

# House File 1054 - Introduced

HOUSE FILE 1054  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 305)

## A BILL FOR

1 An Act relating to matters under the purview of the Iowa  
2 economic development authority and the department of workforce  
3 development, including tax credit limits, the major economic  
4 growth attraction program, layoffs and facility closures, the  
5 brownfield redevelopment fund, and the Iowa economic emergency  
6 fund; creation of the business incentives for growth program,  
7 the seed investor tax credit program, the Iowa film production  
8 incentive program, the research and development tax credit  
9 program, and the sustainable aviation fuel production tax  
10 credit program; elimination of the high quality jobs program,  
11 the investments in qualifying businesses tax credit, employer  
12 child care tax credits, assistive device tax credits, endow  
13 Iowa tax credits, and research activities tax credits; and  
14 including effective date provisions and criminal penalties.  
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

ECONOMIC DEVELOPMENT PROGRAMS — TAX CREDIT LIMITS

Section 1. Section 15.119, Code 2025, is amended to read as follows:

**15.119 Aggregate tax credit limit for certain economic business development programs.**

1. a. Notwithstanding any provision to the contrary in any of the business development programs listed in subsection 2, the authority, except as provided in paragraph "b", shall not authorize for any one fiscal year an amount of tax credits for the programs specified in subsection 2 that is in excess of one hundred ~~seventy~~ ten million dollars.

b. (1) The authority may authorize an amount of tax credits during a fiscal year that is in excess of the amount specified in paragraph "a", but the amount of such excess shall not exceed twenty percent of the amount specified in paragraph "a", and shall be counted against the total amount of tax credits that may be authorized for the next fiscal year.

(2) Any amount of tax credits authorized and awarded during a fiscal year for a program specified in subsection 2 which are irrevocably declined by the awarded business or revoked by the authority on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination or revocation occurs. Tax credits authorized pursuant to this subparagraph shall not be considered for purposes of subparagraph (1).

~~2. The authority, with the approval of the board, shall adopt by rule a procedure for allocating the aggregate tax credit limit established in this section among the following~~ The aggregate tax credit limit specified in subsection 1 shall be allocated to business development programs as follows:

~~a. (1) The high quality jobs program administered pursuant to subchapter II, part 13.~~

~~(2) In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2022, and for each fiscal~~

1 ~~year thereafter, the authority shall not allocate more than~~  
2 ~~sixty-eight million dollars for purposes of this paragraph.~~

3 ~~(3) In allocating tax credits pursuant to this subsection,~~  
4 ~~the authority shall prioritize issuing additional research~~  
5 ~~activities tax credits pursuant to section 15.335.~~

6 ~~b. The enterprise zones program administered pursuant to~~  
7 ~~sections 15E.191 through 15E.197, Code 2014.~~

8 ~~c. The assistive device tax credit program administered~~  
9 ~~pursuant to section 422.33, subsection 9.~~

10 ~~d. The tax credits for investments in qualifying businesses~~  
11 ~~issued pursuant to section 15E.43. In allocating tax credits~~  
12 ~~pursuant to this subsection, the authority shall allocate two~~  
13 ~~million dollars for purposes of this paragraph, unless the~~  
14 ~~authority determines that the tax credits awarded will be less~~  
15 ~~than that amount.~~

16 ~~e. a. (1) The tax credits for investments in an innovation~~  
17 ~~fund pursuant to section 15E.52 chapter 15E, subchapter VI, and~~  
18 ~~the seed investor tax credit pursuant to chapter 15E, subchapter~~  
19 ~~IV. In allocating tax credits pursuant to this subsection, the~~  
20 ~~authority shall allocate eight ten million dollars for purposes~~  
21 ~~of this paragraph, unless the authority determines that the tax~~  
22 ~~credits awarded will be less than that amount and the board shall~~  
23 ~~determine the tax credit amount allocated to each program under~~  
24 ~~this paragraph each fiscal year.~~

25 ~~(2) For the fiscal year beginning July 1, 2025, the~~  
26 ~~allocation pursuant to this paragraph shall be reduced by any tax~~  
27 ~~credit authorized by the authority prior to July 1, 2026, for~~  
28 ~~an investment in a qualifying business pursuant to chapter 15E,~~  
29 ~~subchapter V, Code 2025. This subparagraph is repealed July 1,~~  
30 ~~2026.~~

31 ~~f. The redevelopment tax credit program for brownfields and~~  
32 ~~grayfields administered pursuant to sections 15.293A and 15.293B.~~

33 ~~g. The workforce housing tax incentives program administered~~  
34 ~~pursuant to subchapter II, part 17. In allocating tax credits~~  
35 ~~pursuant to this subsection, the authority shall not allocate~~

1 ~~more than thirty-five million dollars for purposes of this~~  
2 ~~paragraph. Of the moneys allocated under this paragraph,~~  
3 ~~seventeen million five hundred thousand dollars shall be reserved~~  
4 ~~for allocation to qualified housing projects in small cities, as~~  
5 ~~defined in section 15.352, that are registered on or after July~~  
6 ~~1, 2017.~~

7 ~~h. The renewable chemical production tax credit program~~  
8 ~~administered pursuant to subchapter II, part 12. In allocating~~  
9 ~~tax credits pursuant to this subsection for the fiscal year~~  
10 ~~beginning July 1, 2021, and for each fiscal year beginning before~~  
11 ~~July 1, 2037, the authority shall not allocate more than five~~  
12 ~~million dollars for purposes of this paragraph. This paragraph~~  
13 ~~is repealed July 1, 2039.~~

14 ~~3. In allocating the amount of tax credits authorized~~  
15 ~~pursuant to subsection 1 among the programs specified in~~  
16 ~~subsection 2, the authority shall not allocate more than fifteen~~  
17 ~~million dollars for purposes of subsection 2, paragraph "f".~~

18 b. The renewable chemical production tax credit pursuant  
19 to subchapter II, part 12, and the sustainable aviation fuel  
20 production tax credit program pursuant to subchapter II, part  
21 36. In allocating tax credits pursuant to this subsection, the  
22 authority shall allocate ten million dollars for purposes of this  
23 paragraph, and the board shall determine the tax credit amount  
24 allocated to each program specified in this paragraph for each  
25 fiscal year.

26 c. The research and development tax credit program pursuant  
27 to subchapter II, part 35. In allocating tax credits pursuant  
28 to this subsection, the authority shall allocate forty million  
29 dollars for purposes of this paragraph.

30 d. The business incentives for growth program administered  
31 pursuant to subchapter II, part 33. In allocating tax credits  
32 pursuant to this subsection for the fiscal year beginning July  
33 1, 2026, and for each fiscal year thereafter, the authority shall  
34 not allocate more than fifty million dollars for purposes of this  
35 paragraph.

1 e. (1) The high-quality jobs program administered pursuant  
2 to chapter 15, subchapter II, part 13, and the business  
3 incentives for growth program administered pursuant to chapter  
4 15, subchapter II, part 33. In allocating tax credits pursuant  
5 to this subsection, the authority shall allocate fifty million  
6 dollars in the aggregate for purposes of this paragraph, by  
7 allocating tax credits to the high-quality jobs program prior to  
8 January 1, 2026, and by allocating the remaining tax credits to  
9 the business incentives for growth program on or after January 1,  
10 2026.

11 (2) This paragraph is repealed July 1, 2026.

12 4. 3. The authority shall submit to the department of  
13 revenue on or before August 15 of each year a report on the tax  
14 credits allocated pursuant to this section and the tax credits  
15 awarded under each of the programs described in subsection 2.

16 DIVISION II

17 ECONOMIC DEVELOPMENT PROGRAMS — TAX CREDIT LIMITS

18 CONFORMING CHANGES

19 Sec. 2. Section 15.293A, subsection 6, Code 2025, is amended  
20 to read as follows:

21 ~~6. The amount of tax credits that may be awarded by the~~  
22 ~~board shall be subject to the limitation in section 15.119~~ Except  
23 as provided in section 15.293B, subsection 6, the board shall  
24 not award in any one fiscal year an amount of tax credits that  
25 exceeds fifteen million dollars.

26 Sec. 3. Section 15.293B, subsection 6, Code 2025, is amended  
27 to read as follows:

28 6. a. (1) Tax credits revoked under subsection 3 including  
29 tax credits revoked up to five years prior to July 1, 2021, and  
30 tax credits not awarded under subsection 4 or 5, may be awarded  
31 in the next annual application period established in subsection  
32 1, paragraph "c".

33 (2) Any amount of tax credits authorized and awarded during  
34 a fiscal year which are irrevocably declined by the awarded  
35 investor on or before June 30 of the immediately succeeding

1 fiscal year may be awarded in the next annual application period  
2 established in subsection 1, paragraph "c".

3 b. Tax credits awarded pursuant to paragraph "a" shall not  
4 be counted against the limit under section 15.119, ~~subsection 3~~  
5 15.293A, subsection 6.

6 Sec. 4. Section 15.318, subsection 3, paragraph e, Code 2025,  
7 is amended to read as follows:

8 e. In each fiscal year beginning on or after July 1, 2023  
9 2025, and ending on or before June 30, 2036, the authority may  
10 award an amount of tax credits under the program not to exceed  
11 the maximum aggregate amount ~~allocated in~~ determined by the board  
12 pursuant to section 15.119, subsection 2, paragraph "h"  
13 "b".

14 Sec. 5. Section 15.354, subsection 2, paragraph a, Code 2025,  
15 is amended to read as follows:

16 a. All completed applications shall be reviewed and scored on  
17 a competitive basis by the authority pursuant to rules adopted by  
18 the authority. In scoring applications, the authority may award  
19 additional points for all of the following:

20 (1) A housing project located in a community where no housing  
21 project has been awarded a tax incentive under the program in the  
22 immediately preceding three application periods.

23 (2) A housing project located in a community where a recent  
24 or planned business expansion, or a new business, has received  
25 a tax incentive or financial assistance under the high-quality  
26 jobs program administered pursuant to subchapter II, part 13, the  
27 major economic growth attraction program administered pursuant to  
28 subchapter II, part 32, or the business incentives for growth  
29 program administered pursuant to subchapter II, part 33.

30 Sec. 6. Section 15.354, subsection 4, Code 2025, is amended  
31 by striking the subsection and inserting in lieu thereof the  
32 following:

33 4. *Maximum tax incentives amount.*

34 a. (1) In the fiscal year beginning July 1, 2025, and ending  
35 June 30, 2026, the authority shall not award an amount of tax

1 credits in excess of thirty-nine million five hundred thousand  
2 dollars.

3 (2) In the fiscal year beginning July 1, 2026, and ending  
4 June 30, 2027, the authority shall not award an amount of tax  
5 credits in excess of thirty-six million five hundred thousand  
6 dollars.

7 (3) In the fiscal year beginning July 1, 2027, and for each  
8 fiscal year thereafter, the authority shall not award an amount  
9 of tax credits in excess of thirty-five million dollars.

10 b. Of the tax credits allocated under paragraph "a", fifty  
11 percent of the allocation available in each fiscal year shall be  
12 reserved for allocation to qualified housing projects in small  
13 cities.

14 c. Notwithstanding paragraph "b", if the sum of the amount  
15 of tax incentives awarded in a given fiscal year for housing  
16 projects located in small cities based on the authority's  
17 review and scoring of applications does not exceed the amount  
18 reserved for housing projects located in small cities pursuant  
19 to paragraph "b", the authority may award the remaining amount  
20 of tax incentives reserved for housing projects located in small  
21 cities to other housing projects during that same fiscal year.

22 d. Tax credits revoked by the authority or irrevocably  
23 declined by a housing business before June 30 of the fiscal year  
24 following the award may be awarded during the fiscal year the  
25 revocation or declination occurs. Tax credits awarded pursuant  
26 to this paragraph shall not be counted against the tax credit  
27 limit established in paragraph "a".

28 e. The maximum aggregate amount of tax incentives that may be  
29 awarded and issued under section 15.355 to a housing business for  
30 a housing project shall not exceed one million dollars.

31 f. If a housing business qualifies for a higher amount  
32 of tax incentives under section 15.355 than is allowed by  
33 the limitation imposed in paragraph "e", the authority and  
34 the housing business may negotiate an apportionment of the  
35 reduction in tax incentives between the sales tax refund provided

1 in section 15.355, subsection 2, and the workforce housing  
2 investment tax credits provided in section 15.355, subsection 3,  
3 provided the total aggregate amount of tax incentives after the  
4 apportioned reduction does not exceed the amount in paragraph  
5 "e".

6 g. The authority shall issue tax incentives under the program  
7 on a first-come, first-served basis until the maximum amount of  
8 tax incentives allowed under paragraph "a" is reached.

9 Sec. 7. Section 15.354, subsection 6, paragraph d, Code 2025,  
10 is amended to read as follows:

11 d. The authority shall administer tax credit allocations for  
12 disaster recovery housing projects separately from the general  
13 allocation and separately from the allocation reserved for small  
14 cities in section 15.119, subsection 2, paragraph "g". The  
15 authority shall issue tax incentives under the program for  
16 disaster recovery housing projects on a first-come, first-served  
17 basis until the maximum amount of tax incentives allocated under  
18 section 15.119, subsection 5, is reached. The authority shall  
19 maintain a list of disaster recovery housing projects awarded tax  
20 incentives under the program, so that if the maximum aggregate  
21 amount of tax incentives allocated for disaster recovery housing  
22 projects under the program is reached in a given fiscal year,  
23 such disaster recovery housing projects that were completed but  
24 for which tax incentives were not issued shall be placed on a  
25 wait list in the order the disaster recovery housing projects  
26 were awarded tax incentives pursuant to paragraph "c", and shall  
27 be given priority for receiving tax incentives in succeeding  
28 fiscal years maximum tax credit amounts specified in section  
29 15.354, subsection 4, paragraphs "a" and "b".

30 DIVISION III

31 BUSINESS INCENTIVES FOR GROWTH PROGRAM

32 Sec. 8. NEW SECTION. **15.111 Assistance for certain programs**  
33 **and projects.**

34 1. a. Under the authority provided in section 15.106A, there  
35 shall be established one or more funds within the state treasury,

1 under the control of the authority, to be used for purposes of  
2 this section.

3     b. A fund established for purposes of this section shall  
4 consist of any moneys appropriated to the authority for purposes  
5 of this section, or moneys otherwise accruing to the authority  
6 and deposited in the fund for purposes of this section.

7     c. Interest or earnings on moneys in a fund used for the  
8 purposes of this section, and all repayments or recaptures of  
9 the assistance provided under this section, shall accrue to  
10 the authority and shall be used for purposes of this section,  
11 notwithstanding section 12C.7. Moneys in a fund are not subject  
12 to section 8.33.

13     2. a. The moneys in a fund established for purposes of this  
14 section, as described in subsection 1, shall be allocated by the  
15 authority in appropriate amounts to be used for the following  
16 purposes:

17       (1) For program support. For purposes of this subparagraph,  
18 "program support" means the services necessary for the efficient  
19 administration of a program administered by the authority,  
20 including but not limited to administrative costs, conducting  
21 a statewide laborshed study in coordination with the department  
22 of workforce development, outreach to business and marketing  
23 programs, the procurement of technical assistance, and the  
24 implementation of information technology.

25       (2) For deposit in the innovation and commercialization  
26 development fund created pursuant to section 15.412.

27       (3) For providing financial assistance to businesses engaged  
28 in disaster recovery. For purposes of this subparagraph,  
29 "business engaged in disaster recovery" means a business located  
30 in an area declared a disaster area by a federal official,  
31 that has sustained physical damage, has closed as a result of  
32 a natural disaster, and has a plan for reopening that includes  
33 employing a substantial number of the employees the business  
34 employed before the natural disaster occurred.

35       (4) For deposit in the entrepreneur investment awards program

1 fund pursuant to section 15E.363.

2 (5) For deposit in a fund created for purposes of the  
3 strategic infrastructure program established pursuant to section  
4 15.313.

5 (6) For deposit in the nuisance property remediation fund  
6 established pursuant to section 15.338.

7 (7) For deposit in the community catalyst building  
8 remediation fund established pursuant to section 15.231.

9 (8) For providing financial assistance to eligible businesses  
10 for the business incentives for growth program pursuant to  
11 section 15.504.

12 b. Each fiscal year, the authority shall estimate the amount  
13 of revenues available for purposes of this section and shall  
14 develop a budget appropriate for the expenditure of the revenues  
15 available.

16 Sec. 9. NEW SECTION. **15.502 Short title.**

17 This part shall be known and may be cited as the "*Business*  
18 *Incentives for Growth Program*" or "*BIG Program*".

