to a partnership, limited liability company, S
21 corporation, estate, or trust electing to have income taxed
22 directly to the individual shall be deemed to be issued to
23 the individual owners based upon the pro rata share of the
24 individual's earnings from the entity. For purposes of this
25 paragraph, "*dependent*" has the same meaning as provided by the
26 Internal Revenue Code.

27 *c.* The maximum amount of tax credits that may be issued
28 per ~~calendar~~ fiscal year for equity investments in any one
29 qualifying business shall not exceed five hundred thousand
30 dollars.

31 Sec. 57. APPLICABILITY. The following applies to tax
32 credits allocated on or after the fiscal year beginning July 1,
33 2021, and for each fiscal year thereafter:

34 The section of this division of this Act amending section
35 15.119, subsection 2, paragraph "d".

1 Sec. 58. EFFECTIVE DATE. This division of this Act, being
2 deemed of immediate importance, takes effect upon enactment.

3

DIVISION XX

4

RURAL ECONOMIC DEVELOPMENT

5 Sec. 59. Section 15.327, Code 2021, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 27. "*Rural community*" means any city
8 located in this state with a population of thirty thousand
9 or less in a county with a population of fifty thousand or
10 less. A rural community located in more than one county shall
11 be considered to be located in the county having the greatest
12 taxable base within the city.

13 Sec. 60. Section 15.335A, subsection 1, unnumbered
14 paragraph 1, Code 2021, is amended to read as follows:

15 Tax incentives are available to eligible businesses as
16 provided in this ~~section~~ subsection and subsection 1A. The
17 incentives are based upon the number of jobs created or
18 retained that pay at least one hundred twenty percent of the
19 qualifying wage threshold and the amount of the qualifying
20 investment made according to the following schedule:

21 Sec. 61. Section 15.335A, Code 2021, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 1A. Tax incentives are available to
24 eligible businesses located in rural communities as provided
25 in this subsection. The incentives are based upon the number
26 of jobs created or retained that pay at least one hundred ten
27 percent of the qualifying wage threshold and the amount of the
28 qualifying investment made according to the following schedule:

29 a. The number of jobs is zero and economic activity is
30 furthered by the qualifying investment and the amount of the
31 qualifying investment is one of the following:

32 (1) Less than fifty thousand dollars, then the tax incentive
33 is the investment tax credit of up to two percent.

34 (2) At least fifty thousand dollars but less than two
35 hundred fifty thousand dollars, then the tax incentives are the

1 investment tax credit of up to two percent and the sales tax
2 refund.

3 (3) At least two hundred fifty thousand dollars, then the
4 tax incentives are the investment tax credit of up to two
5 percent, the sales tax refund, and the additional research and
6 development tax credit.

7 *b.* The number of jobs is one but not more than five and the
8 amount of the qualifying investment is one of the following:

9 (1) Less than fifty thousand dollars, then the tax incentive
10 is the investment tax credit of up to three percent.

11 (2) At least fifty thousand dollars but less than two
12 hundred fifty thousand dollars, then the tax incentives are the
13 investment tax credit of up to three percent and the sales tax
14 refund.

15 (3) At least two hundred fifty thousand dollars, then the
16 tax incentives are the investment tax credit of up to three
17 percent, the sales tax refund, and the additional research and
18 development tax credit.

19 *c.* The number of jobs is six but not more than ten and the
20 amount of the qualifying investment is one of the following:

21 (1) Less than fifty thousand dollars, then the tax incentive
22 is the investment tax credit of up to four percent.

23 (2) At least fifty thousand dollars but less than two
24 hundred fifty thousand dollars, then the tax incentives are the
25 investment tax credit of up to four percent and the sales tax
26 refund.

27 (3) At least two hundred fifty thousand dollars, then the
28 tax incentives are the investment tax credit of up to four
29 percent, the sales tax refund, and the additional research and
30 development tax credit.

31 *d.* The number of jobs is eleven but not more than fifteen
32 and the amount of the qualifying investment is one of the
33 following:

34 (1) Less than fifty thousand dollars, then the tax incentive
35 is the investment tax credit of up to five percent.

1 (2) At least fifty thousand dollars but less than two
2 hundred fifty thousand dollars, then the tax incentives are the
3 investment tax credit of up to five percent and the sales tax
4 refund.

5 (3) At least two hundred fifty thousand dollars, then the
6 tax incentives are the investment tax credit of up to five
7 percent, the sales tax refund, and the additional research and
8 development tax credit.

9 *e.* The number of jobs is sixteen or more and the amount of
10 the qualifying investment is one of the following:

11 (1) Less than fifty thousand dollars, then the tax incentive
12 is the investment tax credit of up to six percent.

13 (2) At least fifty thousand dollars but less than two
14 hundred fifty thousand dollars, then the tax incentives are the
15 investment tax credit of up to six percent and the sales tax
16 refund.

17 (3) At least two hundred fifty thousand dollars, then the
18 tax incentives are the investment tax credit of up to six
19 percent, the sales tax refund, and the additional research and
20 development tax credit.

21 *f.* The number of jobs is thirty-one but not more than forty
22 and the amount of the qualifying investment is at least five
23 million dollars, then the tax incentives are the local property
24 tax exemption, the investment tax credit of up to seven
25 percent, the sales tax refund, and the additional research and
26 development tax credit.

27 *g.* The number of jobs is forty-one but not more than sixty
28 and the amount of the qualifying investment is at least five
29 million dollars, then the tax incentives are the local property
30 tax exemption, the investment tax credit of up to eight
31 percent, the sales tax refund, and the additional research and
32 development tax credit.

33 *h.* The number of jobs is sixty-one but not more than
34 eighty and the amount of the qualifying investment is at least
35 five million dollars, then the tax incentives are the local

1 property tax exemption, the investment tax credit of up to nine
2 percent, the sales tax refund, and the additional research and
3 development tax credit.

4 *i.* The number of jobs is eighty-one but not more than one
5 hundred and the amount of the qualifying investment is at least
6 five million dollars, then the tax incentives are the local
7 property tax exemption, the investment tax credit of up to ten
8 percent, the sales tax refund, and the additional research and
9 development tax credit.

