

**Senate Study Bill 1269 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act relating to the administration and implementation of  
2 state taxation matters and credits, including economic  
3 development and energy tax incentives and programs, and  
4 future tax contingencies, making appropriations, and  
5 including effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

HIGH QUALITY JOBS AND RENEWABLE CHEMICAL PRODUCTION TAX CREDITS

Section 1. Section 15.119, subsection 2, paragraph a, subparagraphs (2) and (3), Code 2021, are amended to read as follows:

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 ~~This subparagraph (2) is repealed July 1, 2021.~~

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

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

~~(c) This subparagraph (3) is repealed July 1, 2022.~~

Sec. 2. Section 15.119, subsection 2, paragraph h, Code 2021, is amended to read as follows:

*h.* The renewable chemical production tax credit program administered pursuant to sections 15.315 through 15.322. In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, the authority shall not allocate more than ~~ten~~ five

1 million dollars for purposes of this paragraph. This paragraph  
2 is repealed July 1, 2030.

3 Sec. 3. EFFECTIVE DATE. This division of this Act, being  
4 deemed of immediate importance, takes effect upon enactment.

5 DIVISION II

6 HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

7 Sec. 4. HIGH QUALITY JOBS — REDUCTIONS IN OPERATIONS.

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

15 a. That the reduction in operations occurred after March 1,  
16 2020.

17 b. That the reduction in operations was caused by the  
18 COVID-19 pandemic.

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

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

26 DIVISION III

27 MANUFACTURING 4.0

28 Sec. 5. NEW SECTION. 15.371 Manufacturing 4.0 technology  
29 investment program.

30 1. This section shall be known as and may be cited as the  
31 "*Manufacturing 4.0 Technology Investment Program*".

32 2. For purposes of this section unless the context otherwise  
33 requires:

34 a. "*Financial assistance*" means the same as defined in  
35 section 15.102.



1 manufacturing 4.0 technology investment program, a manufacturer  
2 must do all of the following:

3     *a.* Manufacture goods at a facility located in this state.

4     *b.* Have a North American industry classification system  
5 number within the manufacturing sector range of 31-33.

6     *c.* Have been an established business for a minimum of three  
7 years prior to the date of application to the program.

8     *d.* Derive a minimum of fifty-one percent of the  
9 manufacturer's overall revenue from the sale of manufactured  
10 goods.

11     *e.* Employ a minimum of three full-time employees and no  
12 more than seventy-five full-time employees across all of the  
13 manufacturer's locations.

14     *f.* Have an assessment of the manufacturer's proposed  
15 manufacturing 4.0 technology investment completed by the center  
16 for industrial research and service at Iowa state university of  
17 science and technology.

18     *g.* Demonstrate the ability to provide matching financial  
19 support for the manufacturer's manufacturing 4.0 technology  
20 investment on a one-to-one basis. The matching financial  
21 support must be obtained from private sources.

22     6. Eligible manufacturers shall submit applications to the  
23 manufacturing 4.0 technology investment program in the manner  
24 prescribed by the authority by rule.

25     7. *a.* The authority may accept applications during one  
26 or more application periods each fiscal year as determined by  
27 the authority. All completed applications shall be reviewed  
28 and scored on a competitive basis pursuant to rules adopted by  
29 the authority. The authority may engage an outside technical  
30 review panel to complete technical reviews of applications.  
31 The board shall review the recommendations of the authority  
32 and of the technical review panel, if applicable, and shall  
33 approve, defer, or deny each application.

34     *b.* In making recommendations to the board, the authority and  
35 the technical review panel, if applicable, shall consider all

1 of the following:

2 (1) The completeness of the manufacturer's application.

3 (2) Whether the board should approve or deny an application.

4 (3) If the board approves an application, the type and  
5 amount of financial assistance that should to be awarded to the  
6 applicant.

7 (4) The percentage of the manufacturer's overall revenue  
8 that is derived from the sale of manufactured goods pursuant  
9 to subsection 5, paragraph "d".

10 (5) Whether the manufacturer's proposed manufacturing  
11 4.0 technology investment is consistent with the assessment  
12 completed by the center for industrial research and service at  
13 Iowa state university of science and technology pursuant to  
14 subsection 5, paragraph "f".

15 c. The board shall not approve an application for financial  
16 assistance for a manufacturing 4.0 technology investment that  
17 was made prior to the date of the application.