19 Sec. 10. NEW SECTION. **15.503 Definitions.**

20 As used in this part, unless the context otherwise requires:

21 1. "*Base employment level*" means the number of full-time  
22 equivalent positions at a business, as established by the  
23 authority and the business using the business's payroll records,  
24 as of the date the business applies for tax incentives under the  
25 program.

26 2. "*Benefits*" means nonwage compensation provided to an  
27 employee. "*Benefits*" include medical and dental insurance, a  
28 pension, a retirement plan, a profit-sharing plan, child care,  
29 life insurance, vision insurance, and disability insurance.

30 3. "*Community*" means a city, county, or entity established  
31 pursuant to chapter 28E.

32 4. "*Contract completion*" means the date of completion of  
33 the terms of a contract between a contractor and an eligible  
34 business.

35 5. "*Contractor*" means a person that has executed a contract

1 with an eligible business for the provision of property,  
2 materials, or services for the construction or equipping of a  
3 facility that is part of the eligible business's project.

4 6. "Created jobs" or "create jobs" means new, permanent,  
5 full-time equivalent positions added to an eligible business's  
6 payroll, at the location of the eligible business's project, in  
7 excess of the eligible business's base employment level.

8 7. "Data center business" means the same as defined in  
9 section 423.3, subsection 95.

10 8. "Eligible business" means a business that meets the  
11 requirements of section 15.504.

12 9. "Full-time equivalent position" means a non-part-time  
13 position for the number of hours or days per week considered to  
14 be full-time work for the kind of service or work performed for  
15 an employer. Typically, a full-time equivalent position requires  
16 two thousand eighty hours of work in a calendar year, including  
17 all paid holidays, vacations, sick time, and other paid leave.

18 10. "Program" means the business incentives for growth  
19 program.

20 11. "Project" means an activity or set of activities directly  
21 related to the start-up, location, modernization, or expansion  
22 of an eligible business and proposed in an eligible business's  
23 application to the program, that will accomplish the goals of the  
24 program.

25 12. "Project completion date" means the date by which an  
26 eligible business that has been approved by the authority to  
27 participate in the program agrees to complete the terms and  
28 conditions of the agreement under section 15.506.

29 13. "Project completion period" means the period of time  
30 between the date the authority approves an eligible business to  
31 participate in the program and the project completion date.

32 14. "Qualifying investment" means a capital investment in  
33 real property, including the purchase price of the land and  
34 existing buildings and structures, site preparation, improvements  
35 to the real property, building construction, and long-term lease

1 costs. "Qualifying investment" also means a capital investment  
2 in depreciable assets for use in the operation of an eligible  
3 business.

4 15. "Qualifying wage threshold" means the mean wage level  
5 represented by the wages within two standard deviations of  
6 the mean wage within the laborshed area in which the eligible  
7 business is located, as calculated by the authority by rule,  
8 using the most current covered wage and employment data available  
9 from the department of workforce development for the laborshed  
10 area in which the eligible business is located.

11 16. "Retained job" means a full-time equivalent position that  
12 is in existence at the time an eligible business applies for the  
13 program that remains continuously filled, and that is at risk  
14 of elimination if the proposed project for which the eligible  
15 business is applying to the program does not proceed.

16 17. "Subcontractor" means a person that contracts with a  
17 contractor for the provision of property, materials, or services  
18 for the construction or equipping of a facility that is part of  
19 an eligible business's project.

20 18. "Tax incentives" means tax credits, tax refunds, or tax  
21 exemptions authorized under the program by the authority for an  
22 eligible business.

23 Sec. 11. NEW SECTION. **15.504 Eligible business.**

24 1. To be eligible to receive tax incentives under the  
25 program, a business must meet all of the following requirements:

26 a. The community in which the proposed project is located  
27 must approve the project either by ordinance or resolution.

28 b. (1) The business must be primarily engaged in advanced  
29 manufacturing, bioscience, insurance and finance, or technology  
30 and innovation. The business shall not be a data center  
31 business, a retail business, or a business where a cover charge  
32 or membership requirement restricts certain individuals from  
33 entering the business.

34 (2) Factors the authority shall consider to determine if  
35 a business is primarily engaged in advanced manufacturing,

1 biosciences, insurance and finance, or technology and innovation  
2 shall include but are not limited to all of the following:

3 (a) The business's North American industry classification  
4 system code.

5 (b) The business's main sources of revenue.

6 (c) The business's customer base.

7 c. (1) The business must not be solely relocating operations  
8 from one area of the state to another area of the state.

9 A proposed project that does not create jobs or involve a  
10 substantial amount of new capital investment shall be presumed  
11 to be a relocation of operations. For purposes of this  
12 subparagraph, the authority shall consider a letter from the  
13 affected local community's government officials supporting the  
14 business's move away from the affected local community in  
15 making a determination whether the business is solely relocating  
16 operations.

17 (2) This paragraph shall not be construed to prohibit a  
18 business from expanding the business's operations in a community  
19 if the business has similar operations in this state that are not  
20 closing or undergoing a substantial reduction in operations.

21 d. The business must offer comprehensive benefits to each  
22 full-time equivalent employee employed at the project. The  
23 authority may adopt rules under chapter 17A to determine  
24 the procedure for establishing requirements for comprehensive  
25 benefits.

26 e. (1) The business must not have a record of violations of  
27 the law or of rules, including but not limited to antitrust,  
28 environmental, trade, or worker safety, that over a period of  
29 time show a consistent pattern or that establish the business's  
30 intentional, criminal, or reckless conduct in violation of such  
31 laws or rules.

32 (2) If the authority determines that the business has a  
33 record of violations described in subparagraph (1), and the  
34 authority finds that the violations did not seriously affect  
35 public health, public safety, or the environment, the business

1 may be eligible to qualify for the program.

2 (3) If the authority determines that the business has a  
3 record of violations described in subparagraph (1), and the  
4 authority finds that there were mitigating circumstances related  
5 to the violations, the business may be eligible to qualify for  
6 the program.

7 (4) In making determinations and findings under subparagraphs  
8 (2) and (3), and making a determination whether a business is  
9 disqualified from the program, the authority shall be exempt from  
10 chapter 17A.

11 2. In determining if a business is eligible to participate in  
12 the program, the authority shall consider a variety of factors,  
13 including but not limited to all of the following:

14 a. The impact of the business's proposed project on  
15 businesses that are in competition with the business. The  
16 authority shall make a good-faith effort to identify existing  
17 Iowa businesses in competition with the business being considered  
18 for the program. The authority shall make a good-faith effort to  
19 determine the probability that any proposed tax incentives will  
20 displace employees of the competing businesses.

21 b. The business's proposed project's economic impact on the  
22 state. The authority shall place greater emphasis on businesses  
23 and proposed projects that meet the following requirements:

24 (1) The business has a high proportion of in-state suppliers.

25 (2) The proposed project will diversify the state economy.

26 (3) The business has few in-state competitors.

27 (4) The proposed project has the potential to create jobs on  
28 an ongoing basis, or will result in increased skills and wages  
29 for employees of the eligible business.

30 (5) The proposed project has the potential to increase  
31 productivity, efficiency, and competitiveness through adoption  
32 and integration of smart technologies including specialized  
33 hardware, software, or other equipment.

34 (6) The proposed project has the potential to increase the  
35 state's overall gross domestic product.

1 (7) Any other factors the authority deems relevant in  
2 determining the economic impact of a proposed project.

3 Sec. 12. NEW SECTION. **15.505 Applications — authorization**  
4 **of tax credits and exemptions.**

5 1. a. Applications for the program shall be submitted to the  
6 authority in the form and manner prescribed by the authority by  
7 rule. Each application must be accompanied by an application fee  
8 in an amount determined by the authority by rule.

9 b. For a proposed project that will result in elevated water  
10 consumption by the business, the application shall be accompanied  
11 by a water conservation and waste reduction plan, and shall be  
12 submitted to the authority in the form and manner prescribed by  
13 the authority by rule.

14 2. In determining the eligibility of a business to  
15 participate in the program, the authority may engage outside  
16 experts to complete a technical, financial, or other review of  
17 an application submitted by a business.

18 3. a. The authority and the board may negotiate with an  
19 eligible business regarding the terms of, and the aggregate value  
20 of, the tax incentives the eligible business may receive under  
21 the program. The maximum aggregate value of the tax incentives  
22 that any one eligible business may receive shall not exceed five  
23 percent of the eligible business's qualifying investment, unless  
24 the eligible business's project is located in a rural county,  
25 in which case the maximum aggregate value of tax incentives  
26 that any one eligible business may receive shall not exceed  
27 seven and one-half percent of the eligible business's qualifying  
28 investment. For purposes of this paragraph, "rural county" means  
29 a county in the state with a population of twenty thousand or  
30 less based on the most recent decennial census released by the  
31 United States census bureau.

32 b. The board may authorize any combination of tax incentives  
33 available under the program for an eligible business.

34 4. The board shall not authorize an award under this part  
35 before January 1, 2026.

1     Sec. 13. NEW SECTION.   **15.506 Agreement.**

2     1. An eligible business that is approved by the authority to  
3 participate in the program shall enter into an agreement with  
4 the authority that specifies the criteria for the successful  
5 completion of all requirements of the program. The agreement  
6 must contain, at a minimum, provisions related to all of the  
7 following:

8     a. The eligible business must certify to the authority  
9 annually that the business is in compliance with the agreement.

10    b. If the eligible business fails to comply with any  
11 requirements of the program or the agreement, as determined by  
12 the authority, the eligible business may be required to repay  
13 any tax incentives the authority issued to the eligible business.  
14 After a final determination by the authority, the authority will  
15 notify the department of revenue of any required repayment of a  
16 tax incentive, which shall be considered a tax payment due and  
17 payable to the department of revenue by any taxpayer that claimed  
18 the tax incentive, and the failure to make the repayment may be  
19 treated by the department of revenue in the same manner as a  
20 failure to pay the tax shown due, or required to be shown due,  
21 with the filing of a return or deposit form. A county shall have  
22 the authority to take action to recover the value of property  
23 taxes not collected as a result of the exemption provided to the  
24 business under this part.

25    c. If the eligible business undergoes a layoff or permanently  
26 closes any of its facilities within the state, the eligible  
27 business may be subject to all of the following:

28     (1) A reduction or elimination of some or all of the tax  
29 incentives the authority issued to the eligible business.

30     (2) Repayment of any tax incentives that the business has  
31 claimed, and payment of any penalties assessed by the department  
32 of revenue.

33    d. The project completion date, the agreement end date,  
34 the base employment level, any retained jobs, the number of  
35 created jobs, the qualifying wage threshold that is applicable

1 to the project, the amount of qualifying investment, the maximum  
2 aggregate value of the tax incentives authorized by the board,  
3 and any other terms and obligations the authority deems necessary  
4 or material to the determination of the business's eligibility  
5 for the program, or the aggregate value of tax incentives  
6 approved by the board.

7 e. The eligible business shall only employ individuals  
8 legally authorized to work in this state. If the eligible  
9 business is found to knowingly employ individuals who are  
10 not legally authorized to work in this state, in addition to  
11 any penalties provided by law, all or a portion of any tax  
12 incentives issued by the authority shall be subject to repayment  
13 as described in section 15.506, subsection 1, paragraph "b".

14 f. Any terms deemed necessary by the authority to effect the  
15 eligible business's ongoing compliance with section 15.504.

16 2. The business shall satisfy all applicable terms of the  
17 agreement by the project completion date; however, the board may  
18 for good cause extend the project completion date or otherwise  
19 amend the terms of the agreement. The board shall not amend  
20 the terms of the agreement to allow an increase in the maximum  
21 aggregate value of the tax incentives authorized by the board  
22 under section 15.505, subsection 3.

23 3. The eligible business shall comply with all applicable  
24 terms of the agreement until the agreement end date. An eligible  
25 business shall maintain the business's base employment level  
26 until the agreement end date.

27 4. The eligible business shall not assign the agreement to  
28 another entity without the advance written approval of the board.

29 5. The authority may enforce the terms of the agreement as  
30 necessary and appropriate.

31 Sec. 14. NEW SECTION. **15.507 Sales and use tax refund.**

32 1. An eligible business that has been issued a tax incentive  
33 certificate under the program shall be entitled to a refund, as  
34 negotiated under section 15.505, subsection 3, of the sales and  
35 use taxes paid under chapter 423 for gas, electricity, water,

1 and sewer utility services, tangible personal property, or on  
2 services rendered, furnished, or performed to or for a contractor  
3 or subcontractor and used in the fulfillment of a written  
4 contract for the construction or equipping of a facility that is  
5 part of the eligible business's project. Taxes attributable to  
6 intangible property and furniture and furnishings shall not be  
7 refunded.

8 2. To receive the sales and use tax refund, the eligible  
9 business shall file a claim with the department of revenue as  
10 follows:

11 a. The contractor or subcontractor shall state under oath,  
12 on forms provided by the department of revenue, the amount of  
13 the sales of tangible personal property or services rendered,  
14 furnished, or performed including water, sewer, gas, and electric  
15 utility services upon which sales or use tax has been paid during  
16 the period for which the refund is claimed, and shall submit the  
17 forms to the eligible business before contract completion.

18 b. The eligible business shall, no more frequently than  
19 quarterly, submit an application to the department of revenue  
20 for a refund of the amount of the sales and use taxes paid  
21 pursuant to chapter 423 upon any tangible personal property,  
22 or services rendered, furnished, or performed, including water,  
23 sewer, gas, and electric utility services. The application  
24 shall be submitted in the form and manner prescribed by the  
25 department of revenue. The department of revenue shall audit the  
26 application and, if approved, issue a warrant or warrants to the  
27 eligible business in the amount of the sales or use tax which has  
28 been paid to the state of Iowa under subsection 1. The eligible  
29 business's final application must be submitted to the department  
30 of revenue within one year after the project completion date.  
31 An application filed by the eligible business in accordance with  
32 this section shall not be denied by reason of a time limitation  
33 for filing a refund claim set forth in section 423.47.

34 c. The refund shall be remitted by the department of revenue  
35 to the eligible business as soon as practicable after completion

1 of the audit pursuant to paragraph "b". Interest shall not  
2 accrue on any part of the refund that has not yet been remitted  
3 by the department of revenue to the eligible business.

4 3. A contractor or subcontractor that willfully makes a false  
5 report of tax paid under this section is guilty of an aggravated  
6 misdemeanor, and shall be liable for payment of the tax and any  
7 applicable penalty and interest.

8 Sec. 15. NEW SECTION. **15.508 Qualifying investment tax**  
9 **credit.**

10 1. The authority may authorize a tax credit for an eligible  
11 business pursuant to section 15.505, subsection 3. The authority  
12 shall not issue a tax credit certificate to the eligible business  
13 until the eligible business's project or a portion of the project  
14 has been placed in service. An eligible business may claim  
15 the tax credit authorized and issued by the authority. The  
16 tax credit shall be amortized to the eligible business equally  
17 over five tax years. The tax credit shall be allowed against  
18 taxes imposed under chapter 422, subchapter II, III, or V, and  
19 against the moneys and credits tax imposed in section 533.329.  
20 If the eligible business is a partnership, S corporation, limited  
21 liability company, cooperative organized under chapter 501 and  
22 filing as a partnership for federal tax purposes, or estate  
23 or trust electing to have the income taxed directly to the  
24 individual, an individual may claim the tax credit allowed.  
25 The amount claimed by the individual shall be based upon the  
26 pro rata share of the individual's earnings of the partnership,  
27 S corporation, limited liability company, cooperative organized  
28 under chapter 501 and filing as a partnership for federal tax  
29 purposes, or estate or trust. Any tax credit in excess of  
30 the eligible business's tax liability for the tax year may be  
31 refunded. In lieu of claiming a refund, an eligible business may  
32 elect to have the overpayment shown on the eligible business's  
33 final, completed return credited to the eligible business's tax  
34 liability for the immediately succeeding tax year. A tax credit  
35 shall not be carried back to a tax year prior to the tax year in

1 which the tax credit is first claimed by the eligible business.

2 2. If within five years of the date the authority issues an  
3 eligible business a tax credit under subsection 1 the eligible  
4 business sells, disposes of, razes, or otherwise renders unusable  
5 all or a part of the land, buildings, or other structures for  
6 which the tax credit was claimed under this section, the tax  
7 liability of the eligible business for the year in which all or  
8 part of the land, buildings, or other existing structures are  
9 sold, disposed of, razed, or otherwise rendered unusable shall be  
10 increased by one of the following amounts:

11 a. One hundred percent of the tax credit claimed under this  
12 section if all or a part of the land, buildings, or other  
13 structures for which the tax credit was claimed under this  
14 section cease to be eligible for the tax credit within one  
15 year after the date the authority issued the tax credit to the  
16 eligible business.