10 *j.* The number of jobs is at least one hundred one and the
11 amount of the qualifying investment is at least ten million
12 dollars, then the tax incentives are the local property
13 tax exemption, the investment tax credit of up to eleven
14 percent, the sales tax refund, and the additional research and
15 development tax credit.

16 Sec. 62. Section 15.335B, subsection 3, paragraph c, Code
17 2021, is amended to read as follows:

18 *c.* (1) Consider the amount and type of the local community
19 match. ~~The~~ as follows:

20 (a) In a community with a population of less than five
21 thousand, a community match shall not be required.

22 (b) In a community with a population equal to or greater
23 than five thousand, but less than fifteen thousand, a community
24 match of at least five percent of the projected funds to be
25 expended by the eligible business shall be required.

26 (c) In a community with a population equal to or greater
27 than fifteen thousand, but less than thirty thousand, a
28 community match of at least ten percent of the projected funds
29 to be expended by the eligible business shall be required.

30 (d) In a community with a population equal to or greater
31 than thirty thousand, a community match of at least twenty
32 percent of the projected funds to be expended by the eligible
33 business shall be required.

34 (2) Notwithstanding subparagraph (1), the authority may
35 provide assistance to an early-stage business in a high-growth

1 industry regardless of the amount of local match involved.

2 Sec. 63. NEW SECTION. 15.337A Rules.

3 The authority shall adopt rules pursuant to chapter 17A to
4 administer this part.

5 Sec. 64. EFFECTIVE DATE. This division of this Act, being
6 deemed of immediate importance, takes effect upon enactment.

7 DIVISION XXI

8 TELEHEALTH — MENTAL HEALTH PARITY

9 Sec. 65. Section 514C.34, subsection 1, Code 2021, is
10 amended by adding the following new paragraphs:

11 NEW PARAGRAPH. 0a. "Covered person" means the same as
12 defined in section 514J.102.

13 NEW PARAGRAPH. 00a. "Facility" means the same as defined in
14 section 514J.102.

15 NEW PARAGRAPH. 0c. "Health carrier" means the same as
16 defined in section 514J.102.

17 Sec. 66. Section 514C.34, subsection 1, paragraph c, Code
18 2021, is amended to read as follows:

19 c. "Telehealth" means the delivery of health care services
20 through the use of real-time interactive audio and video, or
21 other real-time interactive electronic media, regardless of
22 where the health care professional and the covered person are
23 each located. "Telehealth" does not include the delivery of
24 health care services delivered solely through an audio-only
25 telephone, electronic mail message, or facsimile transmission.

26 Sec. 67. Section 514C.34, Code 2021, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 3A. a. A health carrier shall reimburse
29 a health care professional and a facility for health care
30 services provided by telehealth to a covered person for a
31 mental health condition, illness, injury, or disease on the
32 same basis and at the same rate as the health carrier would
33 apply to the same health care services for a mental health
34 condition, illness, injury, or disease provided in person to a
35 covered person by the health care professional or the facility.

1 *b.* As a condition of reimbursement pursuant to paragraph
2 "*a*", a health carrier shall not require that an additional
3 health care professional be located in the same room as a
4 covered person while health care services for a mental health
5 condition, illness, injury, or disease are provided via
6 telehealth by another health care professional to the covered
7 person.

8 Sec. 68. EFFECTIVE DATE. This division of this Act, being
9 deemed of immediate importance, takes effect upon enactment.

10 Sec. 69. RETROACTIVE APPLICABILITY. This division of
11 this Act applies to health care services for a mental health
12 condition, illness, injury, or disease provided by a health
13 care professional or a facility to a covered person by
14 telehealth on or after January 1, 2021.

15 DIVISION XXII

16 SEPTIC TANKS

17 Sec. 70. Section 331.301, Code 2021, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 18. A county shall not require the payment
20 of a penalty, fine, or fee due to a resident's noncompliance
21 with rules adopted by the county sanitarian regarding periodic
22 septic tank pumping as part of routine maintenance.

23 DIVISION XXIII

24 EMERGENCY VOLUNTEER — TAX CREDIT

25 Sec. 71. Section 422.12, subsection 2, paragraph *c*,
26 subparagraph (1), Code 2021, is amended to read as follows:

27 (1) A volunteer fire fighter and volunteer emergency
28 medical services personnel member credit equal to ~~one~~ two
29 hundred fifty dollars to compensate the taxpayer for the
30 voluntary services if the volunteer served for the entire
31 tax year. A taxpayer who is a paid employee of an emergency
32 medical services program or a fire department and who is also
33 a volunteer emergency medical services personnel member or
34 volunteer fire fighter in a city, county, or area governed
35 by an agreement pursuant to [chapter 28E](#) where the emergency

1 medical services program or fire department performs services,
2 shall qualify for the credit provided under this paragraph "c".

3 Sec. 72. Section 422.12, subsection 2, paragraph d,
4 subparagraph (1), Code 2021, is amended to read as follows:

5 (1) A reserve peace officer credit equal to ~~one~~ two hundred
6 fifty dollars to compensate the taxpayer for services as a
7 reserve peace officer if the reserve peace officer served for
8 the entire tax year.

9 Sec. 73. RETROACTIVE APPLICABILITY. This division of this
10 Act applies retroactively to January 1, 2021, for tax years
11 beginning on or after that date.

12 DIVISION XXIV

13 FOOD BANKS

14 Sec. 74. Section 423.3, Code 2021, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 107. The sales price from the sale or
17 rental of tangible personal property or specified digital
18 products, or services furnished, to a nonprofit food bank,
19 which tangible personal property, specified digital products,
20 or services are to be used by the nonprofit food bank for a
21 charitable purpose. For purposes of this subsection, "*nonprofit*
22 *food bank*" means an organization organized under chapter 504
23 and qualifying under section 501(c)(3) of the Internal Revenue
24 Code as an organization exempt from federal income tax under
25 section 501(a) of the Internal Revenue Code that maintains
26 an established operation involving the provision of food or
27 edible commodities or the products thereof on a regular basis
28 to persons in need with distribution through food pantries,
29 soup kitchens, hunger relief centers, or other food or feeding
30 centers that, as an integral part of their normal activities,
31 provide meals or food on a regular basis to persons in need.