18 8. The maximum amount of financial assistance awarded to an  
19 eligible manufacturer under the manufacturing 4.0 technology  
20 investment program shall not exceed seventy-five thousand  
21 dollars.

22 9. The authority shall adopt rules pursuant to chapter 17A  
23 necessary to implement and administer this section.

24 DIVISION IV

25 ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

26 Sec. 6. Section 476.10A, subsection 2, Code 2021, is amended  
27 to read as follows:

28 2. Notwithstanding [section 8.33](#), any unexpended moneys  
29 remitted to the treasurer of state under [this section](#) shall be  
30 retained for the purposes designated. ~~Notwithstanding section~~  
31 ~~12C.7, subsection 2, interest or earnings on investments or~~  
32 ~~time deposits of the moneys remitted under [this section](#) shall~~  
33 ~~be retained and used for the purposes designated, pursuant to~~  
34 ~~[section 476.46](#).~~

35 Sec. 7. Section 476.46, subsection 2, paragraph e,

1 subparagraph (3), Code 2021, is amended to read as follows:

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

6 Sec. 8. Section 476.46, Code 2021, is amended by adding the  
7 following new subsections:

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

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

14 Sec. 9. NEW SECTION. **476.46A Energy infrastructure**  
15 **revolving loan program.**

16 1. *a.* An energy infrastructure revolving loan fund is  
17 created in the office of the treasurer of state and shall be  
18 administered by the Iowa energy center established in section  
19 15.120.

20 *b.* The fund may be administered as a revolving fund and may  
21 consist of any moneys appropriated by the general assembly for  
22 purposes of this section and any other moneys that are lawfully  
23 directed to the fund.

24 *c.* Moneys in the fund shall be used to provide financial  
25 assistance for the development and construction of energy  
26 infrastructure, including projects that support electric or gas  
27 generation transmission, storage, or distribution; electric  
28 grid modernization; energy-sector workforce development;  
29 emergency preparedness for rural and underserved areas; the  
30 expansion of biomass, biogas, and renewable natural gas;  
31 innovative technologies; and the development of infrastructure  
32 for alternative fuel vehicles.

33 *d.* Notwithstanding section 8.33, moneys appropriated in this  
34 section that remain unencumbered or unobligated at the close of  
35 the fiscal year shall not revert but shall remain available for

1 expenditure for the purposes designated until the close of the  
2 succeeding fiscal year.

3 e. Notwithstanding section 12C.7, subsection 2, interest or  
4 earnings on moneys in the fund shall be credited to the fund.

5 2. a. The Iowa energy center shall establish and administer  
6 an energy infrastructure revolving loan program to encourage  
7 the development of energy infrastructure within the state.

8 b. An individual, business, rural electric cooperative, or  
9 municipal utility located and operating in this state shall be  
10 eligible for financial assistance under the program. With the  
11 approval of the Iowa energy center governing board established  
12 under section 15.120, subsection 2, the economic development  
13 authority shall determine the amount and the terms of all  
14 financial assistance awarded to an individual, business, rural  
15 electric cooperative, or municipal utility under the program.  
16 All agreements and administrative authority shall be vested in  
17 the Iowa energy center governing board.

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

22 3. For the purposes of this section:

23 a. "*Energy infrastructure*" means land, buildings, physical  
24 plant and equipment, and services directly related to the  
25 development of projects used for, or useful for, electricity or  
26 gas generation, transmission, storage, or distribution.

27 b. "*Financial assistance*" means the same as defined in  
28 section 15.102.

29 Sec. 10. ALTERNATE ENERGY REVOLVING LOAN FUND — MONEYS  
30 TRANSFERRED AND APPROPRIATED. Any unencumbered or unobligated  
31 moneys remaining after June 30, 2021, in the alternate energy  
32 revolving loan fund created pursuant to section 476.46, are  
33 transferred and appropriated to the energy infrastructure  
34 revolving loan fund created pursuant to section 476.46A, to be  
35 used for purposes of the energy infrastructure revolving loan

1 program.

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DIVISION V

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WORKFORCE HOUSING TAX INCENTIVES

4 Sec. 11. Section 15.119, subsection 2, paragraph g, Code  
5 2021, is amended to read as follows:

6 g. (1) The workforce housing tax incentives program  
7 administered pursuant to sections 15.351 through 15.356.  
8 In allocating tax credits pursuant to this subsection, the  
9 authority shall not allocate more than ~~twenty-five~~ thirty  
10 million dollars for purposes of this paragraph. Of the moneys  
11 allocated under this paragraph, ~~ten~~ fifteen million dollars  
12 shall be reserved for allocation to qualified housing projects  
13 in small cities, as defined in section 15.352, that are  
14 registered on or after July 1, 2017.