17 b. Eighty percent of the tax credit claimed under this  
18 section if all or a part of the land, buildings, or other  
19 structures for which the tax credit was claimed under this  
20 section cease to be eligible for the tax credit within two  
21 years after the date the authority issued the tax credit to the  
22 eligible business.

23 c. Sixty percent of the tax credit claimed under this section  
24 if all or a part of the land, buildings, or other structures for  
25 which the tax credit was claimed under this section cease to be  
26 eligible for the tax credit within three years after the date the  
27 authority issued the tax credit to the eligible business.

28 d. Forty percent of the tax credit claimed under this section  
29 if all or a part of the land, buildings, or other structures for  
30 which the tax credit was claimed under this section cease to be  
31 eligible for the tax credit within four years after the date the  
32 authority issued the tax credit to the eligible business.

33 e. Twenty percent of the tax credit claimed under this  
34 section if all or a part of the land, buildings, or other  
35 structures for which the tax credit was claimed under this

1 section cease to be eligible for the tax credit within five  
2 years after the date the authority issued the tax credit to the  
3 eligible business.

4 f. Except as provided in section 15.119, subsection 1,  
5 paragraph "b", the board shall not authorize for any one  
6 fiscal year an amount of tax credits pursuant to this section  
7 that exceeds the amount allocated pursuant to section 15.119,  
8 subsection 2.

9 Sec. 16. NEW SECTION. **15.509 Other incentives.**

10 1. An eligible business may apply for and be eligible to  
11 receive other federal, state, and local incentives in addition  
12 to the tax incentives issued by the authority to the eligible  
13 business under the program.

14 2. The authority, in its discretion, may prohibit an eligible  
15 business that has been issued tax incentives under the program  
16 from receiving any additional tax incentive, tax credit,  
17 grant, loan, or other financial assistance under any program  
18 administered by the authority.

19 Sec. 17. NEW SECTION. **15.510 Property tax exemption.**

20 1. If an eligible business has been authorized by the board  
21 to receive tax incentives under the program, a community in which  
22 the eligible business's project is located may grant the eligible  
23 business a property tax exemption for a portion of the actual  
24 value added by improvements to real property through the project.  
25 The community may allow a property tax exemption for a period not  
26 to exceed ten years beginning the year that the improvements to  
27 real property are first assessed for taxation.

28 2. For purposes of this section, "improvements" means new  
29 construction, and rehabilitation of and additions to existing  
30 structures.

31 3. A property tax exemption granted under subsection 1 shall  
32 apply to all taxing districts, except for school districts, in  
33 which the real property is located.

34 Sec. 18. NEW SECTION. **15.511 Financial assistance for  
35 certain eligible businesses.**

1 1. The authority may provide financial assistance to an  
2 eligible business pursuant to section 15.111, subsection 2,  
3 paragraph "a", subparagraph (8), if the authority and the board  
4 find such assistance necessary to facilitate the project's  
5 successful completion, that the project has an extensive economic  
6 impact, or that financial assistance will incentivize an eligible  
7 business to choose an Iowa location, rather than an out-of-state  
8 location, for the project.

9 2. Each eligible business receiving assistance under this  
10 section shall enter into an agreement with the authority and  
11 the agreement shall meet the requirements of section 15.506.  
12 The agreement shall specify the circumstances under which the  
13 financial assistance must be repaid to the authority.

14 3. If the authority and the board determine financial  
15 assistance should be awarded, the authority and the board shall  
16 determine the appropriate amount and type of assistance for  
17 facilitating the eligible business's project.

18 4. For purposes of this section, "financial assistance" means  
19 assistance provided exclusively from the funds, rights, and  
20 assets legally available to the authority pursuant to this  
21 chapter and includes but is not limited to assistance in the form  
22 of grants, loans, forgivable loans, and royalty payments.

23 Sec. 19. CODE EDITOR DIRECTIVE. The Code editor is directed  
24 to designate sections 15.502 through 15.511, as enacted in this  
25 division of this Act, as part 33 of subchapter II.

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

28 DIVISION IV

29 ELIMINATION OF THE HIGH QUALITY JOBS PROGRAM

30 Sec. 21. REPEAL. Sections 15.326, 15.327, 15.329, 15.330,  
31 15.330A, 15.331A, 15.331C, 15.332, 15.333, 15.333A, 15.335,  
32 15.335A, 15.335B, 15.335C, and 15.336, Code 2025, are repealed.

33 Sec. 22. TRANSITION PROVISIONS.

34 1. An agreement entered into on or before December 31, 2025,  
35 by a business and the economic development authority pursuant

1 to section 15.330, Code 2025, or amended pursuant to section  
2 15.330A, Code 2025, shall be valid and continue per the terms of  
3 the agreement.

4 2. On the effective date of this division of this Act, all  
5 moneys appropriated by the general assembly to the authority  
6 for purposes of section 15.335B shall remain available to the  
7 authority for purposes of section 15.111, as enacted by this Act.  
8 Notwithstanding section 8.33, moneys transferred in accordance  
9 with this section that remain unencumbered or unobligated at  
10 the close of the fiscal year shall not revert but shall remain  
11 available for expenditure for the purposes designated until the  
12 close of the succeeding fiscal year.

13 Sec. 23. PRESERVATION OF EXISTING RIGHTS. This division of  
14 this Act shall not limit, modify, or otherwise adversely affect  
15 any amount of tax incentive issued, awarded, or allowed before  
16 December 31, 2025, nor shall it limit, modify, or otherwise  
17 adversely affect a taxpayer's right to claim or redeem a tax  
18 incentive issued, awarded, or allowed before December 31, 2025,  
19 including but not limited to any tax credit carry forward amount.

20 Sec. 24. EFFECTIVE DATE. This division of this Act takes  
21 effect December 31, 2025.

22 DIVISION V

23 HIGH QUALITY JOBS PROGRAM

24 CONFORMING CHANGES

25 Sec. 25. Section 2.48, subsection 3, paragraph a,  
26 subparagraph (1), Code 2025, is amended by striking the  
27 subparagraph.

28 Sec. 26. Section 2.48, subsection 3, paragraph a,  
29 subparagraph (2), Code 2025, is amended to read as follows:

30 (2) The tax credits for increasing research activities  
31 available under sections ~~15.335~~, 422.10~~7~~ and 422.33.

32 Sec. 27. Section 8G.3, subsection 8, Code 2025, is amended to  
33 read as follows:

34 8. "Tax exemption or credit" means an exclusion from the  
35 operation or collection of a tax imposed in this state. Tax

1 exemption or credit includes tax credits, exemptions, deductions,  
2 and rebates. "Tax exemption or credit" also includes sales tax  
3 refunds if such refunds are applied for and granted as a form  
4 of financial assistance, including but not limited to the refunds  
5 allowed in sections ~~15.331A~~ 15.507 and 423.4.

6 Sec. 28. Section 15.106B, subsection 5, paragraph b, Code  
7 2025, is amended to read as follows:

8 b. Fees collected by the authority pursuant to this  
9 subsection shall be deposited in a fund within the state treasury  
10 created pursuant to section 15.106A, subsection 1, paragraph  
11 "o", and are appropriated to the authority for the purposes set  
12 out in section 15.106A, subsection 1, paragraph "o". However,  
13 fees collected by the authority pursuant to section 15.330,  
14 subsection 12, ~~section 15E.198, Code 2014,~~ Code 2025, and section  
15 15.354, subsection 3, paragraph "b", shall be used exclusively  
16 for costs associated with the administration of due diligence and  
17 compliance.

18 Sec. 29. Section 15.293B, subsection 3, Code 2025, is amended  
19 to read as follows:

20 3. If an investor is awarded a tax credit pursuant to this  
21 section, the authority and the investor shall enter into an  
22 agreement concerning the qualifying redevelopment project. If  
23 the investor fails to comply with any of the requirements of  
24 the agreement, the authority may find the investor in default  
25 under the agreement and may revoke all or a portion of the tax  
26 credit award. ~~The department of revenue, upon notification by~~  
27 ~~the authority of an event of default, shall seek repayment of~~  
28 ~~the value of any such tax credit already claimed in the same~~  
29 ~~manner as provided in section 15.330, subsection 2.~~ After a  
30 final determination by the authority, the authority shall notify  
31 the department of revenue of any required repayment or recapture  
32 of a tax credit. The repayment or recapture of a tax credit  
33 pursuant to this subsection shall be considered a tax payment due  
34 and payable to the department of revenue by any taxpayer who has  
35 claimed the tax credit, and the failure to make such a repayment

1 may be treated by the department of revenue in the same manner as  
2 a failure to pay the tax shown due or required to be shown due  
3 with the filing of a return or deposit form.

4 Sec. 30. Section 15.317, subsection 5, Code 2025, is amended  
5 to read as follows:

6 5. The business shall not be relocating or reducing  
7 operations as ~~described in section 15.329, subsection 1,~~  
8 paragraph "b" follows, and as determined under the discretion of  
9 the authority:

10 a. The business shall not be solely relocating operations  
11 from one area of the state. A project that does not create new  
12 jobs or involve a substantial amount of new capital investment  
13 shall be presumed to be a relocation. In determining whether  
14 a business is solely relocating operations for purposes of this  
15 paragraph, the authority shall consider a letter of support for  
16 the move from the affected local community.

17 b. The business shall not be in the process of reducing  
18 operations in one community while simultaneously applying for  
19 the program. For purposes of this paragraph, a reduction in  
20 operations within twelve months before or after an application is  
21 submitted to the authority shall be presumed to be a reduction in  
22 operations while simultaneously applying for assistance under the  
23 program.

24 c. This subsection shall not be construed to prohibit a  
25 business from expanding its operation in a community if existing  
26 operations of a similar nature in this state are not closed or  
27 substantially reduced.

28 Sec. 31. Section 15.318, subsection 2, paragraph b, Code  
29 2025, is amended to read as follows:

30 b. ~~The compliance~~ Compliance cost fees authorized in section  
31 ~~15.330, subsection 12,~~ shall apply to all agreements entered into  
32 under this program and shall be collected by the authority in  
33 ~~the same manner and to the same extent as described in that~~  
34 subsection. in the amount and manner as follows:

35 (1) The imposition of a one-time compliance cost fee of five

1 hundred dollars to be collected by the authority prior to the  
2 issuance of a tax incentive certificate.

3 (2) The imposition of a compliance cost fee equal to one-half  
4 of one percent of the value of tax incentives claimed pursuant  
5 to an agreement that has an aggregate tax incentive value of one  
6 hundred thousand dollars or greater. The authority shall collect  
7 the fee from the business after the tax incentive is claimed by  
8 the business from the department of revenue.

9 Sec. 32. Section 15.318, subsection 4, Code 2025, is amended  
10 to read as follows:

11 4. *Termination and repayment.* The failure by an eligible  
12 business in fulfilling any requirement of the program or any of  
13 the terms and obligations of an agreement entered into pursuant  
14 to this section may result in the reduction, termination, or  
15 rescission of the tax credits under section 15.319 and may  
16 subject the eligible business to the repayment or recapture of  
17 tax credits claimed. ~~The repayment or recapture of tax credits~~  
18 ~~pursuant to this subsection shall be accomplished in the same~~  
19 ~~manner as provided in section 15.330, subsection 2.~~ After a  
20 final determination by the authority, the authority shall notify  
21 the department of revenue of any required repayment or recapture  
22 of a tax credit. The repayment or recapture of a tax credit  
23 pursuant to this subsection shall be considered a tax payment due  
24 and payable to the department of revenue by any taxpayer who has  
25 claimed the tax credit, and the failure to make such a repayment  
26 may be treated by the department of revenue in the same manner as  
27 a failure to pay the tax shown due or required to be shown due  
28 with the filing of a return or deposit form.

29 Sec. 33. Section 15.354, subsection 1, paragraph b,  
30 subparagraph (2), Code 2025, is amended to read as follows:

31 ~~(2) A report that meets the requirements and conditions of~~  
32 ~~section 15.330, subsection 9 submitted to the authority by a~~  
33 business together with its application describing all violations  
34 of environmental law or worker safety law within the last five  
35 years. If, upon review of the application, the authority

1 finds that the business has a record of violations of the law,  
2 statutes, or rules that tends to show a consistent pattern,  
3 the authority shall not provide incentives or assistance to the  
4 business unless the authority finds either that the violations  
5 did not seriously affect public health, public safety, or the  
6 environment, or, if such violations did seriously affect public  
7 health, public safety, or the environment, that mitigating  
8 circumstances were present.

9       Sec. 34. Section 15.354, subsection 1, paragraph c, Code  
10 2025, is amended to read as follows:

11       c. In addition to complying with all applicable requirements  
12 in paragraph "b", a housing business that chooses to be  
13 considered as an applicant for tax credits reserved pursuant  
14 ~~to section 15.119, subsection 5,~~ for disaster recovery housing  
15 projects shall also submit a certification that the applicant's  
16 housing project is located in a county that has been declared  
17 a major disaster by the president of the United States on or  
18 after March 12, 2019, and is also a county in which individuals  
19 are eligible for federal individual assistance. The housing  
20 business must also submit documentation that provides evidence  
21 that the qualified housing project is needed due to impact of the  
22 disaster that is the subject of the presidential major disaster  
23 declaration.

24       Sec. 35. Section 15.354, subsection 3, paragraph b, Code  
25 2025, is amended to read as follows:

26       b. ~~The compliance~~ Compliance cost fees ~~imposed in section~~  
27 ~~15.330, subsection 12,~~ shall apply to all agreements entered into  
28 under this program and shall be collected by the authority ~~in~~  
29 ~~the same manner and to the same extent as described in that~~  
30 ~~subsection.~~ in the amount and manner as follows:

31       (1) The imposition of a one-time compliance cost fee of five  
32 hundred dollars to be collected by the authority prior to the  
33 issuance of a tax incentive certificate.

34       (2) The imposition of a compliance cost fee equal to one-half  
35 of one percent of the value of tax incentives available pursuant

1 to an agreement that has an aggregate tax incentive value of one  
2 hundred thousand dollars or greater. The authority shall collect  
3 the fee from the housing business prior to the issuance of a tax  
4 incentive.

5 Sec. 36. Section 15.354, subsection 5, Code 2025, is amended  
6 to read as follows:

7 5. *Termination and repayment.* The failure by a housing  
8 business in completing a housing project to comply with any  
9 requirement of this program or any of the terms and obligations  
10 of an agreement entered into pursuant to this section may result  
11 in the revocation, reduction, termination, or rescission of the  
12 tax incentive award or the approved tax incentives and may  
13 subject the housing business to the repayment or recapture of  
14 tax incentives claimed under section 15.355. ~~The repayment or~~  
15 ~~recapture of tax incentives pursuant to this section shall be~~  
16 ~~accomplished in the same manner as provided in section 15.330,~~  
17 ~~subsection 2.~~ After a final determination by the authority,  
18 the authority shall notify the department of revenue of any  
19 required repayment or recapture of a tax credit. The repayment  
20 or recapture of a tax credit pursuant to this subsection shall  
21 be considered a tax payment due and payable to the department of  
22 revenue by any taxpayer who has claimed the tax credit, and the  
23 failure to make such a repayment may be treated by the department  
24 of revenue in the same manner as a failure to pay the tax shown  
25 due or required to be shown due with the filing of a return or  
26 deposit form.

27 Sec. 37. Section 15.355, subsection 2, paragraph b,  
28 subparagraph (3), subparagraph division (a), Code 2025, is  
29 amended to read as follows:

30 (a) The housing business shall, after the agreement  
31 completion date, make application to the department of revenue  
32 for any refund of the amount of sales and use taxes paid under  
33 chapter 423 prior to the completion of the housing project that  
34 were directly related to a housing project and specified in the  
35 agreement. The application shall be made in the manner and

1 upon forms to be provided by the department of revenue. The  
2 department of revenue shall audit the claim and, if approved,  
3 issue a warrant to the housing business. The application must  
4 be made within one year after the agreement completion date.  
5 A claim filed by the housing business in accordance with this  
6 subsection shall not be denied by reason of a time limitation  
7 ~~provision for filing a refund claim set forth in chapter 421 or~~  
8 ~~423~~ section 423.47.