32 DIVISION XXV

33 SPECIFIED DIGITAL PRODUCTS SALES AND USE TAX EXEMPTION —
34 MUNICIPAL UTILITIES AND RURAL ELECTRIC COOPERATIVES

35 Sec. 75. Section 423.3, subsection 31, paragraph a, Code

1 2021, is amended to read as follows:

2 a. The sales price of tangible personal property or
3 ~~specified digital products~~ sold to, or of services furnished,
4 and used by or in connection with the operation of any
5 municipally owned public utility engaged in selling gas,
6 electricity, heat, pay television service, or communication
7 service to the general public.

8 Sec. 76. Section 423.3, Code 2021, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 47B. The sales price from the sale of
11 specified digital products sold to and used in connection with
12 the operation of a rural electric cooperative.

13 DIVISION XXVI

14 CONSUMER LOANS

15 Sec. 77. Section 537.2401, subsection 1, Code 2021, is
16 amended to read as follows:

17 1. Except as provided with respect to a finance charge for
18 loans pursuant to open-end credit under [section 537.2402](#) and
19 loans secured by a certificate of title of a motor vehicle
20 under [section 537.2403](#), a lender may contract for and receive
21 a finance charge not exceeding the maximum charge permitted
22 by the laws of this state or of the United States for similar
23 lenders, and, in addition, with respect to a consumer loan,
24 a supervised financial organization or a mortgage lender may
25 contract for and receive a finance charge, calculated according
26 to the actuarial method, not exceeding ~~twenty-one percent~~
27 the rate authorized under the federal Military Lending Act,
28 10 U.S.C. §987(b), per year on the unpaid balance of the
29 amount financed. Except as provided in [section 537.2403](#), this
30 subsection does not prohibit a lender from contracting for and
31 receiving a finance charge exceeding ~~twenty-one percent~~ the
32 rate authorized under the federal Military Lending Act, 10
33 U.S.C. §987(b), per year on the unpaid balance of the amount
34 financed on consumer loans if authorized by other provisions
35 of the law.

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DIVISION XXVII

INDIVIDUAL INCOME TAX — CHECKOFFS

Sec. 78. Section 422.12E, subsection 1, Code 2021, is amended to read as follows:

1. There shall be allowed no more than four income tax return checkoffs on each income tax return. For tax years beginning on or after January 1, ~~2017~~ 2024, when the same four income tax return checkoffs have been provided on the income tax return for two consecutive tax years, the two checkoffs for which the least amount has been contributed, in the aggregate for the first tax year and through March 15 after the end of the second tax year, are repealed on December 31 after the end of the second tax year and shall be removed from the return form.

Sec. 79. CHECKOFFS — REPEAL — APPLICABILITY. The

checkoffs receiving the least amount of contributions for tax years 2019 and 2020 shall not be repealed on December 31, 2021. The individual income tax return shall contain the same four income tax return checkoffs that were on the 2020 individual income tax return form until such time the two-year contribution calculation for inclusion on the individual income tax form is made pursuant to section 422.12E, subsection 1, as amended by this division of this Act.

EXPLANATION

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

This bill relates to state taxation matters and economic development activities, including future tax contingencies, state income tax deductions, tax credits, the state inheritance tax, the sales and use tax, disaster recovery housing, energy infrastructure, telehealth parity, local regulations, and other properly related matters. The bill is divided into divisions.

DIVISION I — FUTURE TAX CHANGES. The bill amends 2018 Iowa Acts, chapter 1161, section 133 (trigger), by striking the two conditions necessary for the trigger to occur, and specifies the provisions in 2018 Iowa Acts, chapter 1161, sections

1 99-132, take effect January 1, 2023.

2 Currently, the two conditions are necessary for the trigger
 3 to occur include net general fund revenues for the fiscal year
 4 ending June 30, 2022, equaling or exceeding \$8.3146 billion,
 5 and also equaling or exceeding 104 percent of the net general
 6 fund revenues for the fiscal year ending June 30, 2021. If
 7 these two conditions are not satisfied, current law institutes
 8 the changes for tax years beginning on or after the January 1
 9 following the first fiscal year for which the two conditions
 10 do occur. By striking the "trigger", the bill sets in motion
 11 numerous tax changes for tax years beginning on or after
 12 January 1, 2023, described below.

13 INDIVIDUAL INCOME TAX. The tax changes include reducing the
 14 number of individual income tax brackets from nine to four, and
 15 modifying the taxable income amounts and tax rates as follows:

	Income over:	But not over:	Tax Rate:
17	1) \$0	\$6,000	4.40%
18	2) \$6,000	\$30,000	4.82%
19	3) \$30,000	\$75,000	5.70%
20	4) \$75,000		6.50%

21 For a married couple filing a joint return, the taxable
 22 income amounts in each bracket above are doubled. Also, the
 23 taxable income amounts in each bracket above will be indexed to
 24 inflation and increased in future tax years, beginning in the
 25 tax year following the 2023 tax year.

26 INDIVIDUAL INCOME TAX CALCULATION. Under current law, the
 27 starting point for computing the Iowa individual income tax is
 28 federal adjusted gross income before the net operating loss
 29 deduction, which is generally a taxpayer's gross income minus
 30 several deductions. From that point, Iowa requires several
 31 adjustments and then provides taxpayers with a deduction
 32 for federal income taxes paid, and the option to deduct a
 33 standard deduction or itemized deductions. The bill changes
 34 the starting point for computing the individual income tax
 35 to federal taxable income, which includes all deductions and