15 (2) (a) Notwithstanding subparagraph (1), in allocating  
16 tax credits pursuant to this subsection for the fiscal year  
17 beginning July 1, 2021, and ending June 30, 2022, the authority  
18 shall not allocate more than forty million dollars for the  
19 purposes of this paragraph. Of the moneys allocated under  
20 this paragraph for the fiscal year beginning July 1, 2021, and  
21 ending June 30, 2022, twelve million dollars shall be reserved  
22 for allocation to qualified housing projects in small cities,  
23 as defined in section 15.352, that are registered on or after  
24 July 1, 2017.

25 (b) This subparagraph is repealed July 1, 2022.

26 Sec. 12. Section 15.354, subsection 3, paragraph d, Code  
27 2021, is amended to read as follows:

28 d. Upon completion of a housing project, an a housing  
29 business shall submit all of the following to the authority:

30 (1) An examination of the project in accordance with the  
31 American institute of certified public accountants' statements  
32 on standards for attestation engagements, completed by a  
33 certified public accountant authorized to practice in this  
34 state, shall be submitted to the authority.

35 (2) A statement of the final amount of qualifying new

1 investment for the housing project.

2 (3) Any information the authority deems necessary to ensure  
3 compliance with the agreement signed by the housing business  
4 pursuant to paragraph "a", the requirements of this part,  
5 and rules the authority and the department of revenue adopt  
6 pursuant to section 15.356.

7 Sec. 13. Section 15.354, subsection 3, paragraph e,  
8 subparagraph (1), Code 2021, is amended to read as follows:

9 (1) Upon review of the examination, ~~and~~ verification of  
10 the amount of the qualifying new investment, and review of  
11 any other information submitted pursuant to paragraph "d",  
12 subparagraph (3), the authority may notify the housing business  
13 of the amount that the housing business may claim as a refund  
14 of the sales and use tax under section 15.355, subsection 2,  
15 and may issue a tax credit certificate to the housing business  
16 stating the amount of workforce housing investment tax credits  
17 under section 15.355, subsection 3, the eligible housing  
18 business may claim. The sum of the amount that the housing  
19 business may claim as a refund of the sales and use tax and  
20 the amount of the tax credit certificate shall not exceed the  
21 amount of the tax incentive award.

22 Sec. 14. Section 15.354, subsection 6, paragraphs b and c,  
23 Code 2021, are amended to read as follows:

24 b. Notwithstanding subsection 1, the authority may accept  
25 applications for disaster recovery housing projects on a  
26 continuous basis establish a disaster recovery application  
27 period following the declaration of a major disaster by the  
28 president of the United States for a county in Iowa.

29 c. Notwithstanding subsection 2, paragraphs "a", "b", and  
30 "d", upon Upon review of a housing business's application,  
31 and scoring of all applications received during a disaster  
32 recovery application period, the authority may make a tax  
33 incentive award to a disaster recovery housing project. The  
34 tax incentive award shall represent the maximum amount of tax  
35 incentives that the disaster recovery housing project may

1 qualify for under the program. In determining a tax incentive  
2 award, the authority shall not use an amount of project costs  
3 that exceeds the amount included in the application of the  
4 housing business. Tax incentive awards shall be approved by  
5 the director of the authority.

6 Sec. 15. Section 15.355, subsection 2, Code 2021, is amended  
7 to read as follows:

8 2. A housing business may claim a refund of the sales and  
9 use taxes paid under [chapter 423](#) that are directly related to  
10 a housing project and specified in the agreement. The refund  
11 available pursuant to [this subsection](#) shall be as provided in  
12 section 15.331A, excluding [subsection 2](#), paragraph "c", of  
13 that section. For purposes of the program, the term "*project*  
14 *completion*", as used in [section 15.331A](#), shall mean the date  
15 on which the authority notifies the department of revenue that  
16 all applicable requirements of ~~an~~ the agreement entered into  
17 pursuant to [section 15.354](#), subsection 3, paragraph "a", and  
18 all applicable requirements of this part, including the rules  
19 the authority and the department of revenue adopted pursuant to  
20 section 15.356, are satisfied.

