

House File 2342 - Introduced

HOUSE FILE 2342

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YOUNG

A BILL FOR

1 An Act providing for the future repeal of tax credits.

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

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DIVISION I

FUTURE REPEAL OF EXISTING TAX CREDITS

Section 1. Section 15.322, Code 2026, is amended to read as follows:

15.322 Future repeal.

Sections 15.315, 15.316, 15.317, 15.318, 15.319, 15.320, 15.321, and this section, are repealed ~~July 1, 2039~~ January 1, 2032.

Sec. 2. Section 15.495, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 4. This section is repealed on January 1, 2031.

Sec. 3. Section 15.496, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. This section is repealed January 1, 2029.

Sec. 4. Section 15.507, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 4. This section is repealed on January 1, 2029.

Sec. 5. Section 15.508, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. This section is repealed January 1, 2030.

Sec. 6. Section 15.524, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 9. This section is repealed January 1, 2031.

Sec. 7. Section 15.533, subsection 1, Code 2026, is amended to read as follows:

1. An eligible business that has entered into an agreement pursuant to section 15.532 may claim a tax credit in an amount equal to the product of twenty-five cents multiplied by the number of gallons of sustainable aviation fuel produced in this state from feedstock. The sustainable aviation fuel tax credit shall not be available for any sustainable aviation fuel produced before the 2026 calendar year or after the ~~2035~~ 2031 calendar year.

1 Sec. 8. Section 15.535, Code 2026, is amended to read as
2 follows:

3 **15.535 Future repeal.**

4 Sections 15.530, 15.531, 15.532, 15.533, 15.534, and this
5 section are repealed January 1, ~~2037~~ 2031.

6 Sec. 9. Section 15E.27, Code 2026, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 7. This section is repealed January 1, 2032.

9 Sec. 10. Section 15E.52, Code 2026, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 14. This section is repealed on January 1,
12 2028.

13 Sec. 11. Section 15E.305, Code 2026, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 6. This section is repealed January 1, 2028.

16 Sec. 12. Section 16.81, Code 2026, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 7. This section is repealed on January 1,
19 2028.

20 Sec. 13. Section 260E.5, Code 2026, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 7. This section is repealed on January 1,
23 2028.

24 Sec. 14. Section 260G.4A, Code 2026, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 7. This section is repealed on January 1,
27 2032.

28 Sec. 15. Section 260J.1, unnumbered paragraph 1, Code 2026,
29 is amended to read as follows:

30 In order to promote the creation of additional high-quality
31 new jobs within the state, an agreement under section 260E.3
32 may include a provision for a supplemental new jobs credit
33 from withholding from jobs created under the agreement. A This
34 section is repealed January 1, 2028; however, until such time a
35 provision in an agreement for which a supplemental credit from

1 withholding is included shall provide for the following:

2 Sec. 16. Section 403.19A, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 4. This section is repealed on January 1,
5 2029.

6 Sec. 17. NEW SECTION. **404A.7 Future repeal.**

7 This chapter is repealed January 1, 2030.

8 Sec. 18. Section 422.10B, Code 2026, is amended to read as
9 follows:

10 **422.10B Renewable chemical production tax credit.**

11 The taxes imposed under this subchapter, less the credits
12 allowed under section 422.12, shall be reduced by a renewable
13 chemical production tax credit allowed under section 15.319.

14 This section is repealed January 1, ~~2041~~ 2032.

15 Sec. 19. Section 422.11A, Code 2026, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 4. This section is repealed January 1, 2028.

18 Sec. 20. Section 422.11L, Code 2026, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 8. This section is repealed on January 1,
21 2029.

22 Sec. 21. Section 422.11S, Code 2026, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 10. This section is repealed on January 1,
25 2030.

26 Sec. 22. Section 422.11W, Code 2026, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 5. This section is repealed on January 1,
29 2030.

30 Sec. 23. Section 422.12, Code 2026, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 4. This section is repealed January 1, 2032.

33 Sec. 24. Section 422.12A, Code 2026, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 6. This section is repealed January 1, 2028.

1 Sec. 25. Section 422.12B, Code 2026, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 3. This section is repealed January 1, 2029.

4 Sec. 26. Section 422.12C, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 5. This section is repealed January 1, 2030.

7 Sec. 27. Section 422.12N, subsection 7, Code 2026, is amended
8 to read as follows:

9 7. This section is repealed January 1, ~~2034~~ 2031.

10 Sec. 28. Section 422.12P, Code 2026, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 7. This section is repealed January 1, 2031.

13 Sec. 29. Section 422.33, subsection 25, Code 2026, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. d. This subsection is repealed on January 1,
16 2030.

17 Sec. 30. Section 425.1, Code 2026, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 7. This section is repealed January 1, 2031.

20 Sec. 31. Section 425.16, Code 2026, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 3. This section is repealed January 1, 2032.

23 Sec. 32. NEW SECTION. **426.11 Future repeal.**

24 This chapter is repealed January 1, 2032.

25 Sec. 33. NEW SECTION. **476B.11 Future repeal.**

26 This chapter is repealed effective January 1, 2028.

27 Sec. 34. NEW SECTION. **476C.8 Future repeal.**

28 This chapter is repealed effective January 1, 2029.

29 Sec. 35. PRESERVATION OF EXISTING RIGHTS.

30 1. This division of this Act is not intended to and shall
31 not limit, modify, or otherwise adversely affect any amount of
32 tax credit issued, awarded, or allowed prior to January 1, 2032,
33 nor shall it limit, modify, or otherwise adversely affect a
34 taxpayer's right to claim or redeem a tax credit issued, awarded,
35 or allowed prior to January 1, 2032, including but not limited to

1 any tax credit carryforward amount.