9 Sec. 38. Section 15.499, subsection 1, Code 2025, is amended  
10 to read as follows:

11 1. Except for the ~~high quality jobs program administered by~~  
12 ~~the authority pursuant to sections 15.326 through 15.336, and~~  
13 ~~the targeted jobs withholding credit pursuant to section 403.19A,~~  
14 an eligible business may apply for and be eligible to receive  
15 other federal, state, and local incentives in addition to the tax  
16 incentives issued by the authority to the eligible business under  
17 the program.

18 Sec. 39. Section 15E.351, subsection 1, Code 2025, is amended  
19 to read as follows:

20 1. The authority shall establish and administer a business  
21 accelerator program to provide financial assistance for  
22 the establishment and operation of a business accelerator  
23 for technology-based, value-added agricultural, information  
24 solutions, alternative and renewable energy including the  
25 alternative and renewable energy sectors listed in section  
26 476.42, subsection 1, paragraph "a", subparagraph (1), or  
27 advanced manufacturing start-up businesses or for a satellite of  
28 an existing business accelerator. The program shall be designed  
29 to foster the accelerated growth of new and existing businesses  
30 through the provision of technical assistance. The authority  
31 may provide financial assistance under this section from moneys  
32 allocated for financial assistance for business accelerators  
33 pursuant to section ~~15.335B, subsection 2~~ 15.111.

34 Sec. 40. Section 15E.362, subsection 1, paragraph c, Code  
35 2025, is amended to read as follows:

1     c. "*Financial assistance*" means ~~the same as defined in~~  
2 section 15.327 assistance provided only from the funds, rights,  
3 and assets legally available to the authority pursuant to chapter  
4 15 and includes but is not limited to assistance in the form of  
5 grants, loans, forgivable loans, and royalty payments.

6     Sec. 41. Section 15H.5, subsection 2, Code 2025, is amended  
7 to read as follows:

8     2. The Iowa summer youth corps program is established  
9 to provide meaningful summer enrichment programming to Iowa  
10 youth. The program shall be administered by the commission  
11 using a competitive grant process to implement projects in  
12 accordance with program requirements. The commission shall adopt  
13 administrative rules for the program, including but not limited  
14 to incentives, grant criteria, and grantee selection processes.  
15 A percentage of the grants shall be designated by the commission  
16 to address the needs of economically distressed areas ~~as defined~~  
17 ~~in section 15.335C.~~

18     Sec. 42. Section 15H.5, subsection 5, paragraph c, Code 2025,  
19 is amended to read as follows:

20     c. The commission shall give priority consideration to  
21 approving those projects that target communities that have  
22 disproportionately high rates of juvenile crime or low rates  
23 of high school graduation or that have been designated as an  
24 ~~economically distressed areas as defined in section 15.335C~~  
25 area.

26     Sec. 43. Section 15H.5, Code 2025, is amended by adding the  
27 following new subsection:

28     NEW SUBSECTION. 7. For purposes of this section,  
29 "*economically distressed area*" means a county that meets at least  
30 three of the following criteria:

31     a. The county ranks among the thirty-three Iowa counties  
32 with the highest average monthly unemployment rates for the most  
33 recent twelve-month period based on the applicable local area  
34 unemployment statistics produced by the United States department  
35 of labor, bureau of labor statistics.

1     b. The county ranks among the thirty-three Iowa counties  
2 with the highest average annualized unemployment rates for the  
3 most recent five-year period based on the applicable local area  
4 unemployment statistics produced by the United States department  
5 of labor, bureau of labor statistics.

6     c. The county ranks among the thirty-three Iowa counties with  
7 the lowest annual average weekly wages based on the most recent  
8 quarterly census of employment and wages published by the United  
9 States department of labor, bureau of labor statistics.

10    d. The county ranks among the thirty-three Iowa counties  
11 with the highest family poverty rates based on the most recent  
12 American community survey five-year estimate released by the  
13 United States census bureau.

14    e. The county ranks among the thirty-three Iowa counties with  
15 the highest percentage population loss. Percentage population  
16 loss shall be calculated by comparing the most recent population  
17 estimate produced by the United States census bureau to the most  
18 recent decennial census released by the United States census  
19 bureau, except for a calendar year in which the decennial census  
20 data is released, then the percentage population loss shall be  
21 calculated by comparing the population in the decennial census  
22 released that calendar year to the population in the decennial  
23 census released ten years prior.

24    f. The county ranks among the thirty-three Iowa counties  
25 with the highest percentage of persons sixty-five years of age  
26 or older based on the most recent American community survey  
27 five-year estimate released by the United States census bureau.

28    Sec. 44. Section 159A.6B, subsection 2, Code 2025, is amended  
29 to read as follows:

30    2. The office may execute contracts in order to provide  
31 technical support and outreach services for purposes of assisting  
32 and educating interested persons as provided in this section.  
33 The office may also contract with a consultant to provide part  
34 or all of these services. The office may require that a person  
35 receiving assistance pursuant to this section contribute up to

1 fifty percent of the amount required to support the costs of  
2 contracting with the consultant to provide assistance to the  
3 person. ~~The office shall assist the person in completing any~~  
4 ~~technical information required in order to receive assistance by~~  
5 ~~the economic development authority pursuant to section 15.335B.~~

6 Sec. 45. Section 422.10, subsection 5, Code 2025, is amended  
7 by striking the subsection.

8 Sec. 46. Section 422.11F, subsection 2, Code 2025, is amended  
9 to read as follows:

10 2. The taxes imposed under this subchapter, less the credits  
11 allowed under section 422.12, shall be reduced by investment  
12 tax credits authorized pursuant to ~~section 15.333 and section~~  
13 ~~15E.193B, subsection 6, Code 2014~~ sections 15.508 and 15.496.

14 Sec. 47. Section 422.33, subsection 5, paragraph h, Code  
15 2025, is amended by striking the paragraph.

16 Sec. 48. Section 422.33, subsection 12, paragraph b, Code  
17 2025, is amended to read as follows:

18 b. The taxes imposed under this subchapter shall be reduced  
19 by investment tax credits authorized pursuant to ~~section 15.333~~  
20 ~~and section 15E.193B, subsection 6, Code 2014~~ sections 15.508 and  
21 15.496.

22 Sec. 49. Section 422.33, subsection 19, Code 2025, is amended  
23 by striking the subsection.

24 Sec. 50. Section 422.60, subsection 5, paragraph b, Code  
25 2025, is amended to read as follows:

26 b. The taxes imposed under this subchapter shall be reduced  
27 by investment tax credits authorized pursuant to ~~sections 15.333~~  
28 ~~and 15E.193B, subsection 6, Code 2014~~ 15.508 and 15.496.

29 Sec. 51. Section 422.60, subsection 8, Code 2025, is amended  
30 by striking the subsection.

31 Sec. 52. Section 427B.17, subsection 8, paragraph b, Code  
32 2025, is amended to read as follows:

33 b. Any electric power generating plant which operated during  
34 the preceding assessment year at a net capacity factor of more  
35 than twenty percent, shall not receive the benefits of this

1 ~~section or of section 15.332.~~

2 Sec. 53. Section 432.12C, subsection 2, Code 2025, is amended  
3 to read as follows:

4 2. The taxes imposed under this chapter shall be reduced by  
5 investment tax credits authorized pursuant to ~~section 15.333A~~  
6 ~~and section 15E.193B, subsection 6, Code 2014~~ sections 15.508 and  
7 15.496.

8 Sec. 54. Section 455B.104, subsection 2, Code 2025, is  
9 amended by striking the subsection.

10 Sec. 55. Section 533.329, subsection 2, paragraph c, Code  
11 2025, is amended by striking the paragraph.

12 Sec. 56. Section 533.329, subsection 2, paragraph d, Code  
13 2025, is amended to read as follows:

14 d. The moneys and credits tax imposed under this section  
15 shall be reduced by an investment tax credit authorized pursuant  
16 to ~~section 15.333~~ sections 15.508 and 15.496.

17 Sec. 57. REPEAL. Sections 15E.231, 15E.232, 15E.233, 266.19,  
18 422.11U, and 432.12H, Code 2025, are repealed.

19 Sec. 58. PRESERVATION OF EXISTING RIGHTS. The sections of  
20 this division of this Act amending sections 422.10, 422.11F,  
21 422.11U, 422.33, 422.60, 432.12C, 432.12H, and 533.329 shall  
22 not limit, modify, or otherwise adversely affect any amount of  
23 tax incentive issued, awarded, or allowed before December 31,  
24 2025, nor shall it limit, modify, or otherwise adversely affect  
25 a taxpayer's right to claim or redeem a tax incentive issued,  
26 awarded, or allowed before December 31, 2025, including but not  
27 limited to any tax credit carryforward amount.

28 Sec. 59. EFFECTIVE DATE. This division of this Act takes  
29 effect December 31, 2025.

30

DIVISION VI

31 SEED INVESTOR TAX CREDIT PROGRAM AND INNOVATION FUND INVESTMENT

32

TAX CREDITS

33 Sec. 60. NEW SECTION. **15E.25 Purpose.**

34 The purpose of this subchapter is to stimulate job growth,  
35 create wealth, and accelerate the creation of new ventures by

1 using investment tax credits to incentivize the transfer of  
2 capital from investors to entrepreneurs, particularly during  
3 early-stage growth.

4 Sec. 61. NEW SECTION. **15E.26 Definitions.**

5 For purposes of this subchapter, unless the context otherwise  
6 requires:

7 1. "*Affiliate*" means a spouse, child, or sibling of an  
8 investor or a corporation, partnership, or trust in which an  
9 investor has a controlling equity interest or in which an  
10 investor exercises management control.

11 2. "*Authority*" means the economic development authority  
12 created in section 15.105.

13 3. "*Entrepreneurial assistance program*" includes the  
14 entrepreneur investment awards program administered under section  
15 15E.362, the receipt of services from a service provider  
16 engaged pursuant to section 15.411, subsection 1, or the program  
17 administered under section 15.411, subsection 2.

18 4. "*Investment*" means a minimum cash investment of ten  
19 thousand dollars in a qualifying business.

20 5. "*Investor*" means a person making a cash investment in a  
21 qualifying business. "*Investor*" does not include a person that  
22 holds at least a seventy percent ownership interest as an owner,  
23 member, or shareholder in a qualifying business.

24 6. "*Qualifying business*" means a business meeting the  
25 criteria defined in section 15E.28.

26 7. "*Rural area*" means a city that has a population of fifteen  
27 thousand or less based on the most recent decennial census  
28 released by the United States census bureau.

29 8. "*Urban area*" means a city that has a population of greater  
30 than fifteen thousand based on the most recent decennial census  
31 released by the United States census bureau.

32 Sec. 62. NEW SECTION. **15E.27 Investment tax credits.**

33 1. a. For tax years beginning on or after January 1, 2025,  
34 a tax credit shall be allowed against the taxes imposed in  
35 chapter 422, subchapters II, III, and V, and in chapter 432, and

1 against the moneys and credits tax imposed in section 533.329,  
2 for a portion of a taxpayer's equity investment, as provided in  
3 subsection 2, in a qualifying business.

4     **b.** An individual may claim a tax credit under this section  
5 of a partnership, limited liability company, S corporation,  
6 estate, or trust electing to have income taxed directly to the  
7 individual. The amount claimed by the individual shall be based  
8 upon the pro rata share of the individual's earnings from the  
9 partnership, limited liability company, S corporation, estate, or  
10 trust.

11     **c.** A tax credit shall be allowed only for an investment made  
12 in the form of cash to purchase equity in a qualifying business.

13     **d.** An affiliate of a qualifying business or an affiliate of a  
14 qualifying business's principals shall not be eligible for a tax  
15 credit under this section.

16     **e.** (1) For a tax credit claimed against the taxes imposed  
17 on any of the following, any tax credit in excess of the tax  
18 liability is refundable:

19         **(a)** A tax credit claimed against the taxes imposed in chapter  
20 422, subchapters II, III, and V.

21         **(b)** A tax credit claimed against the taxes imposed in chapter  
22 432.

23         **(c)** A tax credit claimed against the moneys and credits tax  
24 imposed in section 533.329.

25         **(2)** A tax credit shall not be carried back to a tax year  
26 prior to the tax year in which the taxpayer redeems the tax  
27 credit.

28     **f.** In lieu of claiming a refund, a taxpayer may elect to have  
29 the overpayment shown on the taxpayer's final, completed return  
30 credited to the tax liability for the immediately succeeding tax  
31 year.

32     **2. a.** The amount of the tax credit shall equal twenty  
33 percent of the taxpayer's equity investment if the qualifying  
34 business is located in an urban area at the time of the  
35 investment. The amount of the tax credit shall equal thirty-five

1 percent of the taxpayer's equity investment if the qualifying  
2 business is located in a rural area at the time of the  
3 investment.

4     b. (1) The maximum amount of a tax credit that may be issued  
5 per fiscal year to a natural person and the person's spouse or  
6 dependent shall not exceed one hundred thousand dollars combined.  
7 For purposes of this subparagraph, "dependent" has the same  
8 meaning as defined by the Internal Revenue Code.

9     (2) The maximum amount of a tax credit that may be issued per  
10 fiscal year to a corporation or other entity shall not exceed one  
11 hundred thousand dollars.

12     (3) An application received by the authority that exceeds  
13 the maximum amount of tax credits permitted by this paragraph  
14 shall be denied, in whole or in part, regardless of whether  
15 the investment would otherwise be eligible to qualify for a tax  
16 credit.

17     (4) For purposes of this paragraph, a tax credit issued to a  
18 partnership, limited liability company, S corporation, estate, or  
19 trust electing to have income taxed directly to the individual  
20 shall be deemed to be issued to the individual owners based upon  
21 the pro rata share of the individual's earnings from the entity.

22     c. The maximum amount of tax credits that may be issued per  
23 fiscal year for equity investments in any one qualifying business  
24 shall not exceed five hundred thousand dollars. An application  
25 received by the authority that exceeds the maximum amount of tax  
26 credits permitted by this paragraph shall be denied, in whole or  
27 in part, regardless of whether the investment would otherwise be  
28 eligible to qualify for a tax credit.

29     3. An investment shall be deemed to have been made on the  
30 same date as the date of acquisition of the equity interest as  
31 determined by the Internal Revenue Code.

32     4. The authority shall not issue tax credits under this  
33 section in excess of the amount approved by the authority for  
34 any one fiscal year pursuant to section 15.119, subsection 2,  
35 paragraph "a".

1 5. A tax credit shall not be transferred to any other person.

2 6. The authority shall develop a system for registration and  
3 issuance of tax credits authorized pursuant to this subchapter  
4 and shall control distribution of all tax credit certificates  
5 to investors pursuant to this subchapter. The authority  
6 shall develop rules for the qualification and administration of  
7 qualifying businesses. The department of revenue shall adopt  
8 rules pursuant to chapter 17A as necessary for the administration  
9 of this subchapter.

10 Sec. 63. NEW SECTION. **15E.28 Qualifying businesses.**

11 1. To determine whether a business is a qualifying business,  
12 a business shall submit an application to the authority that is  
13 accompanied by a nonrefundable application fee. A business must  
14 be certified by the authority as a qualifying business in order  
15 for an investor's equity investment to qualify for a tax credit.

16 2. In order to be a qualifying business, a business must meet  
17 all of the following criteria:

18 a. The principal business operations, and a majority of  
19 employees, of the business are located in this state.

20 b. The business has been in operation for five years or less.

21 c. The business has at least one full-time equivalent  
22 employee.

23 d. The business's primary operations are in advanced  
24 manufacturing, bioscience, insurance and finance, and  
25 technologies. The business shall not be primarily engaged in  
26 retail sales, real estate, the provision of health care, or  
27 the provision of services that require a professional license.  
28 In determining whether a business is primarily engaged in  
29 advanced manufacturing, biosciences, insurance and finance, or  
30 technologies, the authority shall consider the business's North  
31 American industry classification system code, the business's main  
32 sources of revenue, and the business's customer base.

33 e. The business is an independent organization that is not  
34 part of, or an affiliate of, a business that is not a qualifying  
35 business.

1 f. The business shall establish that its owners, directors,  
2 officers, and employees have an appropriate level of experience  
3 consistent with the nature of the business. The authority may  
4 consult with outside service providers to determine whether a  
5 business meets the requirement of this paragraph. A business  
6 that has participated in an entrepreneurial assistance program  
7 shall be presumed to meet the requirement of this paragraph.

8 g. The business shall not have a net worth that exceeds ten  
9 million dollars.

10 h. The business shall have secured all of the following at  
11 the time of application for tax credits:

12 (1) At least two investors. For purposes of this  
13 subparagraph, "investor" includes a person who executes a binding  
14 investment commitment to a qualifying business, and does not  
15 include an affiliate of a qualifying business or an affiliate of  
16 a qualifying business's principals.