21 DIVISION VI

22 BROWNFIELDS AND GRAYFIELDS

23 Sec. 16. Section 15.293A, subsection 8, Code 2021, is  
24 amended to read as follows:

25 8. [This section](#) is repealed on June 30, ~~2021~~ 2031.

26 Sec. 17. Section 15.293B, Code 2021, is amended by adding  
27 the following new subsection:

28 NEW SUBSECTION. 5A. a. Tax credits revoked under  
29 subsection 3 including tax credits revoked up to five years  
30 prior to the effective date of this division of this Act, and  
31 tax credits not awarded under subsection 4 or 5, may be awarded  
32 in the next annual application period established in subsection  
33 1, paragraph "c".

34 b. Tax credits awarded pursuant to paragraph "a" shall not  
35 be counted against the limit under section 15.119, subsection

1 3.

2 Sec. 18. Section 15.293B, subsection 7, Code 2021, is  
3 amended to read as follows:

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

5 Sec. 19. EFFECTIVE DATE. The following, being deemed of  
6 immediate importance, take effect upon enactment:

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

9 2. The section of this division of this Act amending section  
10 15.293B, subsection 7.

11 DIVISION VII

12 FEDERAL PAYCHECK PROTECTION PROGRAM

13 Sec. 20. FEDERAL PAYCHECK PROTECTION PROGRAM.

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

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

22 DIVISION VIII

23 FUTURE TAX CHANGES

24 Sec. 22. 2018 Iowa Acts, chapter 1161, section 133, is  
25 amended by striking the section and inserting in lieu thereof  
26 the following:

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

29 EXPLANATION

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

32 This bill relates to the administration and implementation  
33 of state taxation matters and credits, including economic  
34 development and energy tax incentives and programs, and future  
35 tax contingencies. The bill is divided into divisions.

1 DIVISION I — HIGH QUALITY JOBS AND RENEWABLE CHEMICAL  
2 PRODUCTION TAX CREDITS. Division I reduces the maximum  
3 amount of tax credits that the economic development authority  
4 (authority) may allocate to the high quality jobs program for  
5 the fiscal year beginning July 1, 2021, and for each fiscal  
6 year thereafter, from \$105 million to \$70 million. The maximum  
7 amount of tax credits that the authority may allocate to the  
8 renewable chemical production tax credit program for the fiscal  
9 year beginning July 1, 2021, and ending June 30, 2022, and for  
10 each fiscal year thereafter is reduced from \$10 million to \$5  
11 million.

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

34 DIVISION III — MANUFACTURING 4.0. The division establishes  
35 the manufacturing 4.0 technology investment program (program)

1 and creates the manufacturing 4.0 technology investment  
2 fund (fund). "Manufacturing 4.0 technology investments"  
3 (investments) is defined as projects that are intended to lead  
4 to the adoption of, and integration of, smart technologies  
5 into existing manufacturing operations located in the state  
6 by mitigating the risk to the manufacturer of significant  
7 technology investments. Projects may include investments in  
8 specialized hardware, software, or other equipment intended  
9 to assist a manufacturer in increasing the manufacturer's  
10 productivity, efficiency, and competitiveness.

11 The fund may be administered as a revolving fund and may  
12 consist of any moneys appropriated for purposes of the program  
13 and any other moneys that are lawfully available to the  
14 authority. The authority must use moneys in the fund to award  
15 financial assistance to eligible manufacturers for investments.  
16 Financial assistance may include but is not limited to  
17 grants, loans, and forgivable loans. The requirements for a  
18 manufacturer to be eligible for financial assistance under the  
19 program are outlined in the bill.

20 Eligible manufacturers must submit an application to the  
21 program in the manner prescribed by the economic development  
22 authority (authority) by rule. The authority may accept  
23 applications during one or more application periods during a  
24 fiscal year as determined by the authority. All completed  
25 applications must be reviewed and scored on a competitive basis  
26 pursuant to rules adopted by the authority. The authority may  
27 engage an outside technical review panel (panel) to complete a  
28 technical review of applications. The authority board members  
29 appointed by the governor must review the recommendations  
30 of the authority and of the panel, if applicable, and  
31 shall approve, defer, or deny each application. In making  
32 recommendations to the board, the authority and the panel must  
33 consider the factors detailed in the bill.