1 adjustments taken at the federal level in computing tax,
2 including a standard deduction or itemized deductions, and the
3 qualified business income deduction allowed for certain income
4 earned from a pass-through entity. Because the starting point
5 changes to federal taxable income, and federal law does not
6 provide for the filing status of married filing separately
7 on a combined return, the bill repeals that filing status
8 option for Iowa tax purposes. Because net operating loss is
9 no longer calculated at the state level, the bill requires a
10 taxpayer to add back any federal net operating loss deduction
11 carried over from a taxable year beginning prior to the 2023
12 tax year, but allows taxpayers to deduct any remaining Iowa net
13 operating loss from a prior taxable year. The bill repeals the
14 individual alternative minimum tax (AMT), allows an individual
15 to claim any remaining AMT credit against the individual's
16 regular tax liability for the 2023 tax year, and then repeals
17 the AMT credit in the tax year following the 2023 tax year.
18 The bill repeals most Iowa-specific deductions, exemptions,
19 and adjustments currently available when computing net income
20 and taxable income under Iowa law, including the Iowa optional
21 standard deduction and all itemized deductions, and the ability
22 to deduct federal income taxes, except for a one-year phase
23 out in the 2023 tax year for taxes paid, or refunds received,
24 that relate to a prior year. The bill maintains the add-back
25 for income from securities that are federally exempt but not
26 state-exempt, and for bonus depreciation amounts. The bill
27 maintains the general pension exclusion and the deduction
28 for income from federal securities. The bill maintains the
29 deduction for contributions to the Iowa 529 plan, the Iowa ABLE
30 plan, a first-time homebuyer savings account, and an individual
31 development account. The bill also maintains the deductions
32 for military pension income, military active duty pay, social
33 security retirement benefits, certain payments received for
34 providing unskilled in-home health care, certain amounts
35 received from the veterans trust fund, victim compensation

1 awards, biodiesel production refunds, certain wages paid
2 to individuals with disabilities or individuals previously
3 convicted of a felony, certain organ donations, and Segal
4 AmeriCorps education award payments. The bill modifies the
5 existing deduction for health insurance payments in Code
6 section 422.7(29) to make the deduction only applicable to
7 taxpayers who are at least 65 years old and who have net
8 income below \$100,000. The bill also modifies the existing
9 capital gain deduction in Code section 422.7(21) to restrict
10 the deduction to the sale of real property used in farming
11 businesses by permitting the taxpayer to take the deduction
12 if either of the following apply: the taxpayer materially
13 participated in the farming business for at least 10 years and
14 held the real property for at least 10 years; or the taxpayer
15 sold the real property to a relative. The bill expands the
16 definition of "relative" to include an entity in which a
17 relative of the taxpayer has a legal or equitable interest in
18 the entity as an owner, member, partner, or beneficiary. The
19 bill provides a new deduction for any income of an employee
20 resulting from the payment by an employer, whether paid to
21 the employee or a lender, of principal or interest on the
22 employee's qualified education loan. The bill also modifies
23 the calculation of net income for purposes of the alternate
24 tax calculation in Code section 422.5(3) and (3B), and the tax
25 return filing thresholds in Code section 422.13, to require
26 that any amount of itemized deduction, standard deduction,
27 personal exemption deduction, or qualified business income
28 deduction that was allowed in computing federal taxable income
29 shall be added back.

30 CORPORATE INCOME TAX AND FRANCHISE TAX CALCULATION. Under
31 current law, the starting point for calculating the corporate
32 income tax and franchise tax is federal taxable income before
33 the net operating loss deduction, because net operating loss is
34 calculated at the state level. The bill repeals the separate
35 calculation of net operating loss at the state level. As a

1 result, the bill requires taxpayers to add back any federal
2 net operating loss deduction carried over from a taxable year
3 beginning prior to the trigger year, but allows taxpayers to
4 deduct any remaining Iowa net operating loss from a prior
5 taxable year. The bill also repeals most Iowa-specific
6 deductions, exemptions, and adjustments currently available
7 when computing net income and taxable income under Iowa law.
8 The bill maintains the add-back for income from securities
9 that are federally exempt but not state exempt, and for bonus
10 depreciation amounts. The bill maintains the deductions for
11 income from federal securities, for foreign dividend and
12 subpart F income, for certain wages paid to individuals with
13 disabilities or individuals previously convicted of a felony,
14 and for biodiesel production refunds.

15 DIVISION II — CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS.

16 Currently, an individual may claim 30 percent of the federal
17 child and dependent care credit provided in section 21 of
18 the Internal Revenue Code against the individual income tax
19 if the individual's net income is less than \$45,000. Under
20 the bill, an individual may claim 30 percent of the federal
21 child and dependent care credit provided in section 21 of the
22 Internal Revenue Code against the individual income tax if the
23 individual's net income is less than \$90,000.

24 The bill increases the income threshold determining the
25 eligibility of a taxpayer for the early childhood development
26 tax credit. The bill increases the eligibility threshold from
27 a taxpayer whose net income is less than \$45,000 per year to
28 less than \$90,000 per year. By increasing the eligibility
29 threshold, taxpayers whose net income is less than \$90,000 are
30 now eligible to take the early childhood development tax credit
31 equaling 25 percent of the first \$1,000 which the taxpayer has
32 paid to others for early childhood development expenses for
33 each dependent ages three through five.

34 RETROACTIVE APPLICABILITY. The division applies
35 retroactively to tax years beginning on or after January 1,

1 2021.

2 The division takes effect upon enactment.

3 DIVISION III — COVID-19 RELATED GRANTS — TAXATION. The
4 bill excludes from the calculation of Iowa individual and
5 corporate income tax any qualifying COVID-19 grant issued to an
6 individual or business by the economic development authority,
7 the Iowa finance authority, or the department of agriculture
8 and land stewardship.

9 Under the bill, a "qualifying COVID-19 grant" includes
10 any grant identified by the department of revenue by rule
11 that was issued under a grant program administered by the
12 economic development authority, Iowa finance authority, or
13 the department of agriculture and land stewardship to provide
14 financial assistance to individuals and businesses economically
15 impacted by the COVID-19 pandemic.

16 Under current law, financial assistance grants provided to
17 small businesses by the economic development authority under
18 the Iowa small business COVID-19 relief grant program are
19 excluded from the calculation of Iowa individual and corporate
20 income tax.

21 The COVID-19 grant income tax exclusion provided in the bill
22 is repealed on January 1, 2024, and does not apply to tax years
23 beginning on or after that date.

24 The division takes effect upon enactment and applies
25 retroactively to March 23, 2020, for tax years ending on or
26 after that date.

27 DIVISION IV — FEDERAL PAYCHECK PROTECTION PROGRAM. Under
28 current law, for the tax year 2020 and later, Iowa law fully
29 conforms with the federal treatment of forgiven paycheck
30 protection program loans and excludes such amounts from net
31 income and allows certain deductions for business expenses
32 paid using those loans. For fiscal-year filers who received
33 paycheck protection program loans during the 2019 tax year,
34 current law excludes such amounts from net income, but does
35 not allow certain deductions for business expenses paid using

1 those loans. The bill fully conforms with federal law for
2 those fiscal-year filers who previously were excluded from such
3 conformity and allows such filers to take business expense
4 deductions using federal paycheck protection program loan
5 proceeds that were forgiven.