17 (2) Total equity financing, binding investment commitments,  
18 or some combination thereof, equal to at least five hundred  
19 thousand dollars, from investors.

20 3. A qualifying business shall have the burden of proof  
21 to demonstrate to the authority its qualifications under this  
22 section, and shall have the obligation to notify the authority  
23 in a timely manner of any changes in the qualifications of  
24 the business or in the eligibility of investors to redeem the  
25 investment tax credits in any tax year. The authority may revoke  
26 the certification of a qualifying business that no longer meets  
27 the requirements of this section.

28 4. A business that has been certified by the authority as a  
29 qualifying business shall annually submit an application to the  
30 authority that documents continued eligibility as a qualifying  
31 business and any investments that may qualify for a tax credit.  
32 The business shall submit the application to the authority during  
33 an annual application period designated by the authority by rule.

34 5. Based on the applications submitted by qualifying  
35 businesses pursuant to subsection 4, the authority shall make

1 an initial allocation of tax credits in the order in which  
2 the applications are received until the maximum amount of tax  
3 credits determined by the board pursuant to section 15.119,  
4 subsection 2, is reached. Equity investors that are eligible  
5 for a tax credit based on such initial allocation shall submit  
6 any additional information requested by the authority necessary  
7 to verify the eligibility of the investor and to issue a tax  
8 credit certificate. An equity investor that does not submit  
9 the required information may be denied a tax credit. If any  
10 equity investor included in the initial allocation is denied a  
11 tax credit, the authority may allocate such tax credits to equity  
12 investors that were not included in the initial allocation.

13 6. Upon receipt of all required information from a qualifying  
14 business and an equity investor, the director of the authority  
15 may approve issuance of a tax credit certificate to be included  
16 with the equity investor's tax return. The tax credit  
17 certificate shall contain the taxpayer's name, address, tax  
18 identification number, the amount of tax credit, the name of  
19 the qualifying business, and any other information required by  
20 the department of revenue. The tax credit certificate, unless  
21 rescinded by the authority, shall be accepted by the department  
22 of revenue as payment for taxes imposed pursuant to chapter 422,  
23 subchapters II, III, and V, and in chapter 432, and for the  
24 moneys and credits tax imposed in section 533.329, subject to any  
25 conditions or restrictions placed by the authority upon the face  
26 of the tax credit certificate and subject to the limitations of  
27 section 15E.27.

28 Sec. 64. NEW SECTION. 15E.29 Confidentiality — reports.

29 1. Except as provided in subsection 2, all information or  
30 records in the possession of the authority with respect to this  
31 subchapter shall be presumed by the authority to be a trade  
32 secret protected under chapter 550 or common law, and shall be  
33 kept confidential by the authority unless otherwise ordered by a  
34 court.

35 2. All of the following shall be considered public

1 information under chapter 22:

2 a. The identity of a qualifying business.

3 b. The identity of an investor and the qualifying business in  
4 which the investor made an equity investment.

5 c. The number of tax credit certificates issued by the  
6 authority.

7 d. The total dollar amount of tax credits issued by the  
8 authority.

9 3. The authority shall include as part of the annual  
10 report under section 15.107B a listing of eligible qualifying  
11 businesses, the number of tax credit certificates, and the amount  
12 of tax credits issued by the authority in each fiscal year.

13 Sec. 65. Section 15E.52, subsection 5, paragraph a, Code  
14 2025, is amended to read as follows:

15 a. To receive a tax credit, a taxpayer must submit an  
16 application to the board. The board shall issue certificates  
17 under this section on a first-come, first-served basis, which  
18 certificates may be redeemed for tax credits. The board shall  
19 issue such certificates so that not more than the amount  
20 allocated for such tax credits under section 15.119, subsection  
21 2, paragraph "a", may be claimed. The board shall not issue a  
22 certificate before September 1, 2014.

23 Sec. 66. Section 15E.52, subsection 7, paragraph g, Code  
24 2025, is amended to read as follows:

25 g. The fund proposes to obtain at least ~~fifteen~~ three million  
26 dollars in binding investment commitments and to invest a minimum  
27 of ~~fifteen~~ three million dollars in companies that have a  
28 principal place of business in the state.

29 Sec. 67. CODE EDITOR DIRECTIVE. The Code editor is directed  
30 to do the following:

31 1. Entitle chapter 15E, subchapter IV, "Seed Investor Tax  
32 Credit" and include sections 15E.25 through 15E.29.

33 2. Correct internal references in the Code and in enacted  
34 legislation as necessary due to the enactment of this division  
35 of this Act.

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DIVISION VII

ELIMINATION OF INVESTMENTS IN QUALIFYING BUSINESSES TAX CREDIT PROGRAM

Sec. 68. REPEAL. Sections 15E.41, 15E.42, 15E.43, 15E.44, and 15E.46, Code 2025, are repealed.

Sec. 69. TRANSITION PROVISIONS. A tax credit issued by the economic development authority to a taxpayer before June 30, 2026, for an investment in a qualifying business pursuant to chapter 15E, subchapter V, Code 2025, shall remain valid per the terms under which the tax credit was issued by the economic development authority, and the provisions of chapter 15E, subchapter V, Code 2025.

DIVISION VIII

INVESTMENTS IN QUALIFYING BUSINESS TAX CREDIT PROGRAM — CONFORMING CHANGES

Sec. 70. Section 2.48, subsection 3, paragraph d, subparagraph (1), Code 2025, is amended by striking the subparagraph.

Sec. 71. Section 15E.52, subsection 4, Code 2025, is amended to read as follows:

4. A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in section 15E.65 or an investor that receives a tax credit for the same investment in a qualifying business as described in section ~~15E.44 or in a community-based seed capital fund as described in section 15E.45,~~ Code ~~2015~~ 15E.28.

Sec. 72. Section 422.11F, subsection 1, Code 2025, is amended to read as follows:

1. The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by an investment tax credit authorized pursuant to section ~~15E.43~~ 15E.27 for an investment in a qualifying business.

Sec. 73. Section 422.33, subsection 12, paragraph a, Code 2025, is amended to read as follows:



1 program.

2     *c.* "Qualified expenditure" means an allowed expense, as  
3 determined by the authority by rule, that is incurred by a  
4 qualified production facility on or after July 1, 2025, but  
5 before July 1, 2027, for producing a qualified production.

6     *d.* "Qualified production" means a feature film, television  
7 series, documentary, or unscripted series that is rated G, PG,  
8 PG-13, or R by the classification and ratings administration of  
9 the motion picture association of America or the TV parental  
10 guidelines monitoring board.

11     *e.* "Qualified production facility" or "facility" means any of  
12 the following:

13         (1) A dedicated studio located in this state at which  
14 qualified productions can be produced.

15         (2) A studio located in this state at which all preproduction  
16 and film production take place for a qualified production filmed  
17 on location in this state.

18         (3) A company that has, in the three consecutive years  
19 immediately preceding an application for a rebate, had the  
20 company's principal place of business in this state and produced  
21 a qualified production.

22     2. *a.* The authority shall establish and administer an Iowa  
23 film production incentive program for the purpose of providing  
24 rebates to qualified production facilities for qualified  
25 expenditures.

26     *b.* The authority shall establish eligibility criteria for the  
27 program by rule.

28         (1) The eligibility criteria for qualified production  
29 facilities must require that a facility have an agreement between  
30 the authority and the facility that the phrase "filmed in Iowa"  
31 appears noticeably in the credits of the qualified production.

32         (2) The eligibility criteria for a qualified production must  
33 include:

34             (a) A total production budget of at least one million  
35 dollars, including at least five hundred thousand dollars in

1 qualified expenditures, and evidence that the total production  
2 budget is fully funded.

3 (b) Availability to the public for viewing at a venue where  
4 admission is charged, or availability for purchase, for rental,  
5 or through a streaming service that requires a subscription.

6 (3) The eligibility criteria for qualified expenditures must  
7 include the following:

8 (a) The requirements for substantiation of expenses and  
9 submission of expenses for industry standard activities  
10 including expenses for cast members, equipment, studio production  
11 facilities, hospitality services, certified public accountant  
12 services, per diem payments, payments to businesses located in  
13 this state, accommodations, and any other expenses allowed by the  
14 authority. Qualified expenditures shall not include expenses for  
15 entertainment, studio executive airfare, royalties, and publicity  
16 for the qualified production.

17 (b) Documentation that all qualified expenses were incurred  
18 following approval of the application for rebate by the  
19 authority.

20 3. An application for a rebate under the program shall be  
21 submitted by a qualified production facility to the authority for  
22 approval in the form and manner prescribed by the authority.  
23 In determining whether to approve a rebate, the factors the  
24 authority may consider include but are not limited to all of the  
25 following:

26 a. The extent to which the applicant will participate in  
27 training, education, and recruitment programs that are organized  
28 in cooperation with interested Iowa colleges and universities,  
29 and that are designed to promote and encourage the training and  
30 hiring of Iowa residents.

31 b. Whether the rebate will incentivize a qualified production  
32 facility to choose an Iowa location for its qualified production  
33 rather than an out-of-state location.

34 c. The likelihood that approval of the rebate will result in  
35 an overall long-term positive impact to the state.

1 4. a. If a qualified production facility's application is  
2 approved by the authority, the maximum rebate paid to the  
3 facility under the program shall equal thirty percent of the  
4 facility's documented qualified expenditures excluding any sales,  
5 use, and hotel and motel taxes paid.

6 b. Prior to disbursement of the rebate, a qualified  
7 production facility shall submit all of the following to the  
8 authority at the expense of the facility:

9 (1) An examination of the qualified expenditures completed by  
10 a certified public accountant, as defined in section 542.3, in  
11 accordance with the currently effective statements on standards  
12 for attestation engagements established by the American institute  
13 of certified public accountants.

14 (2) A statement of the final amount of qualified  
15 expenditures.

16 (3) Any other information the authority deems necessary to  
17 ensure compliance with this section.

18 5. a. An Iowa film production incentive fund is created in  
19 the state treasury under the control of the authority. The  
20 fund shall consist of moneys appropriated to the authority and  
21 any other moneys available to, obtained by, or accepted by the  
22 authority for placement in the fund. The fund shall be used to  
23 provide rebates under the program.

24 b. The cumulative value of rebates claimed by qualified  
25 production facilities pursuant to this section shall not exceed  
26 ten million dollars.

27 c. Notwithstanding section 8.33, moneys in the fund that  
28 remain unencumbered or unobligated at the close of the fiscal  
29 year shall not revert but shall remain available for expenditure  
30 for the purposes designated until the close of the succeeding  
31 fiscal year. Notwithstanding section 12C.7, interest or earnings  
32 on moneys in the fund shall be credited to the fund.

33 6. The authority shall not use more than five percent of the  
34 moneys in the fund at the beginning of each fiscal year for  
35 purposes of administrative costs, technical assistance, and other

1 program support.

2 7. The authority shall adopt rules pursuant to chapter 17A to  
3 administer this section.

4 8. This section is repealed July 1, 2027.

5 Sec. 79. CODE EDITOR DIRECTIVE. The Code editor shall  
6 designate section 15.517, as enacted in this division of this  
7 Act, as part 34 of subchapter II.

8

DIVISION X

9

EMPLOYER CHILD CARE TAX CREDIT REPEAL

10 Sec. 80. Section 237A.31, subsection 1, Code 2025, is amended  
11 to read as follows:

12 1. The taxes imposed under chapter 422, subchapter II or  
13 III, the franchise tax imposed under chapter 422, subchapter V,  
14 the gross premiums tax under chapter 432, or the moneys and  
15 credits tax imposed under section 533.329 shall be reduced by an  
16 employer child care tax credit through the tax year beginning on  
17 or after January 1, 2025, but before January 1, 2026, equal to  
18 the proportion of the federal employer-provided child care tax  
19 credit provided in section 45F of the Internal Revenue Code the  
20 taxpayer was eligible for in the same tax year attributable to  
21 expenditures made in this state.

22 Sec. 81. Section 237A.31, Code 2025, is amended by adding the  
23 following new subsection:

24 NEW SUBSECTION. 5. This section is repealed January 1, 2031.

25 Sec. 82. Section 422.120, Code 2025, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 3. This section is repealed January 1, 2031.

28 Sec. 83. Section 422.33, subsection 32, Code 2025, is amended  
29 to read as follows:

30 32. a. The taxes imposed under this subchapter shall be  
31 reduced by an employer child care tax credit allowed pursuant to  
32 section 237A.31.

33 b. This subsection is repealed January 1, 2031.

34 Sec. 84. Section 422.60, subsection 15, Code 2025, is amended  
35 to read as follows:

1 15. a. The taxes imposed under this subchapter shall be  
2 reduced by an employer child care tax credit allowed pursuant to  
3 section 237A.31.

4 b. This subsection is repealed January 1, 2031.

5 Sec. 85. Section 432.120, Code 2025, is amended to read as  
6 follows:

7 **432.120 Employer child care tax credit.**

8 1. The taxes imposed under this chapter shall be reduced by  
9 an employer child care tax credit allowed pursuant to section  
10 237A.31.

11 2. This section is repealed January 1, 2031.

12 Sec. 86. Section 533.329, subsection 2, paragraph m, Code  
13 2025, is amended to read as follows:

14 m. (1) The moneys and credits tax imposed under this section  
15 shall be reduced by an employer child care tax credit allowed  
16 pursuant to section 237A.31.

17 (2) This paragraph is repealed January 1, 2031.

18 DIVISION XI

19 ASSISTIVE DEVICE TAX CREDIT REPEAL

20 Sec. 87. Section 2.48, subsection 3, paragraph e,  
21 subparagraph (5), Code 2025, is amended to read as follows:

22 (5) (a) The assistive device corporate tax credit under  
23 section 422.33.

24 (b) This subparagraph is repealed January 1, 2031.

25 Sec. 88. Section 422.33, subsection 9, paragraph a,  
26 subparagraph (1), Code 2025, is amended to read as follows:

27 (1) The taxes imposed under this subchapter shall be reduced  
28 by an assistive device tax credit through the tax year beginning  
29 on or after January 1, 2024, but before January 1, 2025. A

30 small business purchasing, renting, or modifying an assistive  
31 device or making workplace modifications for an individual with  
32 a disability who is employed or will be employed by the small  
33 business is eligible, subject to availability of credits, to  
34 receive this assistive device tax credit which is equal to fifty  
35 percent of the first five thousand dollars paid during the tax

1 year for the purchase, rental, or modification of the assistive  
2 device or for making the workplace modifications. The following  
3 percentage of any credit in excess of the tax liability shall  
4 be refunded with interest in accordance with section 421.60,  
5 subsection 2, paragraph "e", as follows:

6 (a) For the tax year beginning on or after January 1, 2023,  
7 but before January 1, 2024, ninety-five percent.

8 (b) For the tax year beginning on or after January 1, 2024,  
9 but before January 1, 2025, ninety percent.

10 ~~(c) For the tax year beginning on or after January 1, 2025,~~  
11 ~~but before January 1, 2026, eighty-five percent.~~

12 ~~(d) For the tax year beginning on or after January 1, 2026,~~  
13 ~~but before January 1, 2027, eighty percent.~~

14 ~~(e) For tax years beginning on or after January 1, 2027,~~  
15 ~~seventy-five percent.~~

16 Sec. 89. Section 422.33, subsection 9, Code 2025, is amended  
17 by adding the following new paragraph:

18 NEW PARAGRAPH. d. This subsection is repealed January 1,  
19 2031.

20 Sec. 90. RETROACTIVE APPLICABILITY. This division of this  
21 Act applies retroactively to January 1, 2025, for tax years  
22 beginning on or after that date.

23 DIVISION XII

24 ENDOW IOWA TAX CREDIT

25 Sec. 91. Section 15E.303, subsections 1, 2, and 6, Code 2025,  
26 are amended by striking the subsections.

27 Sec. 92. Section 15E.305, subsection 2, unnumbered paragraph  
28 1, Code 2025, is amended to read as follows:

29 The aggregate amount of tax credits authorized pursuant to  
30 this section shall not exceed a total of ~~six~~ three million five  
31 hundred thousand dollars annually.

32 Sec. 93. Section 15E.305, subsection 2, paragraph a, Code  
33 2025, is amended to read as follows:

34 a. The maximum amount of tax credits granted to a taxpayer  
35 shall not exceed ~~one hundred~~ fifty thousand dollars.