34 The board cannot approve an application for financial  
35 assistance for an investment that was made prior to the date

1 of the application.

2 The maximum amount of financial assistance awarded to an  
3 eligible manufacturer under the program cannot exceed \$75,000.

4 The authority must adopt rules as necessary to implement and  
5 administer the program.

6 DIVISION IV — ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM.

7 The division modifies Code section 476.46, alternate energy  
8 revolving loan program, to prohibit the Iowa energy center from  
9 initiating any new loans after June 30, 2021. The division  
10 also requires that all loan payments received after June 30,  
11 2021, be deposited, and any moneys remaining in the alternate  
12 energy revolving loan fund after June 30, 2021, be transferred,  
13 to the newly created energy infrastructure revolving loan fund.

14 The division creates an energy infrastructure revolving  
15 fund (fund) in the office of the treasurer of state to be  
16 administered by the Iowa energy center (center). Moneys in  
17 the fund are to be used to provide financial assistance for  
18 the development and construction of energy infrastructure,  
19 including projects that support electric or gas generation  
20 transmission, storage, or distribution; electric grid  
21 modernization; energy-sector workforce development; emergency  
22 preparedness for rural and underserved areas; the expansion  
23 of biomass, biogas, and renewable natural gas; innovative  
24 technologies; and the development of infrastructure for  
25 alternative fuel vehicles. "Energy infrastructure" is defined  
26 as land, buildings, physical plant and equipment, and services  
27 directly related to the development of projects used for,  
28 or useful for, electricity or gas generation, transmission,  
29 storage, or distribution. "Financial assistance" is also  
30 defined in the bill.

31 The center is required to establish and administer an energy  
32 infrastructure revolving loan program (program) to encourage  
33 the development of energy infrastructure within the state. An  
34 individual, business, rural electric cooperative, or municipal  
35 utility located and operating in this state is eligible for

1 financial assistance under the program. With the approval  
2 of the center's governing board, the economic development  
3 authority (authority) must determine the amount and the terms  
4 of all financial assistance awarded to an individual, business,  
5 rural electric cooperative, or municipal utility under the  
6 program. All agreements and administrative authority are  
7 vested in the center's governing board. The authority may  
8 use not more than 5 percent of the moneys in the fund at the  
9 beginning of each fiscal year for purposes of administrative  
10 costs, marketing, technical assistance, and other program  
11 support.

12 DIVISION V — WORKFORCE HOUSING TAX INCENTIVES. Code  
13 section 15.119 sets an aggregate tax credit amount limit for  
14 certain economic development programs. Under current law, the  
15 workforce housing tax incentives program administered under  
16 Code sections 15.351 through 15.356 shall not be allocated  
17 more than \$25 million in tax credits, and of the tax credits  
18 allocated to this program, \$10 million is reserved for  
19 allocation to qualified housing projects in small cities.  
20 This division increases the workforce housing tax credit  
21 allocations from \$25 million to \$40 million for FY 2021-2022.  
22 Of the moneys allocated to workforce housing tax credits in  
23 FY 2021-2022, the bill increases the tax credits reserved for  
24 qualified housing projects in small cities from \$10 million  
25 to \$12 million. Beginning with FY 2022-2023 and each fiscal  
26 year thereafter, the bill sets the workforce housing tax credit  
27 allocations at \$30 million, of which \$15 million shall be  
28 reserved for small cities.

29 Currently, upon completion of a housing project, a housing  
30 business (housing developer, contractor, or nonprofit that  
31 completes a housing project) submits an examination of the  
32 project in accordance with the American institute of certified  
33 public accountants to the authority. In addition to an  
34 examination by certified public accountants, the bill requires  
35 the housing business to submit the following to the authority

1 upon completion of a housing project: a statement of the  
2 final amount of the qualifying new investment for the housing  
3 project and any information the authority deems necessary to  
4 ensure compliance with the agreement between the authority and  
5 the housing business including any rules the authority and the  
6 department of revenue adopt pursuant to Code section 15.356.  
7 The bill also requires the authority to review the information  
8 submitted by the housing business prior to notifying the  
9 housing business of tax incentive awards.

10 The bill permits the authority to establish a disaster  
11 housing recovery period following the declaration of a major  
12 disaster by the president of the United States. Currently, the  
13 authority may accept applications for disaster recovery housing  
14 projects on a continuous basis.