6 DIVISION V — SCHOOL TUITION ORGANIZATION TAX CREDIT. The
7 bill changes the school tuition organization tax credit in two
8 ways.

9 First, the bill modifies the amount of a voluntary cash
10 or noncash contribution that may be claimed as a tax credit
11 during a tax year. Currently, 65 percent of the amount of the
12 voluntary cash or noncash contribution may be claimed as a tax
13 credit, subject to the total aggregate amount of credits that
14 may be claimed in one calendar year. For tax years beginning
15 on or after January 1, 2022, the bill increases the amount of
16 the contribution that may be claimed as a tax credit from 65
17 percent to 72 percent, for tax years beginning on or after
18 January 1, 2023, but before January 1, 2024, the amount of the
19 contribution that may be claimed as a tax credit increases from
20 72 percent to 78 percent, for tax years beginning on or after
21 January 1, 2024, but before January 1, 2025, the amount of the
22 contribution that may be claimed as a tax credit increases
23 from 78 percent to 85 percent, and for tax years beginning on
24 or after January 1, 2025, the amount of the contribution that
25 may be claimed as a tax credit increases from 85 percent to 87
26 percent.

27 Second, the bill increases the maximum amount of allowable
28 school tuition organization tax credits that may be claimed in
29 the aggregate as follows: beginning in calendar year 2022, the
30 maximum amount of allowable credits increases from \$15 million
31 to \$16.5 million; for calendar year 2023, the maximum amount of
32 allowable credits increases from \$16.5 million to \$18 million;
33 for calendar year 2024, the maximum amount of allowable credits
34 increases from \$18 million to \$19.5 million; and for calendar
35 years beginning on or after January 1, 2025, the maximum amount

1 of allowable credits is set at \$20 million.

2 This division applies retroactively to tax years beginning
3 on or after January 1, 2021.

4 DIVISION VI — TARGETED JOBS WITHHOLDING CREDIT. The
5 bill extends by five years the deadline for entering into
6 withholding agreements under the targeted jobs withholding
7 credit pilot project from June 30, 2021, to June 30, 2026.

8 DIVISION VII — ECONOMIC EMERGENCY FUND — EXCESS MONEYS.
9 The bill provides that after the surplus existing in the
10 general fund of the state at the conclusion of a fiscal year
11 is appropriated to the cash reserve fund, the elimination of
12 Iowa's GAAP deficit, and the Iowa economic emergency fund as
13 provided under current law, an amount equal to not more than
14 five percent of the adjusted revenue estimate for the fiscal
15 year is transferred to the general fund of the state and any
16 remaining moneys are transferred to the taxpayer relief fund.
17 This division takes effect July 1, 2022.

18 DIVISION VIII — TAXPAYER RELIEF FUND — TAX CREDIT. The
19 bill provides that if the amount in the taxpayer relief fund
20 equals or exceeds \$120 million, the entire balance of the
21 taxpayer relief fund is transferred to the Iowa taxpayer relief
22 tax credit fund to be used by the department of revenue to
23 provide Iowa taxpayer relief tax credits in equal amounts to
24 eligible taxpayers who filed individual income tax returns.

25 This division takes effect upon enactment and applies
26 retroactively to January 1, 2021, for tax years beginning on
27 or after that date.

28 DIVISION IX — STATE INHERITANCE TAX. The bill
29 proportionally reduces over a nine-year fiscal period the rates
30 of tax applicable to the state inheritance tax, beginning for
31 estates of decedents dying on or after July 1, 2021. The
32 bill then repeals the state inheritance tax and the state
33 qualified use inheritance tax effective July 1, 2030, for
34 property of estates of decedents dying on or after July 1,
35 2030. Inheritance tax will not be imposed on any property in

1 the event of the death of an individual on or after July 1,
2 2030. The bill directs the Code editor to remove Code chapters
3 450 (inheritance tax) and 450B (qualified use inheritance tax)
4 from the Code effective July 1, 2040.

5 DIVISION X — HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS.
6 To be eligible to receive incentives or assistance under the
7 high quality jobs program, a business cannot be in the process
8 of reducing operations in one community while simultaneously
9 apply for assistance under the program. Under current law,
10 a reduction in operations within 12 months before or after
11 a business submits an application to the high quality jobs
12 program is presumed to be a reduction in operations while
13 simultaneously applying for assistance under the program.
14 Under the bill, the economic development authority (authority)
15 cannot presume that a reduction in operations is a reduction
16 while simultaneously applying for assistance under the program
17 with regard to a business that submits an application on or
18 before June 30, 2022, if the business demonstrates to the
19 satisfaction of the authority that the reduction in operations
20 occurred after March 1, 2020, and that it was a result of the
21 COVID-19 pandemic. The authority must consider whether the
22 benefit of the project proposed by the business outweighs any
23 negative impact related to the reduction in operations. The
24 business remains subject to all other eligibility requirements.
25 This division of the bill is repealed July 1, 2022.

26 DIVISION XI — HOUSING TRUST FUND. Under current law, 30
27 percent of the real estate transfer tax receipts paid by county
28 recorders to the treasurer of state are transferred to the
29 housing trust fund in any one fiscal year, subject to a \$3
30 million cap; moneys in excess of the cap are deposited in the
31 general fund of the state. The bill increases the cap to \$7
32 million.

33 DIVISION XII — HIGH QUALITY JOBS PROGRAM — DAY CARE
34 CENTERS. The bill permits the economic development authority
35 to consider whether a proposed project under the high quality

1 jobs program will include a licensed child care center for use
2 by a business's employees when determining the eligibility of
3 the business to participate in the program.

4 DIVISION XIII — WORKFORCE HOUSING TAX CREDITS. Code
5 section 15.119 sets an aggregate tax credit amount limit for
6 certain economic development programs. Under current law, the
7 workforce housing tax incentives program administered under
8 Code sections 15.351 through 15.356 shall not be allocated
9 more than \$25 million in tax credits, and of the tax credits
10 allocated to this program, \$10 million is reserved for
11 allocation to qualified housing projects in small cities. This
12 division increases the workforce housing tax credit allocations
13 from \$25 million to \$30 million. Of the moneys allocated
14 to workforce housing tax credits, the bill increases the tax
15 credits reserved for qualified housing projects in small cities
16 from \$10 million to \$15 million.

