

House File 2471 - Introduced

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A BILL FOR

1 An Act creating an electric outdoor power equipment tax credit
2 available against the individual and corporate income taxes,
3 and including retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.12P Electric outdoor power
2 equipment tax credit.

3 1. As used in this section, "*electric outdoor power*
4 *equipment*" means battery-powered equipment used principally for
5 outside service including an aerator, auger, blower, chain saw,
6 dethatcher, edger, trimmer, lawn mower, pole saw, snowblower,
7 and tiller.

8 2. A taxpayer who has purchased electric outdoor power
9 equipment may claim a tax credit in an amount equal to twenty
10 percent of the sales price of electric outdoor power equipment
11 purchased during the tax year.

12 3. The tax credit shall be allowed against the taxes imposed
13 under this subchapter and subchapter III.

14 4. An individual may claim a tax credit under this section
15 of a partnership, limited liability company, S corporation,
16 estate, or trust electing to have income taxed directly to
17 the individual. The amount claimed by the individual shall
18 be based upon the pro rata share of the individual's earnings
19 from the partnership, limited liability company, S corporation,
20 estate, or trust.

21 5. Any credit in excess of the taxpayer's liability for the
22 tax year is not refundable but the excess for the tax year may
23 be credited to the tax liability for the following tax year.

24 6. The department shall accept and approve applications
25 on a first-come, first-served basis until the maximum amount
26 of tax credits that may be claimed pursuant to subsection 7
27 is reached. If, for a tax year, the aggregate amount of tax
28 credits applied for exceeds the amount specified in subsection
29 7, the department shall establish a wait list for tax credits.
30 Valid applications filed by the taxpayer by May 1 following
31 the year of the purchase but not approved by the department
32 shall be placed on a wait list in the order the applications
33 were received and those applicants shall be given priority
34 for having their applications approved in succeeding years.
35 Placement on a wait list pursuant to this subsection shall not

1 constitute a promise binding the state. The availability of a
2 tax credit and approval of a tax credit application pursuant
3 to this section in a future year is contingent upon the
4 availability of tax credits in that particular year.

5 7. The cumulative value of tax credits claimed annually
6 by applicants pursuant to this section shall not exceed five
7 million dollars. Of this amount, at least two million dollars
8 shall be reserved for individual income taxpayers. In the
9 event that the total amount of claims submitted for individual
10 income taxpayers in a tax year is an amount less than two
11 million dollars, the remaining unclaimed reserved amount shall
12 be made available for claims associated with or resulting from
13 other eligible taxpayers.

14 8. A taxpayer claiming the tax credit shall provide
15 documentation supporting the tax credit claim in a form and
16 manner prescribed by the department.

17 9. Tax credits issued under this section are not
18 transferable to any person.

19 10. The department shall adopt rules pursuant to chapter 17A
20 to administer this section.

21 Sec. 2. Section 422.33, Code 2024, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 17. The taxes imposed under this subchapter
24 shall be reduced by an electric outdoor power equipment tax
25 credit allowed under section 422.12P.

26 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
27 retroactively to January 1, 2024, for tax years beginning on
28 or after that date.

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 creates an electric outdoor power equipment tax
33 credit available against the individual and corporate income
34 taxes.

35 Under the bill, a taxpayer who has purchased electric

1 outdoor power equipment may claim a tax credit in an amount
2 equal to 20 percent of the sales price of the electric outdoor
3 power equipment purchased during the tax year.

4 The bill defines "electric outdoor power equipment" to mean
5 battery-powered equipment used principally for outside service
6 including an aerator, auger, blower, chain saw, dethatcher,
7 edger, trimmer, lawn mower, pole saw, snowblower, and tiller.

8 Any credit in excess of the taxpayer's liability for the tax
9 year is not refundable but may be credited to the tax liability
10 for the following tax year.

11 The bill requires the department of revenue to accept and
12 approve applications on a first-come, first-served basis until
13 the maximum amount of tax credits allowed during the tax year
14 are claimed. The bill establishes the maximum amount of tax
15 credits that may be claimed during the tax year at \$5 million.
16 If, for a tax year, the aggregate amount of tax credits applied
17 for exceeds the maximum amount of tax credit available, the
18 department shall establish a wait list for tax credits.

19 The bill provides that \$2 million of the maximum amount
20 of tax credits available shall be reserved for individual
21 income taxpayers. If the total amount of claims submitted for
22 individual income taxpayers in a tax year is an amount less
23 than \$2 million, the remaining unclaimed amount shall be made
24 available for claims associated with other eligible taxpayers.

25 A taxpayer claiming the tax credit shall provide
26 documentation supporting the tax credit claim in a form and
27 manner prescribed by the department of revenue.

28 A tax credit issued under the bill is not transferable to any
29 person.

30 The bill applies retroactively to electric outdoor power
31 equipment purchased on or after January 1, 2024, for tax years
32 occurring on or after that date.