2 2. The repeal of a provision of law pursuant to this division
3 of this Act shall not constitute grounds for rescission or
4 modification of agreements entered into under those provisions
5 of law, if any. Any agreement entered into prior to January 1,
6 2032, under a provision of law repealed in this division of this
7 Act, shall remain in effect until it expires under its own terms,
8 and shall be governed by the applicable provisions of law as they
9 existed immediately prior to January 1, 2032.

10 Sec. 36. CORRESPONDING AMENDMENTS LEGISLATION. Additional
11 legislation is required to fully implement this division of
12 this Act. The director of the department of revenue shall,
13 in compliance with section 2.16, prepare draft legislation for
14 submission to the legislative services agency, as necessary, to
15 implement the repeal of the tax credits under this division of
16 this Act and under other provisions of law.

17 DIVISION II

18 FUTURE REPEAL OF FUTURE TAX CREDIT PROGRAMS

19 Sec. 37. NEW SECTION. **422.3A Future tax credit repeal.**

20 1. For purposes of this section, "tax credit program" means
21 any provision of law enacted by the general assembly that
22 provides for an amount of money against the taxes imposed in this
23 chapter, chapter 432, or in section 533.329.

24 2. Notwithstanding any other provision of law to the
25 contrary, any tax credit program enacted by the general assembly
26 that takes effect on or after January 1, 2027, is repealed on
27 January 1 of the sixth year following the effective date of the
28 tax credit program, unless another provision of the Code provides
29 for an earlier repeal date.

30 3. The repeal of a tax credit program pursuant to subsection
31 2 is not intended to and shall not limit, modify, or otherwise
32 adversely affect any amount of tax credit issued, awarded, or
33 allowed prior to the effective date of the tax credit program
34 repeal pursuant to subsection 2, nor shall it limit, modify, or
35 otherwise adversely affect a taxpayer's right to claim or redeem

1 a tax credit issued, awarded, or allowed prior to the effective
2 date of the tax credit program repeal pursuant to subsection 2,
3 including but not limited to any tax credit carryforward amount.

4 4. The repeal of a tax credit program pursuant to subsection
5 2 shall not constitute grounds for rescission or modification of
6 agreements entered into under the tax credit program, if any.
7 Any agreement entered into under a tax credit program prior to
8 the effective date of the repeal of the tax credit program under
9 subsection 2 shall remain in effect until it expires under its
10 own terms, and shall be governed by the tax credit program as it
11 existed prior to its repeal pursuant to subsection 2.

12 EXPLANATION

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

15 This bill provides for the future repeal of certain existing
16 state income and property tax credits, and provides for the
17 future repeal of tax credits enacted by the general assembly in
18 the future.

19 DIVISION I — FUTURE REPEAL OF EXISTING TAX CREDITS. Division
20 I repeals tax credits on a rolling basis over a five-year
21 period beginning January 1, 2028, through January 1, 2032.
22 The bill repeals the following tax credits that currently have
23 no repeal date: the accelerated career education program job
24 tax credit; the beginning farmer tax credit; the sales and use
25 tax refunds under the major economic growth attraction program
26 (MEGA program) and the business incentives for growth program
27 (BIG program); the investment tax credit; the school tuition
28 organization tax credit; the solar energy system tax credit; the
29 innovation fund investment tax credit; the qualifying investment
30 tax credits under the MEGA program and the BIG program; the
31 wind energy production tax credit; the charitable conservation
32 contribution tax credit; the new jobs credits from withholding
33 available under the Iowa industrial new job training program;
34 the research and development tax credit; the renewable energy
35 tax credit; the targeted jobs withholding tax credit; the endow

1 Iowa tax credit; the historic preservation tax credit; the new
2 jobs tax credit; the emergency personnel and tuition textbook tax
3 credits; the adoption tax credit; the earned income tax credit;
4 the child and dependent care or early childhood development tax
5 credit; the geothermal heat pump tax credit; the public safety
6 officer moving expense tax credit; the homestead tax credit; the
7 elderly and disabled property tax credit or reimbursement; and
8 the agricultural land credit.

9 The bill amends the repeal date of the renewable chemical
10 production tax credit from January 1, 2039, to January 1, 2032,
11 and of the sustainable aviation fuel tax credit from January 1,
12 2037, to January 1, 2031.

13 The bill provides that the repeal of a tax credit shall not
14 affect tax credits issued, awarded, or allowed prior to January
15 1, 2032, or affect a taxpayer's ability to claim or redeem
16 such tax credits, including but not limited to any tax credit
17 carryforward amount, and further provides that the bill shall not
18 constitute grounds for rescission or modification of agreements
19 entered into for a tax credit, and that such agreements shall
20 remain in effect until they expire under their own terms and
21 shall be governed by the applicable provisions of law as they
22 existed immediately prior to January 1, 2032.

23 The bill provides that additional legislation is required to
24 fully implement the repeal of these tax credits and requires
25 the director of the department of revenue to prepare draft
26 legislation in compliance with Code section 2.16 for submission
27 to the legislative services agency to implement the repeal of the
28 tax credits.

29 DIVISION II — FUTURE REPEAL OF FUTURE TAX CREDIT
30 PROGRAMS. Division II provides that any tax credit program
31 available against the individual or corporate income tax, the
32 franchise tax, the insurance premiums tax, or the moneys and
33 credits tax, enacted by the general assembly on or after January
34 1, 2027, is repealed after five years, unless another provision
35 of law provides for an earlier repeal date.

1 The bill provides that the repeal of a tax credit program
2 pursuant to this provision shall not affect the tax credits or
3 tax credit agreements entered into prior to the repeal of the
4 tax credit program in the same manner as described above for the
5 repeal of the existing tax credits.

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