15 Moneys available for the program may consist of moneys  
16 appropriated for use in the program, and any other moneys that  
17 are lawfully available to the economic development authority,  
18 including moneys transferred or deposited from other funds  
19 created pursuant to Code section 15.106A(1)(o).

20 DIVISION VI — BROWNFIELDS AND GRAYFIELDS. Current law  
21 provides that the economic development authority (authority)  
22 may allocate not more than \$10 million in tax credits in  
23 a fiscal year to the brownfield redevelopment program  
24 (brownfields). The division provides that tax credits that are  
25 not awarded or that are revoked (including revoked within the  
26 previous five years) under brownfields may be awarded during  
27 the next annual application period, and those tax credits do  
28 not count against the \$10 million tax credit maximum. Under  
29 current law, Code section 15.293A, redevelopment tax credits,  
30 is repealed on June 30, 2021. The division changes the repeal  
31 date to June 30, 2031, and the repeal date is effective upon  
32 enactment of the division. Under current law, Code section  
33 15.293B, related to the application, review, registration,  
34 and authorization of projects awarded tax credits under  
35 brownfields, is repealed on June 30, 2021. The division

1 changes the repeal date to June 30, 2031, and the repeal date  
2 is effective upon enactment of the division.

3 DIVISION VII — FEDERAL PAYCHECK PROTECTION PROGRAM. Under  
4 current law, for the tax year 2020 and later, Iowa law fully  
5 conforms with the federal treatment of forgiven paycheck  
6 protection program loans and excludes such amounts from net  
7 income and allows certain deductions for business expenses  
8 paid using those loans. For fiscal-year filers who received  
9 paycheck protection program loans during the 2019 tax year,  
10 current law excludes such amounts from net income, but does  
11 not allow certain deductions for business expenses paid using  
12 those loans. The bill fully conforms with federal law for  
13 those fiscal-year filers who previously were excluded from such  
14 conformity and allows such filers to take business expense  
15 deductions using federal paycheck protection program loan  
16 proceeds that were forgiven.

17 This division of the bill takes effect upon enactment.

18 DIVISION VIII — FUTURE TAX CHANGES. The bill amends 2018  
19 Iowa Acts, chapter 1161, section 133 (trigger), by striking  
20 the two conditions necessary for the trigger to occur, and  
21 specifies the provisions in 2018 Iowa Acts, chapter 1161,  
22 sections 99 through 132, take effect January 1, 2023.

23 Currently, the two conditions are necessary for the trigger  
24 to occur include net general fund revenues for the fiscal year  
25 ending June 30, 2022, equaling or exceeding \$8.3146 billion,  
26 and also equaling or exceeding 104 percent of the net general  
27 fund revenues for the fiscal year ending June 30, 2021. If  
28 these two conditions are not satisfied, current law institutes  
29 the changes for tax years beginning on or after the January 1  
30 following the first fiscal year for which the two conditions  
31 do occur. By striking the "trigger", the bill sets in motion  
32 numerous tax changes for tax years beginning on or after  
33 January 1, 2023, described below.

34 The tax changes include reducing the number of individual  
35 income tax brackets from nine to four, and modifying the

1 taxable income amounts and tax rates as follows:

2	Income over:	But not over:	Tax Rate:
3	1) \$0	\$6,000	4.40%
4	2) \$6,000	\$30,000	4.82%
5	3) \$30,000	\$75,000	5.70%
6	4) \$75,000		6.50%

7 For a married couple filing a joint return, the taxable  
 8 income amounts in each bracket above are doubled. Also, the  
 9 taxable income amounts in each bracket above will be indexed to  
 10 inflation and increased in future tax years, beginning in the  
 11 tax year following the 2023 tax year.

12 Under current law, the starting point for computing the  
 13 Iowa individual income tax is federal adjusted gross income  
 14 before the net operating loss deduction, which is generally a  
 15 taxpayer's gross income minus several deductions. From that  
 16 point, Iowa requires several adjustments and then provides  
 17 taxpayers with a deduction for federal income taxes paid,  
 18 and the option to deduct a standard deduction or itemized  
 19 deductions. The bill changes the starting point for computing  
 20 the individual income tax to federal taxable income, which  
 21 includes all deductions and adjustments taken at the federal  
 22 level in computing tax, including a standard deduction  
 23 or itemized deductions, and the qualified business income  
 24 deduction allowed for certain income earned from a pass-through  
 25 entity. Because the starting point changes to federal taxable  
 26 income, and federal law does not provide for the filing status  
 27 of married filing separately on a combined return, the bill  
 28 repeals that filing status option for Iowa tax purposes.  
 29 Because net operating loss is no longer calculated at the state  
 30 level, the bill requires a taxpayer to add back any federal  
 31 net operating loss deduction carried over from a taxable year  
 32 beginning prior to the 2023 tax year, but allows taxpayers  
 33 to deduct any remaining Iowa net operating loss from a prior  
 34 taxable year. The bill repeals the individual alternative  
 35 minimum tax (AMT), allows an individual to claim any remaining