1     Sec. 94. Section 15E.305, Code 2025, is amended by adding the  
2 following new subsection:

3     NEW SUBSECTION. 3A. In addition to the other eligibility  
4 requirements for receiving a tax credit under this section, to  
5 be eligible to receive a tax credit pursuant to this section all  
6 of the following must apply:

7     a. The endow Iowa qualified community foundation and  
8 permanent endowment fund do not contain the name of a corporation  
9 or other business entity.

10    b. The endow Iowa qualified community foundation submitted  
11 a report to the general assembly by January 31 detailing the  
12 specific grants provided during the calendar year preceding the  
13 applicable tax year.

14    c. The community foundation that administers a permanent  
15 endowment fund for which a taxpayer requests a tax credit  
16 has provided any information requested by the authority to  
17 verify whether a contribution to the permanent endowment fund is  
18 eligible for the tax credit.

19     Sec. 95. Section 15E.311, subsection 4, paragraph c, Code  
20 2025, is amended to read as follows:

21    c. "*Eligible county recipient*" means an endow Iowa qualified  
22 community foundation or community affiliate organization, as  
23 defined in section 15E.303, that is selected, ~~in accordance with~~  
24 ~~the procedures described in section 15E.304,~~ to receive moneys  
25 from an account created in this section for a particular county.  
26 To be selected as an eligible county recipient, a community  
27 affiliate organization shall establish a county affiliate fund to  
28 receive moneys as provided by this section.

29     Sec. 96. Section 15E.311, subsection 6, Code 2025, is amended  
30 by striking the subsection.

31     Sec. 97. REPEAL. Sections 15E.301, 15E.302, and 15E.304,  
32 Code 2025, are repealed.

33     Sec. 98. EFFECTIVE DATE. This division of this Act takes  
34 effect January 1, 2026.

35     Sec. 99. APPLICABILITY. This division of this Act applies to

1 tax years beginning on or after January 1, 2026.

2

DIVISION XIII

3

RESEARCH ACTIVITIES TAX CREDIT REPEAL

4 Sec. 100. Section 422.10, subsection 1, unnumbered paragraph  
5 1, Code 2025, is amended to read as follows:

6 The taxes imposed under this subchapter shall be reduced by a  
7 state tax credit for increasing research activities in this state  
8 through the tax year beginning on or after January 1, 2025, but  
9 before January 1, 2026.

10 Sec. 101. Section 422.10, subsection 1, paragraph b,  
11 subparagraph (3), subparagraph division (d), subparagraph  
12 subdivision (iv), Code 2025, is amended by striking the  
13 subparagraph subdivision.

14 Sec. 102. Section 422.10, subsection 1, paragraph b,  
15 subparagraph (3), subparagraph division (e), Code 2025, is  
16 amended to read as follows:

17 (e) For tax years beginning on or after January 1, ~~2027~~  
18 2026, amounts paid for supplies as defined in section 41(b)(2)(C)  
19 of the Internal Revenue Code shall not be qualified research  
20 expenses in this state.

21 Sec. 103. Section 422.10, Code 2025, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 7. This section is repealed January 1, 2027.

24 Sec. 104. Section 422.33, subsection 5, paragraph a,  
25 unnumbered paragraph 1, Code 2025, is amended to read as follows:

26 The taxes imposed under this subchapter shall be reduced by  
27 a state tax credit through the tax year beginning on or after  
28 January 1, 2025, but before January 1, 2026, for increasing  
29 research activities in this state equal to the sum of the  
30 following:

31 Sec. 105. Section 422.33, subsection 5, paragraph b,  
32 subparagraph (2), subparagraph division (d), subparagraph  
33 subdivision (iv), Code 2025, is amended by striking the  
34 subparagraph subdivision.

35 Sec. 106. Section 422.33, subsection 5, paragraph b,

1 subparagraph (2), subparagraph division (e), Code 2025, is  
2 amended to read as follows:

3 (e) For tax years beginning on or after January 1, 2027  
4 2026, amounts paid for supplies as defined in section 41(b)(2)(C)  
5 of the Internal Revenue Code shall not be qualified research  
6 expenses in this state.

7 Sec. 107. Section 422.33, subsection 5, Code 2025, is amended  
8 by adding the following new paragraph:

9 NEW PARAGRAPH. j. This subsection is repealed January 1,  
10 2027.

11 DIVISION XIV

12 RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

13 Sec. 108. NEW SECTION. **15.520 Short title.**

14 This part shall be known and may be cited as the "*Research and*  
15 *Development Tax Credit Program*".

16 Sec. 109. NEW SECTION. **15.521 Definitions.**

17 As used in this part, unless the context otherwise requires:

18 1. "*Eligible expenditures*" means qualified research expenses  
19 under section 41 of the Internal Revenue Code, to the extent the  
20 expenditures occurred in this state.

21 2. "*Qualified business*" means a business certified by the  
22 authority as eligible to claim the research and development tax  
23 credit.

24 3. "*Qualified research and development*" means a systematic  
25 activity that combines basic and applied research in an attempt  
26 to discover solutions to new or existing problems, or to  
27 create or update goods and services. "*Qualified research and*  
28 *development*" includes a set of innovative activities undertaken  
29 by an eligible business in developing new services or products,  
30 and in improving existing ones.

31 Sec. 110. NEW SECTION. **15.522 Eligible businesses and**  
32 **sectors.**

33 1. The tax credit available pursuant to this part shall be  
34 available only to a business primarily engaged in any of the  
35 following:

- 1 a. Advanced manufacturing.
- 2 b. Bioscience.
- 3 c. Insurance and finance.
- 4 d. Technology and innovation.

5 2. For a business described in subsection 1, the sectors  
6 available for the credit may include the following:

- 7 a. Second-generation food innovation.
- 8 b. Food ingredients and supplements.
- 9 c. Crop protection.
- 10 d. Hybrid seed technologies.
- 11 e. Diagnostic analytics and immunotherapies.
- 12 f. Chip technologies and microelectronics.
- 13 g. Medical equipment and supplies.
- 14 h. Software and technology.
- 15 i. Aerospace.
- 16 j. Pharmaceuticals.
- 17 k. Consumer products.
- 18 l. Any additional sectors included by the authority by rule.

19 Sec. 111. NEW SECTION. **15.523 Application, certification,**  
20 **and agreement.**

21 1. A business shall submit a preapplication to the authority  
22 to determine whether the business is primarily engaged in an  
23 eligible sector identified in section 15.522 and is actively  
24 engaged in qualified research and development. The determination  
25 made by the authority shall be based on factors including but  
26 not limited to the North American industry classification code  
27 and sources of revenue. The authority may request any additional  
28 documentation or conduct site visits to verify the requirements  
29 of the program are met upon the submission of the preapplication.

30 2. The authority must certify a business as a qualified  
31 business for the business to claim a research and development  
32 tax credit. A qualified business that continues to meet  
33 the requirements of the program and the agreement entered  
34 pursuant to subsection 3 may remain certified for up to five  
35 years. A business may reapply for certification in additional

1 five-year increments. A business that does not demonstrate an  
2 increase in eligible expenditures may be denied recertification  
3 by the authority. A business that is denied certification or  
4 recertification may reapply. The authority may specify the  
5 length of time after the denial when the business is eligible to  
6 reapply.

7 3. An eligible business must enter into an agreement with the  
8 authority for successful completion of all requirements of the  
9 program.

10 4. Each year after certification as a qualified business,  
11 the qualified business shall submit an application to the  
12 authority for a tax credit based on the amount of eligible  
13 expenditures that were included in Section F of Internal Revenue  
14 Form 6765 that was submitted with the qualified business's  
15 most recently filed and accepted federal tax return. The  
16 application shall include a verification of eligible expenditures  
17 by procedures prescribed by the authority by rule. The qualified  
18 business shall engage an independent certified public accountant  
19 authorized to practice in this state to conduct the verification.  
20 A qualified business shall submit the application to the  
21 authority by January 31 following the most recently filed and  
22 accepted federal tax return for a tax year in which the business  
23 is determined to be a qualified business.

24 5. Each fiscal year, the authority will approve tax credit  
25 awards by apportioning the amount of tax credits available  
26 pursuant to section 15.119 on a pro rata basis, based on the  
27 total amount of eligible expenditures incurred by all qualified  
28 businesses that are awarded a tax credit. Up to five percent of  
29 the amount of tax credits available pursuant to section 15.119  
30 may be awarded as additional tax credits to qualified businesses  
31 that demonstrate an increase in eligible expenditures.

32 6. If the qualified business fails to comply with any  
33 requirements of the program or the agreement entered pursuant  
34 to subsection 3 as determined by the authority, the qualified  
35 business may have its certification as a qualified business

1 revoked or be required to repay any tax credit the authority  
2 issued to the qualified business. After a final determination,  
3 the authority will notify the department of revenue of any  
4 required repayment of a tax credit. Such repayment shall be  
5 considered a tax payment due and payable to the department of  
6 revenue by any taxpayer that claimed the tax incentive, and the  
7 failure to make the repayment may be treated by the department  
8 of revenue in the same manner as a failure to pay the tax shown  
9 due, or required to be shown due, with the filing of a return or  
10 deposit form.

11 7. A qualified business that claims a research activities  
12 credit pursuant to section 422.10 or 422.33, Code 2025, shall not  
13 claim a research and development tax credit awarded pursuant to  
14 this part on the same tax return.

15 Sec. 112. NEW SECTION. **15.524 Research and development tax**  
16 **credit.**

17 1. For tax years beginning on or after January 1, 2026, a  
18 research and development tax credit is available to a qualified  
19 business that is approved for the tax credit by the authority.

20 2. Upon submission of the documentation required pursuant  
21 to section 15.523, subsection 4, and verification of eligible  
22 expenditures by the authority, the authority may issue a tax  
23 credit certificate to a qualified business indicating the amount  
24 available to be claimed. The authority may approve a tax credit  
25 in an amount up to three and one-half percent of the amount of  
26 the qualified business's eligible expenditures. The tax credit  
27 shall be claimed in the tax year immediately following the tax  
28 year during which the eligible expenditures were incurred.

29 3. To claim a tax credit under this section, a taxpayer  
30 shall include one or more tax credit certificates with the  
31 taxpayer's tax return. The tax credit certificate must contain  
32 the taxpayer's name, address, tax identification number, the  
33 amount of the credit, the name of the qualified business, and  
34 any other information required by the department of revenue.  
35 The tax credit certificate, unless rescinded by the authority,

1 shall be accepted by the department of revenue as payment for  
2 taxes imposed pursuant to chapter 422, subchapters II and III,  
3 subject to any conditions or restrictions placed by the authority  
4 upon the face of the tax credit certificate and subject to the  
5 limitations of the program.

6 4. Any tax credit in excess of the business's tax liability  
7 is refundable. In lieu of claiming a refund, the taxpayer may  
8 elect to have the overpayment shown on the taxpayer's final,  
9 completed return credited to the tax liability for the following  
10 tax year.

11 5. Tax credit certificates issued pursuant to this section  
12 are not transferable.

13 6. If the business is a partnership, S corporation, limited  
14 liability company, estate, or trust electing to have the income  
15 taxed directly to the individual, an individual may claim the tax  
16 credit allowed. The amount claimed by the individual shall be  
17 based upon the pro rata share of the individual's earnings of the  
18 partnership, S corporation, limited liability company, or estate  
19 or trust.

20 7. The maximum amount of tax credits the authority may issue  
21 under this section each fiscal year shall not exceed the amount  
22 specified in section 15.119.

23 8. A qualified business that was approved to receive a  
24 research activities credit pursuant to section 15.335, Code 2025,  
25 prior to January 1, 2026, shall not claim such tax credit and a  
26 research and development tax credit pursuant to this part on the  
27 same tax return.

28 **Sec. 113. NEW SECTION. 15.525 Reporting requirements.**

29 1. A qualified business shall report annually to the  
30 authority all of the following:

31 a. The total amount of investment made in research and  
32 development.

33 b. The qualified location in this state where the research  
34 and development occurred.

35 c. The number of jobs created, wages paid, and employee

1 residence locations.

2 2. The authority shall include as part of the annual  
3 report under section 15.107B an annual report of the activities  
4 conducted pursuant to this part.

5 3. The authority shall report all information in an aggregate  
6 form to prevent, as much as possible, information being  
7 attributable to any particular qualified business.

8 Sec. 114. NEW SECTION. **15.526 Confidentiality.**

9 1. Except as provided in subsection 2, all information or  
10 records in the possession of the authority with respect to this  
11 part shall be presumed by the authority to be a trade secret  
12 protected under chapter 550 or common law, and shall be kept  
13 confidential by the authority unless otherwise ordered by the  
14 court.

15 2. The identity of a tax credit recipient and the amount  
16 of the tax credit shall be considered public information under  
17 chapter 22.

18 Sec. 115. NEW SECTION. **422.12Q Research and development tax  
19 credit.**

20 The taxes imposed under this subchapter, less the credits  
21 allowed under section 422.12, shall be reduced by a research and  
22 development tax credit allowed pursuant to section 15.524.

23 Sec. 116. Section 422.33, Code 2025, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 17. The taxes imposed under this subchapter  
26 shall be reduced by the research and development tax credit  
27 allowed pursuant to section 15.524.

28 Sec. 117. CODE EDITOR DIRECTIVE. The Code editor shall  
29 designate sections 15.520 through 15.526, as enacted in this  
30 division of this Act, as part 35 of subchapter II.

31 Sec. 118. EFFECTIVE DATE. This division of this Act, being  
32 deemed of immediate importance, takes effect upon enactment.

33

DIVISION XV

34

SUSTAINABLE AVIATION FUEL PRODUCTION TAX CREDIT

35

Sec. 119. NEW SECTION. **15.530 Short title.**

1 This part shall be known and may be cited as the "Sustainable  
2 Aviation Fuel Production Tax Credit Program".

3 Sec. 120. NEW SECTION. **15.531 Definitions.**

4 As used in this part, unless the context otherwise requires:

5 1. "Aviation gasoline" means the same as defined in section  
6 452A.2.

7 2. "Eligible taxpayer" means a business engaged in  
8 manufacturing sustainable aviation fuel from feedstock.

9 3. "Feedstock" means any organic matter processed or refined  
10 in the state suitable for sustainable aviation fuel production  
11 without further enhancement. "Feedstock" includes ethanol, corn  
12 oil, soybean oil, animal fats, used cooking oil, and algae.

13 4. "Jet fuel" means blends of hydrocarbons derived from  
14 crude petroleum, natural gasoline, and synthetic hydrocarbons,  
15 intended for use in aviation turbine engines, and that meet  
16 the specifications in ASTM (American society for testing and  
17 materials) specification D1655-12.

18 5. "Sustainable aviation fuel" means the portion of a liquid  
19 fuel meeting the requirements of ASTM D7566 or the Fischer  
20 Tropsch provisions of ASTM D1655, Annex A1, derived from  
21 feedstock not including palm fatty acid distillates and that  
22 achieves at least a fifty percent life cycle greenhouse gas  
23 emissions reduction as determined by any of the following:

24 a. The fuel production pathway achieves at least a fifty  
25 percent life cycle greenhouse gas emission reduction in  
26 comparison with petroleum-based aviation gasoline, aviation  
27 turbine fuel, and jet fuel utilizing the most recent version  
28 of the GREET (Argonne national laboratory's greenhouse gases,  
29 regulated emissions, and energy use in technologies) model that  
30 accounts for reduced emissions throughout the fuel production  
31 process.

32 b. The fuel production pathway achieves at least a fifty  
33 percent reduction in comparison with petroleum-based aviation  
34 gasoline, aviation turbine fuel, and jet fuel utilizing the  
35 most recent version of the default life cycle emission value

1 or actual core life cycle emissions value under the most  
2 recent carbon offsetting and reduction scheme for international  
3 aviation methodology for sustainable aviation fuels adopted by  
4 the international civil aviation organization.

5 Sec. 121. NEW SECTION. **15.532 Eligible business application**  
6 **and agreement.**

7 1. a. An eligible business that produces a sustainable  
8 aviation fuel in this state from feedstock during a calendar year  
9 may apply to the authority for the sustainable aviation fuel tax  
10 credit provided in section 15.533.

11 b. The application must be made to the authority in the  
12 manner prescribed by the authority.

13 c. The application must be made during the calendar year  
14 following the calendar year in which the sustainable aviation  
15 fuel is produced.

16 d. The authority may accept applications on a continuous  
17 basis or may establish, by rule, an annual application deadline.

18 e. The application must include all of the following  
19 information:

20 (1) The amount of sustainable aviation fuel produced in the  
21 state from feedstock by the eligible business during the calendar  
22 year, measured in gallons.