17 DIVISION XIV — DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM
18 AND FUND.

19 TRANSFERS. The bill permits the authority to transfer
20 unobligated moneys in Code section 16.46 (senior living
21 revolving loan program fund), 16.47 (home and community-based
22 services revolving loan program fund), 16.48 (transitional
23 housing revolving loan program fund), or 16.49 (community
24 housing and services for persons with disabilities revolving
25 loan program fund) to the disaster recovery housing assistance
26 fund created in the bill.

27 After the prior written consent and approval of the
28 governor, the bill permits the executive director of the Iowa
29 finance authority to transfer any unobligated moneys in any
30 fund created pursuant to Code section 16.5(1)(s), for deposit
31 in the fund. The bill waives the prior written consent and
32 approval of the director of the department of management to
33 transfer the unobligated moneys.

34 After prior written approval of the governor, the bill
35 permits the director of the Iowa economic development authority

1 to transfer any unobligated and unencumbered moneys in any fund
2 created pursuant to Code section 15.106A(1)(o), for deposit in
3 the fund.

4 The bill requires any transfer to be reported to the
5 legislative fiscal committee of the legislative council on a
6 monthly basis.

7 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — FUND. The
8 bill creates a disaster recovery housing assistance fund
9 (fund) within the authority. The purpose of the fund is for
10 the development and operation of a forgivable loan and grant
11 program for homeowners and renters with disaster-affected
12 homes, and for an eviction prevention program created in the
13 bill. The bill prohibits the authority from using more than
14 5 percent of the moneys in the fund on July 1 of a fiscal year
15 for purposes of administrative costs and other program support
16 during the fiscal year.

17 The bill directs the authority to establish and administer
18 a disaster recovery assistance program (program) and to
19 use the moneys in the fund to provide forgivable loans to
20 eligible homeowners and grants to eligible renters with
21 disaster-affected homes. "Disaster-affected home" is defined
22 in the bill as a primary residence that is destroyed or damaged
23 due to a natural disaster that occurs on or after the effective
24 date of the division, and that is located in a county that due
25 to the natural disaster is the subject of a state of disaster
26 emergency proclamation by the governor that authorizes disaster
27 recovery housing assistance; or a primary residence that is
28 destroyed or damaged due to a natural disaster that occurred
29 on or after March 12, 2019, but before the effective date of
30 the division, and is located in a county that has been declared
31 a major disaster by the president of the United States on or
32 after March 12, 2019, but before the effective date of the
33 division, and is located in a county where individuals are
34 eligible for federal individual assistance.

35 The authority may enter into an agreement with one or

1 more local program administrators to administer the program
2 and moneys in the fund may be expended following a state of
3 disaster emergency proclamation by the governor that authorizes
4 disaster recovery housing assistance or the eviction prevention
5 program. "Local program administrator" is defined in the bill
6 as cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs,
7 Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West
8 Des Moines; a council of governments whose territory includes
9 at least one county that is the subject of the state of
10 disaster emergency proclamation by the governor that authorizes
11 disaster recovery housing assistance or the eviction prevention
12 program; a community action agency as defined in Code section
13 216A.91 and whose territory includes at least one county that
14 is the subject of the state of disaster emergency proclamation
15 by the governor that authorizes disaster recovery housing
16 assistance or the eviction prevention program; or a qualified
17 local organization or governmental entity as determined by rule
18 by the authority.

19 To be considered for a forgivable loan or grant under the
20 program, the homeowner or renter must register for the disaster
21 case management program established pursuant to Code section
22 29C.20B. The disaster case manager may refer the homeowner or
23 renter to the appropriate local program administrator.

24 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — HOMEOWNERS.
25 To be eligible for a forgivable loan under the program,
26 the bill requires a homeowner to own a disaster-affected
27 home located in a county that has been proclaimed a state
28 of disaster emergency by the governor; the home must have
29 sustained damage greater than the damage that is covered by the
30 homeowner's property and casualty insurance policy insuring the
31 home plus any other state or federal disaster-related financial
32 assistance that the homeowner is eligible to receive; an
33 administrator must deem the home suitable for rehabilitation or
34 damaged beyond reasonable repair; if the homeowner is seeking
35 a forgivable loan for the repair or rehabilitation of the

1 homeowner's disaster-affected home, the home cannot be proposed
2 for buyout by the county or city in which the home is located,
3 or the disaster-affected home is eligible for a buyout, but
4 the homeowner is requesting a forgivable loan for the repair
5 or rehabilitation of the homeowner's disaster-affected home
6 in lieu of a buyout; and the assistance does not duplicate
7 benefits provided by other disaster assistance programs.

8 If a homeowner is referred to an administrator by the
9 homeowner's case manager, the bill allows the authority to
10 award a forgivable loan to the eligible homeowner for repair
11 or rehabilitation of the disaster-affected home, or for down
12 payment assistance on the purchase of replacement housing,
13 and the cost of reasonable repairs to be performed on the
14 replacement housing to render it decent, safe, sanitary, and
15 in good repair. Replacement housing purchased by a homeowner
16 cannot be located in a 100-year floodplain. "Decent, safe,
17 sanitary, and in good repair" is defined in the bill to mean
18 the same as described in 24 C.F.R. §5.703. "Replacement
19 housing" is defined in the bill as housing purchased by a
20 homeowner to replace a disaster-affected home that is destroyed
21 or damaged beyond reasonable repair as determined by a local
22 program administrator.

23 The authority shall determine the interest rate for the
24 forgivable loan.

25 If a homeowner who has been awarded a forgivable loan sells
26 a disaster-affected home or replacement housing for which the
27 homeowner received the forgivable loan prior to the end of the
28 loan term, the remaining principal on the forgivable loan shall
29 be due and payable.

30 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS.

31 To be eligible for a grant under the program, the bill
32 requires the local program administrator to either deem
33 the disaster-affected home of the renter suitable for
34 rehabilitation but unsuitable for current short-term
35 habitation, or damaged beyond reasonable repair; and the

1 assistance does not duplicate benefits provided by any other
2 disaster assistance program.