1 AMT credit against the individual's regular tax liability for  
2 the 2023 tax year, and then repeals the AMT credit in the  
3 tax year following the 2023 tax year. The bill repeals most  
4 Iowa-specific deductions, exemptions, and adjustments currently  
5 available when computing net income and taxable income under  
6 Iowa law, including the Iowa optional standard deduction and  
7 all itemized deductions, and the ability to deduct federal  
8 income taxes, except for a one-year phase out in the 2023 tax  
9 year for taxes paid, or refunds received, that relate to a  
10 prior year. The bill maintains the add-back for income from  
11 securities that are federally exempt but not state-exempt, and  
12 for bonus depreciation amounts. The bill maintains the general  
13 pension exclusion and the deduction for income from federal  
14 securities. The bill maintains the deduction for contributions  
15 to the Iowa 529 plan, the Iowa ABLE plan, a first-time  
16 homebuyer savings account, and an individual development  
17 account. The bill also maintains the deductions for military  
18 pension income, military active duty pay, social security  
19 retirement benefits, certain payments received for providing  
20 unskilled in-home health care, certain amounts received from  
21 the veterans trust fund, victim compensation awards, biodiesel  
22 production refunds, certain wages paid to individuals with  
23 disabilities or individuals previously convicted of a felony,  
24 certain organ donations, and Segal AmeriCorps education award  
25 payments. The bill modifies the existing deduction for health  
26 insurance payments in Code section 422.7(29) to make the  
27 deduction only applicable to taxpayers who are at least 65  
28 years old and who have net income below \$100,000. The bill  
29 also modifies the existing capital gain deduction in Code  
30 section 422.7(21) to restrict the deduction to the sale of  
31 real property used in farming businesses by permitting the  
32 taxpayer to take the deduction if either of the following  
33 apply: the taxpayer materially participated in the farming  
34 business for at least 10 years and held the real property for  
35 at least 10 years; or the taxpayer sold the real property to

1 a relative. The bill expands the definition of "relative" to  
2 include an entity in which a relative of the taxpayer has a  
3 legal or equitable interest in the entity as an owner, member,  
4 partner, or beneficiary. The bill provides a new deduction  
5 for any income of an employee resulting from the payment by  
6 an employer, whether paid to the employee or a lender, of  
7 principal or interest on the employee's qualified education  
8 loan. The bill also modifies the calculation of net income  
9 for purposes of the alternate tax calculation in Code section  
10 422.5(3) and (3B), and the tax return filing thresholds in  
11 Code section 422.13, to require that any amount of itemized  
12 deduction, standard deduction, personal exemption deduction,  
13 or qualified business income deduction that was allowed in  
14 computing federal taxable income shall be added back.

15 Under current law, the starting point for calculating the  
16 corporate income tax and franchise tax is federal taxable  
17 income before the net operating loss deduction, because net  
18 operating loss is calculated at the state level. The bill  
19 repeals the separate calculation of net operating loss at the  
20 state level. As a result, the bill requires taxpayers to add  
21 back any federal net operating loss deduction carried over from  
22 a taxable year beginning prior to the trigger year, but allows  
23 taxpayers to deduct any remaining Iowa net operating loss from  
24 a prior taxable year. The bill also repeals most Iowa-specific  
25 deductions, exemptions, and adjustments currently available  
26 when computing net income and taxable income under Iowa law.  
27 The bill maintains the add-back for income from securities  
28 that are federally exempt but not state exempt, and for bonus  
29 depreciation amounts. The bill maintains the deductions for  
30 income from federal securities, for foreign dividend and  
31 subpart F income, for certain wages paid to individuals with  
32 disabilities or individuals previously convicted of a felony,  
33 and for biodiesel production refunds.