23 (2) The types and sources of feedstock used to produce  
24 sustainable aviation fuel, documented in sufficient detail to  
25 allow the authority to verify that such feedstock was processed  
26 or refined in the state.

27 (3) Any other information reasonably required by the  
28 authority in order to establish and verify eligibility under the  
29 program.

30 f. The authority shall review and score all complete  
31 applications submitted by eligible businesses on a competitive  
32 basis pursuant to rules adopted by the authority.

33 2. a. Before being issued a tax credit under section 15.533,  
34 an eligible business must enter into an agreement with the  
35 authority for the successful completion of all requirements of

1 the program. As part of the agreement, the eligible business  
2 shall agree to collect and provide any information reasonably  
3 required by the authority in order to allow the board to fulfill  
4 its reporting obligation under section 15.534.

5 b. An eligible business shall fulfill all the requirements  
6 of the program and the agreement before the authority issues the  
7 business a tax credit certificate or enters into a subsequent  
8 agreement with the business under this section. The authority  
9 may decline to enter into a subsequent agreement with the  
10 business under this section if a prior agreement is not  
11 successfully fulfilled.

12 c. Upon establishing that all requirements of the program  
13 and the agreement have been fulfilled, the authority shall issue  
14 a tax credit certificate to the eligible business stating the  
15 amount of sustainable fuel tax credit the eligible business may  
16 claim.

17 3. The failure by an eligible business in fulfilling any  
18 requirement of the program or any of the terms and obligations  
19 of an agreement entered into pursuant to this section may result  
20 in the reduction, termination, or rescission of the tax credits  
21 under section 15.533 and may subject the eligible business to  
22 the repayment or recapture of tax credits claimed. After a  
23 final determination, the authority will notify the department  
24 of revenue of any required repayment of a tax credit. Such  
25 repayment shall be considered a tax payment due and payable to  
26 the department of revenue by any taxpayer that claimed the tax  
27 credit, and the failure to make the repayment may be treated by  
28 the department of revenue in the same manner as a failure to pay  
29 the tax shown due, or required to be shown due, with the filing  
30 of a return or deposit form.

31 4. a. Except as provided in paragraph "b", any information  
32 or record in the possession of the authority with respect to  
33 the program shall be presumed by the authority to be a trade  
34 secret protected under chapter 550 or common law and shall be  
35 kept confidential by the authority unless otherwise ordered by a

1 court.

2     b. The identity of a tax credit recipient and the amount  
3 of the tax credit shall be considered public information under  
4 chapter 22.

5     Sec. 122. NEW SECTION.   **15.533 Sustainable aviation fuel tax**  
6 **credit.**

7     1. An eligible business that has entered into an agreement  
8 pursuant to section 15.532 may claim a tax credit in an amount  
9 equal to the product of twenty-five cents multiplied by the  
10 number of gallons of sustainable aviation fuel produced in this  
11 state from feedstock. The sustainable aviation fuel tax credit  
12 shall not be available for any sustainable aviation fuel produced  
13 before the 2026 calendar year or after the 2035 calendar year.

14     2. The tax credit shall be allowed against taxes imposed  
15 under chapter 422, subchapter II or III.

16     3. The tax credit shall be claimed for the tax year during  
17 which the eligible business was issued the tax credit.

18     4. An individual may claim a tax credit under this section  
19 of a partnership, limited liability company, S corporation,  
20 cooperative organized under chapter 501 and filing as a  
21 partnership for federal tax purposes, estate, or trust electing  
22 to have income taxed directly to the individual. The amount  
23 claimed by the individual shall be based upon the pro rata  
24 share of the individual's earnings from the partnership, limited  
25 liability company, S corporation, cooperative, estate, or trust.

26     5. Any tax credit in excess of the tax liability is  
27 refundable. In lieu of claiming a refund, the taxpayer may elect  
28 to have the overpayment shown on the taxpayer's final, completed  
29 return credited to the tax liability for the following tax year.

30     6. a. To claim a tax credit under this section, a taxpayer  
31 shall include one or more tax credit certificates with the  
32 taxpayer's tax return.

33     b. The tax credit certificate shall contain the taxpayer's  
34 name, address, tax identification number, the amount of the  
35 credit, the name of the eligible business, and any other

1 information required by the department of revenue.

2 c. The tax credit certificate, unless rescinded by the  
3 authority, shall be accepted by the department of revenue as  
4 payment for taxes imposed pursuant to chapter 422, subchapters II  
5 and III, subject to any conditions or restrictions placed by the  
6 authority upon the face of the tax credit certificate and subject  
7 to the limitations of the program.

8 d. Tax credit certificates issued pursuant to this section  
9 are not transferable.

10 7. a. The maximum amount of tax credits the authority may  
11 issue each fiscal year pursuant to this section shall be as  
12 provided in section 15.119.

13 b. (1) The maximum amount of tax credits that the authority  
14 may issue to an eligible business for the production of  
15 sustainable aviation fuel in a calendar year shall not exceed one  
16 million dollars.

17 (2) The authority shall not issue more than five tax credit  
18 certificates to an eligible business for the production of  
19 sustainable aviation fuel under the program.

20 Sec. 123. NEW SECTION. **15.534 Reports to general**  
21 **assembly.**

22 1. For purposes of this section, "successful tax credit  
23 applicant" includes, with respect to each fiscal year, an  
24 eligible business that was issued a tax credit certificate for  
25 production of sustainable aviation fuel during that fiscal year.

26 2. The annual report under section 15.107B shall include a  
27 report, developed in cooperation with the department of revenue,  
28 describing the activities of the program for the previous fiscal  
29 year. The report shall, at a minimum, include all of the  
30 following information:

31 a. The aggregate number of gallons of sustainable aviation  
32 fuel produced for which successful tax credit applicants received  
33 a tax credit in the previous calendar year.

34 b. For each eligible business issued a sustainable aviation  
35 fuel tax credit during each calendar year:

1 (1) The identity of the eligible business.

2 (2) The amount of the tax credit.

3 c. The total amount of all sustainable aviation fuel tax  
4 credits claimed during each calendar year, and the portion of the  
5 claims issued as a refund.

6 3. To protect the presumption of confidentiality established  
7 pursuant to section 15.532, the board shall report all  
8 information in an aggregate form to prevent, as much as  
9 possible, information being attributable to any particular  
10 eligible business, except as provided in subsection 2.

11 Sec. 124. NEW SECTION. **15.535 Future repeal.**

12 Sections 15.530, 15.531, 15.532, 15.533, 15.534, and this  
13 section are repealed January 1, 2037.

14 Sec. 125. NEW SECTION. **422.10C Sustainable aviation fuel**  
15 **tax credit.**

16 The taxes imposed under this subchapter, less the credits  
17 allowed under section 422.12, shall be reduced by a sustainable  
18 aviation fuel tax credit allowed under section 15.533. This  
19 section is repealed January 1, 2037.

20 Sec. 126. Section 422.33, Code 2025, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 23. The taxes imposed under this subchapter  
23 shall be reduced by a sustainable aviation fuel tax credit  
24 allowed under section 15.533. This subsection is repealed  
25 January 1, 2037.

26 Sec. 127. **TAX CREDIT CLAIMS.** Sustainable aviation fuel tax  
27 credits issued pursuant to the sustainable aviation tax credit  
28 program enacted in this division of this Act shall not be issued  
29 by the economic development authority prior to July 1, 2026, and  
30 shall not be claimed by a taxpayer prior to September 1, 2026.

31 Sec. 128. **CODE EDITOR DIRECTIVE.** The Code editor shall  
32 designate sections 15.530 through 15.535, as enacted in this  
33 division of this Act, as part 36 of subchapter II.

34 Sec. 129. **EFFECTIVE DATE.** This division of this Act, being  
35 deemed of immediate importance, takes effect upon enactment.

1     Sec. 130. RETROACTIVE APPLICABILITY. This division of this  
2 Act applies retroactively to January 1, 2025, for tax years  
3 beginning on or after that date.

4                                   DIVISION XVI

5                   MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM

6     Sec. 131. Section 15.494, subsection 1, paragraph b, Code  
7 2025, is amended to read as follows:

8     b. If the eligible business fails to comply with any  
9 requirements of the program or the agreement as determined  
10 by the authority, the eligible business may be required to  
11 repay any tax incentives the authority issued to the eligible  
12 business. A After a final determination, the authority shall  
13 notify the department of revenue of any required repayment of a  
14 tax incentive shall. Any repayment shall be considered a tax  
15 payment due and payable to the department of revenue by any  
16 taxpayer that claimed the tax incentive, and the failure to make  
17 the repayment may be treated by the department of revenue in the  
18 same manner as a failure to pay the tax shown due, or required to  
19 be shown due, with the filing of a return or deposit form. In  
20 addition, the county shall have the authority to take action to  
21 recover the value of property taxes not collected as a result of  
22 the exemption provided to the business under this part.

23     Sec. 132. Section 15.495, subsection 2, Code 2025, is amended  
24 to read as follows:

25     2. To receive the sales and use tax refund, the eligible  
26 business shall file a claim with the department of revenue as  
27 follows:

28     a. The contractor or subcontractor shall state under oath,  
29 on forms provided by the department of revenue, the amount of  
30 the sales of tangible personal property or services rendered,  
31 furnished, or performed including water, sewer, gas, and electric  
32 utility services upon which sales or use tax has been paid ~~prior~~  
33 ~~to contract completion~~ during the period for which the refund  
34 is claimed, and shall submit the forms to the eligible business  
35 before contract completion.



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DIVISION XVIII  
CONFORMING CHANGES

Sec. 134. Section 8.55, subsection 3, paragraph f, subparagraph (2), subparagraph division (a), as enacted by 2025 Iowa Acts, Senate File 619, section 82, is amended to read as follows:

(a) Disaster aid provided to businesses engaged in disaster recovery as described in ~~chapter 15, subchapter II, part 13~~ section 15.111, and housing businesses engaged in disaster recovery housing projects as defined in section 15.354, subsection 6.

Sec. 135. 2025 Iowa Acts, House File 975, section 10, if enacted, is amended to read as follows:

SEC. 10. TRANSFER OF MONEYS. On the effective date of this division of this Act, any unencumbered or unobligated moneys remaining in the brownfield redevelopment fund created in section 15.293 are transferred to a fund or funds established pursuant to ~~section 15.335B~~ 15.111, subsection 1, paragraph "a", as determined by the economic development authority.

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 tax credits and tax incentive programs.

DIVISION I — ECONOMIC DEVELOPMENT PROGRAMS — TAX CREDIT LIMITS. Under the bill, the authority shall not authorize for any one fiscal year an aggregate amount of tax credits for business development programs in excess of \$110 million for allocation among the business programs as follows: (1) for tax credits for investments in an innovation fund and the seed investor tax credit the authority shall allocate a total of \$10 million, except that for the fiscal year beginning July 1, 2025, the allocation shall be reduced by any tax credit authorized by the authority prior to July 1, 2026, for an investment in a qualifying business; (2) for the renewable chemical production

1 tax credit and the sustainable aviation fuel production tax  
2 credit the authority shall allocate a total of \$10 million; (3)  
3 for the research and development tax credit the authority shall  
4 allocate \$40 million; (4) for the business incentives for growth  
5 program for the fiscal year beginning July 1, 2026, and for each  
6 fiscal year thereafter, the authority shall not allocate more  
7 than \$50 million; and (5) for the high-quality jobs program prior  
8 to January 1, 2026, and for the business incentives for growth  
9 program on or after January 1, 2026, the authority shall allocate  
10 \$50 million in the aggregate.

11 DIVISION II — ECONOMIC DEVELOPMENT PROGRAMS — TAX  
12 CREDIT LIMITS — CONFORMING CHANGES. The bill makes conforming  
13 changes to Code sections 15.293A(6), 15.293B(6), 15.318(3)(e),  
14 15.354(2)(a), 15.354(4), and 15.354(6)(d).

15 DIVISION III — BUSINESS INCENTIVES FOR GROWTH PROGRAM. The  
16 bill creates a business incentives for growth program (BIG  
17 program), effective January 1, 2026, to provide tax incentives to  
18 eligible businesses. The qualifications for an eligible business  
19 are provided in the bill. Applications for the BIG program shall  
20 be submitted to the authority. For a proposed project that  
21 will result in elevated water consumption by the business, the  
22 application must be accompanied by a water conservation and waste  
23 reduction plan.

24 The terms of, and aggregate value of, a tax incentive may be  
25 negotiated between an eligible business and the authority, but  
26 the aggregate value of the tax incentives that any one eligible  
27 business may receive shall not exceed 5 percent of the eligible  
28 business's qualifying investment, unless the eligible business's  
29 project is located in a rural county, in which case the maximum  
30 aggregate value of the tax incentives that any one eligible  
31 business may receive shall not exceed 7.5 percent of the eligible  
32 business's qualifying investment. The board may authorize any  
33 combination of tax incentives available for an eligible business.

34 An eligible business that is approved by the authority to  
35 participate in the BIG program shall enter into an agreement with

1 the authority specifying the criteria for successful completion  
2 of the program requirements. The requirements for the program  
3 agreement are detailed in the bill.

4 An eligible business issued a tax incentive under the BIG  
5 program shall be entitled to a refund of certain sales and  
6 use taxes, after filing a claim with the department of revenue  
7 as detailed in the bill. A contractor or subcontractor that  
8 willfully makes a false report of taxes paid is guilty of an  
9 aggravated misdemeanor, and shall be liable for payment of the  
10 tax and any applicable penalty and interest.

11 An eligible business may not receive a tax credit certificate  
12 under Code section 15.505(3) until the eligible business's  
13 project, or a portion of the project, has been placed in service.  
14 An eligible business may claim the tax credit authorized and  
15 issued by the authority. The tax credit shall be amortized  
16 to the eligible business over five tax years. If within five  
17 years of the date the authority issues an eligible business a  
18 tax credit, the eligible business sells, disposes of, razes, or  
19 otherwise renders unusable all or a part of the land, buildings,  
20 or other structures for which the tax credit was claimed, the  
21 tax liability of the eligible business for that year shall be  
22 increased by the amounts detailed in the bill.

23 An eligible business may apply for and be eligible to receive  
24 other tax incentives; however, the authority may prohibit an  
25 eligible business that has been issued tax incentives under the  
26 BIG program from receiving any additional tax incentive, tax  
27 credit, grant, loan, or other financial assistance under any  
28 program administered by the authority.

29 If an eligible business has been authorized by the board to  
30 receive tax incentives under the program, a community in which  
31 an eligible business's project is located may grant the eligible  
32 business a property tax exemption for a portion of the actual  
33 value added by improvements to real property through the project  
34 for a period not to exceed 10 years beginning the year that the  
35 improvements to real property are first assessed for taxation.

1 The bill authorizes the establishment of one or more funds  
2 within the state treasury, under the control of the authority,  
3 to be used for assistance for certain programs and projects as  
4 detailed in the bill.

5 This division of the bill takes effect upon enactment.

6 DIVISION IV — ELIMINATION OF THE HIGH QUALITY JOBS  
7 PROGRAM. The bill repeals the high quality jobs program on June  
8 30, 2026, and provides for fulfillment of agreements entered into  
9 under the program on or before December 31, 2025.

10 The sections of the bill creating the business incentives for  
11 growth program take effect on December 31, 2025.

12 DIVISION V — HIGH QUALITY JOBS PROGRAM — CONFORMING  
13 CHANGES. The bill makes conforming changes to Code  
14 sections 2.48(3)(a)(1), 2.48(3)(a)(2), 8G.3(8), 15.106B(5)(b),  
15 15.293B(3), 15.317(5), 15.318(2)(b), 15.318(4), 15.354(1)(b)(2),  
16 15.354(1)(c), 15.354(3)(b), 15.354(5), 15.355(2)(b)(3)(a),  
17 15.499(1), 15E.351(1), 15E.362(1)(c), 15H.5, 159A.6B(2),  
18 422.10(5), 422.11F(2), 422.33(5)(h), 422.33(12)(b), 422.33(19),  
19 422.60(5)(b), 422.60(8), 427B.17(8)(b), 432.12C(2), 455B.104(2),  
20 and 533.329(2)(c) and (d).

21 The bill repeals Code sections 15E.231, 15E.232, 15E.233,  
22 266.19, 422.11U, and 432.12H.

23 This division of the bill takes effect December 31, 2025.

24 DIVISION VI — SEED INVESTOR TAX CREDIT PROGRAM AND INNOVATION  
25 FUND INVESTMENT TAX CREDITS. The bill creates the seed investor  
26 tax credit program (seed program) for the purpose of stimulating  
27 job growth, creating wealth, and accelerating the creation of new  
28 ventures.