3 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — REPORT. The
4 bill requires the authority to annually submit a report to
5 the general assembly detailing the disaster recovery housing
6 assistance program.

7 EVICTION PREVENTION PROGRAM. The bill requires the
8 authority to establish and administer an eviction prevention
9 program. Under the eviction prevention program, the authority
10 awards grants from the disaster recovery housing assistance
11 fund to eligible renters and eviction prevention partners.
12 Grants may be awarded upon a state of disaster emergency
13 proclamation by the governor that authorizes the eviction
14 prevention program. The bill defines "eligible renter" to mean
15 a renter whose income meets the qualifications of the program,
16 who is at risk of eviction, and who resides in a county that
17 is the subject of a state of disaster emergency proclamation
18 by the governor that also authorizes the eviction prevention
19 program. The bill defines "eviction prevention partner" to
20 mean a qualified local organization or governmental entity as
21 determined by rule by the authority.

22 The bill requires grants awarded to eligible renters to be
23 used for short-term financial rent assistance to keep eligible
24 renters in the current residence of the renter. Grants awarded
25 to eviction prevention partners are to be used to pay for rent
26 or services provided to eligible renters for the purpose of
27 preventing the eviction of eligible renters.

28 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RULES. The
29 authority shall adopt rules pursuant to Code chapter 17A to
30 implement and administer the program including establishing
31 the maximum forgivable loan and grant amounts, the terms of
32 forgivable loans, and income qualifications of eligible renters
33 in the eviction prevention program.

34 DIVISION XV — BROWNFIELD REDEVELOPMENT PROGRAM. Current
35 law provides that the economic development authority

1 (authority) cannot allocate more than \$10 million in tax
2 credits in a fiscal year to the brownfield redevelopment
3 program (brownfields). The division increases the maximum
4 allocation to \$15 million. The division provides that tax
5 credits that are not awarded or that are revoked (including
6 revoked within the previous five years) under brownfields may
7 be awarded during the next annual application period, and those
8 tax credits do not count against the \$15 million tax credit
9 maximum.

10 Under current law, the definition of "brownfield site"
11 excludes a property which has been placed, or is proposed
12 for placement, on the national priorities list established
13 pursuant to the federal Comprehensive Environmental Response,
14 Compensation, and Liability Act, 42 U.S.C. §9601 et seq. The
15 division removes this exclusion.

16 Under current law, Code section 15.293A, redevelopment tax
17 credits, is repealed on June 30, 2021. The division changes
18 the repeal date to June 30, 2031, and the repeal date is
19 effective upon enactment of the division. Under current law,
20 Code section 15.293B, related to the application, review,
21 registration, and authorization of projects awarded tax credits
22 under brownfields is repealed on June 30, 2021. The division
23 changes the repeal date to June 30, 2031, and the repeal date
24 is effective upon enactment of the division.

25 DIVISION XVI — HIGH QUALITY JOBS AND RENEWABLE CHEMICAL
26 PRODUCTION TAX CREDITS. The division reduces the maximum
27 amount of tax credits that the economic development authority
28 (authority) may allocate to the high quality jobs program for
29 the fiscal year beginning July 1, 2021, and for each fiscal
30 year thereafter, from \$105 million to \$70 million.

31 DIVISION XVII — BONUS DEPRECIATION. Currently, when a
32 business buys equipment and other capital assets, the business
33 is allowed to deduct a portion of the cost of such property
34 as depreciation over a certain period for federal and state
35 individual or corporate income tax purposes. Federal taxpayers

1 are allowed to immediately deduct a higher portion of the cost
2 of such property by claiming additional first-year depreciation
3 (bonus depreciation). Iowa has recently adopted "rolling
4 conformity" with federal tax law but did not conform with
5 federal bonus depreciation provisions, meaning a taxpayer
6 deducts the cost of the equipment or other capital assets by
7 claiming depreciation over a longer time period for Iowa income
8 tax purposes. The bill applies retroactively by conforming
9 Iowa tax provisions with federal bonus depreciation provisions
10 for equipment or other capital assets placed in service on or
11 after January 1, 2021, for tax years beginning on or after
12 that date. By conforming with federal bonus depreciation
13 provisions for tax years beginning on or after January 1, 2021,
14 Iowa automatically conforms with the federal limitation on
15 business interest expense deductions in Code sections 422.7(60)
16 and 422.35(27). Currently, if a taxpayer does not claim
17 "bonus depreciation", Iowa does not conform with the federal
18 limitation on business expenses.

19 DIVISION XVIII — ENERGY INFRASTRUCTURE REVOLVING LOAN
20 PROGRAM. The division modifies Code section 476.46, alternate
21 energy revolving loan program, to prohibit the Iowa energy
22 center from initiating any new loans after June 30, 2021. The
23 division also requires that all loan payments received after
24 June 30, 2021, be deposited, and any moneys remaining in the
25 alternate energy revolving loan fund after June 30, 2021,
26 be transferred, to the newly created energy infrastructure
27 revolving loan fund.

28 The division creates an energy infrastructure revolving
29 fund (fund) in the office of the treasurer of state to be
30 administered by the Iowa energy center (center). Moneys in
31 the fund are to be used to provide financial assistance for
32 the development and construction of energy infrastructure,
33 including projects as described in the bill. "Energy
34 infrastructure" and "financial assistance" are defined in the
35 bill.

1 The center is required to establish and administer an energy
2 infrastructure revolving loan program (program) to encourage
3 the development of energy infrastructure within the state. An
4 individual, business, rural electric cooperative, or municipal
5 utility located and operating in this state is eligible for
6 financial assistance under the program. With the approval of
7 the center's governing board, the authority must determine the
8 amount and the terms of all financial assistance awarded to an
9 individual, business, rural electric cooperative, or municipal
10 utility under the program. All agreements and administrative
11 authority are vested in the center's governing board. The
12 authority may use not more than 5 percent of the moneys in
13 the fund at the beginning of each fiscal year for purposes of
14 administrative costs, marketing, technical assistance, and
15 other program support.

16 DIVISION XIX — INVESTMENTS IN QUALIFYING BUSINESSES AND
17 EQUITY INVESTMENTS IN INNOVATION FUNDS. Under current law,
18 the authority must allocate \$2 million to investments in
19 qualifying businesses and \$8 million to equity investments in
20 innovation funds (equity investments). The division limits
21 the authority's tax credit allocations for investments in
22 qualifying businesses and equity investments to a maximum
23 aggregate of \$10 million.

24 The division requires the authority to determine on or
25 before June 30 of each fiscal year the amount of tax credits
26 to be allocated to each. In addition, any amount of tax
27 credits allocated and not awarded in that fiscal year must be
28 reallocated to either investments in qualifying businesses
29 or to equity investments for the next fiscal year, and those
30 tax credits do not count towards the maximum aggregate of \$10
31 million. This applies to tax credits allocated on or after the
32 fiscal year beginning July 1, 2021, and for each fiscal year
33 thereafter.

34 The division modifies the maximum amount of an investment
35 tax credit that may be issued to a natural person and the

1 person's spouse or dependent from a calendar year basis to a
2 fiscal year basis. The maximum amount of tax credits that may
3 be issued for equity investments in any one qualifying business
4 is also modified from a calendar year to a fiscal year.

5 This division of the bill is effective upon enactment.

6 DIVISION XX — RURAL ECONOMIC DEVELOPMENT. The bill
7 provides for tax incentives for eligible businesses in rural
8 communities. "Rural community" is defined in the bill. The
9 tax incentives are based upon the number of jobs created or
10 retained that pay at least 110 percent of the qualifying wage
11 threshold and the amount of the qualifying investment. The tax
12 incentives are based upon a schedule as detailed in the bill.

13 The bill also details the requirements for a community
14 match, based on the size of the community, in order for an
15 eligible business to be awarded assistance by the economic
16 development authority (authority) from the fund created in Code
17 section 15.335B.

18 The bill directs the authority to adopt rules to administer
19 the high quality jobs program.

20 This division of the bill takes effect upon enactment.

21 DIVISION XXI — TELEHEALTH — MENTAL HEALTH PARITY. The
22 bill requires a health carrier to reimburse a health care
23 professional or a facility for health care services for a
24 mental health condition, illness, injury, or disease provided
25 to a covered person via telehealth on the same basis and at the
26 same rate as the health carrier would apply to the same health
27 care services provided to the covered person by the health
28 care professional or facility in person. "Health carrier" is
29 defined in the bill.

30 The bill amends the definition of "telehealth" to specify
31 that the delivery of health care services via telehealth must
32 include real-time interactive audio, video, or electronic
33 media, regardless of the location of the health care
34 professional or the covered person.

35 The bill prohibits a health carrier from requiring an

1 additional health care professional to be located in the same
2 room as a covered person while health care service for a mental
3 health condition, illness, injury, or disease are provided via
4 telehealth by another health care professional to the covered
5 person.

6 This division of the bill is effective upon enactment and
7 applies retroactively to health care services for a mental
8 health condition, illness, injury, or disease provided to a
9 covered person via telehealth on or after January 1, 2021.

10 DIVISION XXII — SEPTIC TANKS. The bill prohibits a county
11 from requiring the payment of a penalty, fine, or fee due to
12 a resident's noncompliance with rules adopted by the county
13 sanitarian regarding periodic septic tank pumping as part of
14 routine maintenance.

15 DIVISION XXIII — EMERGENCY VOLUNTEER — TAX CREDIT. The
16 bill relates to the individual income tax credits available to
17 volunteer fire fighters, volunteer emergency medical services
18 personnel members, and reserve peace officers.

19 The bill increases to \$250 from \$100 the maximum amount per
20 individual of the income tax credits for services performed
21 during the year. The tax credit increase applies retroactively
22 to tax years beginning on or after January 1, 2021.

23 DIVISION XXIV — FOOD BANKS. The bill exempts from the sales
24 tax the purchase price from the sale or rental of tangible
25 personal property or specified digital products, or services
26 furnished, to a nonprofit food bank if the property or services
27 are to be used by the nonprofit food bank for a charitable
28 purpose. "Nonprofit food bank" is defined in the bill.

29 By operation of Code section 423.6, an item exempt from the
30 imposition of the sales tax is also exempt from the use tax
31 imposed in Code section 423.5.

32 DIVISION XXV — SPECIFIED DIGITAL PRODUCTS SALES AND
33 USE TAX EXEMPTION — MUNICIPAL UTILITIES AND RURAL ELECTRIC
34 COOPERATIVES. The bill exempts from the sales and use tax the
35 sales price of specified digital products sold to a municipally

1 owned public utility engaged in selling gas, electricity, heat,
2 pay television service, or communication service to the general
3 public.

4 The bill also exempts from the sales and use tax the sales
5 price of specified digital products sold to and used in
6 connection with the operation of a rural electric cooperative.

7 The term "specified digital products" is defined in Code
8 section 423.1(55B).

9 DIVISION XXVI — CONSUMER LOANS. Currently, except for
10 certain loans that are open-end credit transactions or loans
11 secured by a certificate of title, a supervised financial
12 organization or a mortgage lender may contract for and receive
13 a finance charge on a consumer loan, calculated according to
14 the actuarial method, not exceeding 21 percent per year on the
15 unpaid balance of the amount financed. The bill changes the
16 rate a supervised financial organization or a mortgage lender
17 may contract for and receive a finance charge on a consumer
18 loan to rate not to exceed the maximum rate authorized by the
19 federal Military Lending Act, 10 U.S.C. §987(b), which is
20 currently 36 percent.

21 DIVISION XXVII — INDIVIDUAL INCOME TAX — CHECKOFFS.
22 Currently, there are four checkoffs available against the
23 individual income tax — the joint veterans trust fund and the
24 volunteer fire fighter preparedness fund checkoff, the fish and
25 game protection fund checkoff, the Iowa state fair foundation
26 checkoff, and the child abuse prevention program fund checkoff.
27 Under current law, when the same four income tax return
28 checkoffs have been provided on the individual income tax
29 return for two consecutive tax years, the two checkoffs that
30 have received the least amount of contributions are repealed.

31 The bill does not repeal any of the four checkoffs and
32 requires the same four individual income tax checkoffs included
33 on the 2020 individual income tax return form be included on
34 the individual income tax form until such time the two-year
35 contribution calculation for inclusion on the individual income

H.F. _____

1 tax form is made beginning with the 2024 tax year.