29 The bill allows a tax credit for a portion of a taxpayer's  
30 equity investment in a qualifying business as provided in the  
31 bill. The amount of the tax credit shall equal 20 percent  
32 of the taxpayer's equity investment if the qualifying business  
33 is located in an urban area, or 35 percent if the qualifying  
34 business is located in a rural area. The maximum amount of a  
35 tax credit that may be issued per calendar year to a person and

1 the person's spouse or dependent, and the maximum amount of a tax  
2 credit that may be issued per calendar year to a corporation or  
3 other entity, shall not exceed \$100,000 combined, as detailed in  
4 the bill.

5 The maximum amount of a tax credit that may be issued per  
6 calendar year for equity investments in any one qualifying  
7 business shall not exceed \$500,000. An application received by  
8 the authority that exceeds the maximum amount of permissible tax  
9 credits shall be denied, in whole or in part, regardless of  
10 whether the investment would otherwise be eligible to qualify for  
11 a tax credit.

12 The department of revenue shall adopt rules for the  
13 administration of the seed program.

14 For an equity investment to qualify for a tax credit, the  
15 business in which the investment is made must be a qualified  
16 business as described in the bill.

17 All information or records in the possession of the authority  
18 with respect to the seed program shall be a trade secret and  
19 kept confidential by the authority unless otherwise ordered by a  
20 court, or unless considered public information.

21 The authority shall submit the annual report to the governor  
22 and the general assembly on the activities conducted pursuant  
23 to the seed program including a listing of eligible qualifying  
24 businesses and the number of tax credit certificates and the  
25 amount of tax credits issued by the authority.

26 The bill requires that, as part of the innovation fund  
27 investment tax credit program, an innovation fund submit an  
28 application for certification to the board. The board shall  
29 approve the application and certify the innovation fund if, in  
30 addition to the criteria under current law, the fund proposes  
31 to obtain at least \$3 million in binding investment commitments  
32 and to invest a minimum of \$3 million in companies that have a  
33 principal place of business in the state.

34 DIVISION VII — ELIMINATION OF INVESTMENTS IN QUALIFYING  
35 BUSINESS TAX CREDIT PROGRAM. The bill repeals the investments in

1 qualifying businesses tax credit program on June 30, 2026, and  
2 provides for the validity of tax credits issued under the program  
3 before June 30, 2025.

4 DIVISION VIII — INVESTMENTS IN QUALIFYING BUSINESS TAX  
5 CREDIT PROGRAM — CONFORMING CHANGES. The bill makes conforming  
6 changes to Code sections 2.48(3)(d)(1), 15E.52(4), 422.11F(1),  
7 422.33(12)(a), 422.60(5)(a), 432.12C(1), and 533.329(2).

8 DIVISION IX — IOWA FILM PRODUCTION INCENTIVE PROGRAM AND  
9 FUND. The bill establishes the Iowa film production incentive  
10 program and fund within the authority.

11 The bill requires the authority to administer the Iowa  
12 film production incentive program (film program) for the  
13 purpose of providing rebates to qualified production facilities  
14 for qualified expenditures incurred to produce a qualified  
15 production. "Qualified production" and "qualified production  
16 facility" are defined in the bill.

17 The bill requires the authority to establish eligibility  
18 criteria by rule.

19 The criteria for qualified production facilities must require  
20 that a facility have an agreement between the authority and the  
21 facility that the phrase "filmed in Iowa" appears noticeably in  
22 the credits of the qualified production.

23 The criteria for a qualified production must include a total  
24 production budget of at least \$1 million, including at least  
25 \$500,000 in qualified expenditures and evidence that the total  
26 production budget is fully funded, and the qualified production  
27 must be made available to the public for viewing at a venue where  
28 admission is charged, or availability for purchase, for rental,  
29 or through a streaming service that requires a subscription.

30 The criteria for qualified expenditures must include expenses  
31 for industry standard activities for cast members, equipment,  
32 studio production facilities, hospitality services, certified  
33 public accountant services, per diem payments, payments to  
34 businesses located in this state, accommodations, and any other  
35 expenses allowed by the authority. Qualified expenditures do

1 not include expenses for entertainment, studio executive airfare,  
2 royalties, and publicity for the qualified production. The  
3 criteria for qualified expenditures must include documentation  
4 that all qualified expenses were incurred following approval of  
5 the application for rebate by the authority.

6 Prior to disbursement of the rebate, the facility must comply  
7 with additional requirements as detailed in the bill.

8 An application for a rebate under the program shall be  
9 submitted by a qualified production facility to the authority for  
10 approval as prescribed by the authority. In determining whether  
11 to approve a rebate, the authority shall consider the factors  
12 detailed in the bill.

13 The bill provides that, if a qualified production facility's  
14 application is approved by the authority, the maximum rebate  
15 paid to the facility shall equal 30 percent of the facility's  
16 documented qualified expenditures excluding any sales, use, and  
17 hotel and motel taxes paid.

18 The bill creates an Iowa film production incentive fund in the  
19 state treasury under the control of the authority.

20 The cumulative value of rebates claimed pursuant to the bill  
21 shall not exceed \$10 million per fiscal year.

22 The bill applies to qualified expenditures incurred between  
23 July 1, 2025 and July 1, 2027. The program is repealed on July  
24 1, 2027.

25 DIVISION X — EMPLOYER CHILD CARE TAX CREDIT REPEAL. The bill  
26 repeals the employer child care tax credit commencing with tax  
27 years beginning on or after January 1, 2026. The credit is  
28 equal to the employer-provided child care tax credit provided  
29 in section 45F of the Internal Revenue Code, and is available  
30 against the individual and corporate income taxes, the franchise  
31 tax, the insurance premiums tax, and the moneys and credits tax.

32 The bill repeals the tax credit from the Code on January 1,  
33 2031, due to the taxpayer's ability to carry forward the credit  
34 for up to five years.

35 DIVISION XI — ASSISTIVE DEVICE TAX CREDIT REPEAL. The bill

1 repeals the assistive device refundable tax credit available  
2 against the corporate income tax commencing with tax years  
3 beginning on or after January 1, 2025. The tax credit was equal  
4 to 50 percent of the first \$5,000 used to purchase an assistive  
5 device.

6 The bill repeals the tax credit from the Code on January  
7 1, 2027, due to the ability of the taxpayer to credit any  
8 overpayment in tax liability in the following tax year.

9 DIVISION XII — ENDOW IOWA TAX CREDIT MODIFICATIONS. The bill  
10 modifies the endow Iowa tax credit by reducing the aggregate  
11 amount of the tax credit authorized from \$6 million to \$3.5  
12 million annually. The bill reduces the maximum amount of tax  
13 credits that may be granted to a taxpayer from \$100,000 to  
14 \$50,000. The bill also places additional requirements upon endow  
15 Iowa qualified community foundations in order for a taxpayer to  
16 receive a tax credit for a gift provided to the foundation. The  
17 division takes effect January 1, 2026, and applies to tax years  
18 beginning on or after that date.

19 DIVISION XIII — RESEARCH ACTIVITIES TAX CREDIT REPEAL. The  
20 bill repeals the research activities tax credit commencing with  
21 tax years beginning on or after January 1, 2026. The bill  
22 creates a new research and development tax credit in another  
23 division of the bill. The research activities tax credit is  
24 a refundable tax credit for qualifying taxpayers conducting  
25 research for manufacturing, life sciences, agriscience, software  
26 engineering, or aviation and aerospace industry. The tax credit  
27 is available against the individual and corporate income taxes.

28 The bill repeals the tax credit from the Code on January  
29 1, 2027, due to the ability of the taxpayer to credit any  
30 overpayment in tax liability in the following tax year.

31 DIVISION XIV — RESEARCH AND DEVELOPMENT TAX CREDIT  
32 PROGRAM. The bill creates a research and development tax credit  
33 program to be administered by the authority. The bill provides  
34 a tax credit to eligible businesses that incur qualified research  
35 expenses as defined under section 41 of the Internal Revenue Code

1 to the extent such expenses were incurred in the state.

2 The tax credit is available against the individual and  
3 corporate income taxes for tax years beginning on or after  
4 January 1, 2026.

5 The bill makes the credit available to businesses primarily  
6 engaged in advanced manufacturing, bioscience, insurance and  
7 finance, and technology innovation. The bill further  
8 limits the credit to the following sectors of those  
9 businesses: second-generation food innovation, food ingredients  
10 and supplements, crop protection, hybrid seed technologies,  
11 diagnostic analytics and immunotherapies, chip technologies  
12 and microelectronics, medical equipment and supplies, software  
13 technology, aerospace, pharmaceuticals, consumer products, and  
14 any additional sectors included by the authority by rule.

15 A business is required to submit a preapplication for the  
16 credit to the authority to determine whether the business is  
17 primarily engaged in an eligible sector described in the bill  
18 and is actively engaged in qualified research and development.  
19 The determination by the authority shall be based on factors  
20 including but not limited to the North American industry  
21 classification code and sources of revenue, and may include site  
22 visits by the authority.

23 A business must be certified by the authority to be eligible  
24 for the credit. A business becomes a qualified business if it  
25 has been certified by the authority, and a qualified business  
26 that continues to meet the requirements of the program may remain  
27 certified for up to five years. A qualified business may reapply  
28 for certification in additional five-year increments. A business  
29 that does not demonstrate an increase in eligible expenditures  
30 may be denied recertification by the authority, but may reapply.

31 Each year after becoming a qualified business during the  
32 five-year period, the bill requires the qualified business to  
33 submit an application to the authority for the tax credit based  
34 on the amount of eligible expenditures that were based upon  
35 the amount of eligible expenditures that were included on the

1 business's most recently filed and accepted federal tax return.  
2 The bill requires the eligible expenditures to be verified by a  
3 certified public accountant authorized to practice in this state.  
4 Each fiscal year, the authority shall approve tax credit awards  
5 by apportioning the amount of tax credits available pursuant to  
6 Code section 15.119, as amended by the bill, on a pro rata basis,  
7 based on the total amount of eligible expenditures incurred by  
8 all qualified businesses that are awarded a tax credit. Up to  
9 5 percent of the amount of tax credits available pursuant to  
10 Code section 15.119 may be awarded as additional tax credits  
11 to qualified businesses that demonstrate an increase in eligible  
12 expenditures.

13 If the qualified business fails to comply with any  
14 requirements of the program or any agreement entered into, the  
15 qualified business may have its certification as a qualified  
16 business revoked or be required to repay any tax credit the  
17 authority issued to the qualified business.

18 The authority may approve a tax credit in the form of a  
19 tax credit certificate issued to the qualified business up to  
20 an amount equal to 3.5 percent of the amount of the qualified  
21 business's eligible expenditures. The tax credit must be claimed  
22 for the tax year in the tax year immediately following the tax  
23 year the expenditures were incurred.

24 Any tax credit in excess of the qualified business's tax  
25 liability is refundable. In lieu of claiming a refund, the  
26 taxpayer may elect to have the overpayment shown on the  
27 taxpayer's final, completed return credited to the tax liability  
28 for the following tax year.

29 The research and development tax credit certificates issued  
30 pursuant to this division are not transferable.

31 The maximum amount of research and development tax credits  
32 the authority may issue each fiscal year shall not exceed \$40  
33 million.

34 The bill prohibits a qualified business from receiving the  
35 supplemental research activities credit under Code section 15.335

1 that is approved prior to January 1, 2026, from claiming the new  
2 research and development tax credit created in the bill.

3 The bill requires a qualified business claiming the credit to  
4 annually report to the authority the following: the total amount  
5 of investment made in research and development; the location  
6 in this state where the research and development occurred; and  
7 the number of jobs created, wages paid, and employee residence  
8 locations.

9 The division takes effect upon enactment.

10 DIVISION XV — SUSTAINABLE AVIATION FUEL PRODUCTION TAX  
11 CREDIT. The bill creates a sustainable aviation fuel tax credit  
12 program.

13 The bill defines "sustainable aviation fuel" (SAF) to mean  
14 the portion of a liquid fuel meeting the requirements of ASTM  
15 D7566 or the Fischer Tropsch provisions of ASTM D1655, Annex A1,  
16 derived from feedstock not including palm fatty acid distillates  
17 and that achieves at least a 50 percent life cycle greenhouse gas  
18 emissions reduction as further defined in the bill.

19 The bill defines "feedstock" to mean any organic matter  
20 processed or refined in the state suitable for sustainable  
21 aviation fuel production without further enhancement.

22 "Feedstock" includes but is not limited to ethanol, corn oil,  
23 soybean oil, animal fats, used cooking oil, and algae.

24 The bill defines "eligible business" to mean a business  
25 engaged in the manufacturing of SAF from feedstock.

26 An eligible business that produces SAF in this state during a  
27 calendar year may apply to the authority for the tax credit for  
28 the SAF produced during the 2026 calendar year through the 2035  
29 calendar year.

30 The bill requires an eligible business that produces SAF to  
31 apply to the authority for the credit in the manner prescribed by  
32 the authority, and in the calendar year following the calendar  
33 year in which the SAF is produced. The bill requires the  
34 application to include the amount of SAF produced in the state  
35 from feedstock by the eligible business during the calendar year,

1 measured in gallons, the types and sources of feedstock used  
2 to produce sustainable aviation fuel, and any other information  
3 required by the authority. Each application shall be reviewed  
4 and scored on a competitive basis by the authority pursuant to  
5 rules adopted by the authority.

6 Before being issued a tax credit, the bill requires an  
7 eligible business to enter into an agreement with the authority  
8 for the successful completion of all requirements of the program.  
9 As part of the agreement, the eligible business must agree to  
10 collect and provide any information reasonably required by the  
11 authority in order to allow the economic development authority  
12 board to fulfill its reporting obligation under new Code section  
13 15.514.

14 If all of the requirements of the program and the agreement  
15 have been fulfilled, the bill requires the authority to issue  
16 a tax credit certificate to the eligible business in an amount  
17 equal to the product of 25 cents multiplied by the number of  
18 gallons of SAF produced in this state.

19 The SAF tax credit is refundable. In lieu of claiming a  
20 refund, the eligible business may elect to have the overpayment  
21 shown on the taxpayer's final, completed return credited to the  
22 tax liability for the following tax year.

23 The SAF tax credit certificates issued pursuant to this  
24 division are not transferable.

25 The maximum amount of SAF tax credits combined with the  
26 chemical production tax credit shall not exceed \$10 million  
27 in a fiscal year. The bill specifies the maximum amount of  
28 tax credits issued to an eligible business shall not exceed \$1  
29 million in a calendar year. An eligible business also shall  
30 not be issued more than five tax credit certificates under the  
31 program.

32 If an eligible business fails to fulfill any requirement of  
33 the program, any tax credit is subject to reduction, termination,  
34 rescission, or recapture by the authority.

35 The bill requires the economic development board and the

1 department of revenue to annually submit to the general assembly  
2 and to the governor, or provide to the authority for inclusion in  
3 the authority's annual report under Code section 15.511, a report  
4 describing the activities of the program for the most recent  
5 calendar year for which the tax credit application period has  
6 ended.

7 The division takes effect upon enactment and applies  
8 retroactively to tax years beginning on or after January 1, 2025.

9 The SAF production tax credit is repealed January 1, 2037.

10 DIVISION XVI — MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM. If  
11 an eligible business fails to comply with a requirement of the  
12 major economic growth attraction program, as determined by the  
13 authority, the eligible business may be required to repay any tax  
14 incentive issued to the eligible business, including any property  
15 taxes that were previously exempted.

16 The bill permits an eligible business that is entitled to a  
17 sales and use tax refund pursuant to the major economic growth  
18 attraction program to receive the sales and tax refund on a  
19 quarterly basis rather than annually over a five-year period.  
20 The bill also specifies that if an eligible business does not  
21 comply with the requirements of the program, a county may take  
22 action to recover the value of the property taxes not collected  
23 as a result of the exemption provided to the eligible business.

24 DIVISION XVII — MASS LAYOFFS AND BUSINESS CLOSURES. If an  
25 entity is awarded a tax incentive, the bill allows the authority  
26 to reduce or eliminate any tax incentive award if the entity  
27 awarded the tax incentive experiences a closure or mass layoff.

28 DIVISION XVIII — CONFORMING CHANGES. The bill makes  
29 conforming changes relating to Senate File 619 as enacted during  
30 this session of the general assembly and to House File 975 if  
31 enacted during this session of the general assembly.