

House File 625 - Introduced

HOUSE FILE 625

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GUSTOFF, and JENEARY

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:

unofficial

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DIVISION I

FUTURE REPEAL OF EXISTING TAX CREDITS

Section 1. Section 15.322, Code 2025, 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Sections 15.315, 15.316, 15.317, 15.318, 15.319, 15.320, 15.321, and this section, are repealed ~~July 1, 2039~~ January 1, 2031.

Sec. 2. NEW SECTION. **15.337 Future repeal.**

Sections 15.331A, 15.331C, 15.333, 15.333A, and 15.335, are repealed January 1, 2029.

Sec. 3. NEW SECTION. **15E.47 Future repeal.**

Sections 15E.41, 15E.42, 15E.43, 15E.44, 15E.46, and this section are repealed January 1, 2031.

Sec. 4. Section 15E.52, Code 2025, is amended by adding the following new subsection:

NEW SUBSECTION. 14. This section is repealed on January 1, 2027.

Sec. 5. Section 15E.305, Code 2025, is amended by adding the following new subsection:

NEW SUBSECTION. 5. This section is repealed January 1, 2027.

Sec. 6. Section 16.81, Code 2025, is amended by adding the following new subsection:

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 This section is repealed on January 1, 2028.

Sec. 7. Section 237A.31, Code 2025, is amended by adding the following new subsection:

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 This section is repealed January 1, 2029.

Sec. 8. Section 260E.5, Code 2025, is amended by adding the following new subsection:

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 This section is repealed on January 1, 2027.

Sec. 9. Section 260G.4A, Code 2025, is amended by adding the following new subsection:

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 This section is repealed on January 1,

1 2031.

2 Sec. 10. Section 260J.1, unnumbered paragraph 1, Code 2025,
3 is amended to read as follows:

4 In order to promote the creation of additional high-quality
5 new jobs within the state, an agreement under section 260E.3
6 may include a provision for a supplemental new jobs credit
7 from withholding from jobs created under the agreement. A This
8 section is repealed January 1, 2027; however, until such time a
9 provision in an agreement for which a supplemental credit from
10 withholding is included shall provide for the following:

11 Sec. 11. Section 403.19A, Code 2025, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 4. This section is repealed on January 1,
14 2028.

15 Sec. 12. NEW SECTION. **404A.7 Future repeal.**

16 This chapter is repealed January 1, 2029.

17 Sec. 13. Section 422.10, Code 2025, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 7. This section is repealed on January 1,
20 2027.

21 Sec. 14. Section 422.10B, Code 2025, is amended to read as
22 follows:

23 **422.10B Renewable chemical production tax credit.**

24 The taxes imposed under this subchapter, less the credits
25 allowed under section 422.12, shall be reduced by a renewable
26 chemical production tax credit allowed under section 15.319.
27 This section is repealed January 1, ~~2044~~ 2031.

28 Sec. 15. Section 422.11A, Code 2025, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 4. This section is repealed January 1, 2027.

31 Sec. 16. Section 422.11L, Code 2025, is amended by adding the
32 following new subsection:

33 NEW SUBSECTION. 8. This section is repealed on January 1,
34 2028.

35 Sec. 17. Section 422.11S, Code 2025, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 10. This section is repealed on January 1,
3 2029.

4 Sec. 18. Section 422.11W, Code 2025, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 5. This section is repealed on January 1,
7 2029.

8 Sec. 19. Section 422.12, Code 2025, is amended by adding the
9 following new subsection:

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

11 Sec. 20. Section 422.12A, Code 2025, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 6. This section is repealed January 1, 2027.

14 Sec. 21. Section 422.12B, Code 2025, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 3. This section is repealed January 1, 2028.

17 Sec. 22. Section 422.12C, Code 2025, is amended by adding the
18 following new subsection:

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

20 Sec. 23. Section 422.12N, subsection 7, Code 2025, is amended
21 to read as follows:

22 7. This section is repealed January 1, ~~2034~~ 2030.

23 Sec. 24. Section 422.12P, Code 2025, is amended by adding the
24 following new subsection:

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

26 Sec. 25. Section 422.33, subsection 5, Code 2025, is amended
27 by adding the following new paragraph:

28 NEW PARAGRAPH. j. This subsection is repealed on January 1,
29 2027.

30 Sec. 26. Section 422.33, subsection 9, Code 2025, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. d. This subsection is repealed on January 1,
33 2028.

34 Sec. 27. Section 422.33, subsection 25, Code 2025, is amended
35 by adding the following new paragraph:

1 NEW PARAGRAPH. d. This subsection is repealed on January 1,
2 2029.

3 Sec. 28. Section 425.1, Code 2025, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 7. This section is repealed January 1, 2030.

6 Sec. 29. Section 425.16, Code 2025, is amended by adding the
7 following new subsection:

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

9 Sec. 30. NEW SECTION. **426.11 Future repeal.**

10 This chapter is repealed January 1, 2031.

11 Sec. 31. NEW SECTION. **476B.11 Future repeal.**

12 This chapter is repealed effective January 1, 2027.

13 Sec. 32. NEW SECTION. **476C.8 Future repeal.**

14 This chapter is repealed effective January 1, 2028.

15 Sec. 33. PRESERVATION OF EXISTING RIGHTS.

16 1. This division of this Act is not intended to and shall
17 not limit, modify, or otherwise adversely affect any amount of
18 tax credit issued, awarded, or allowed prior to January 1, 2031,
19 nor shall it limit, modify, or otherwise adversely affect a
20 taxpayer's right to claim or redeem a tax credit issued, awarded,
21 or allowed prior to January 1, 2031, including but not limited to
22 any tax credit carryforward amount.

23 2. The repeal of a provision of law pursuant to this division
24 of this Act shall not constitute grounds for rescission or
25 modification of agreements entered into under those provisions
26 of law, if any. Any agreement entered into prior to January 1,
27 2031, under a provision of law repealed in this division of this
28 Act, shall remain in effect until it expires under its own terms,
29 and shall be governed by the applicable provisions of law as they
30 existed immediately prior to January 1, 2031.

31 Sec. 34. CORRESPONDING AMENDMENTS LEGISLATION. Additional
32 legislation is required to fully implement this division of
33 this Act. The director of the department of revenue shall,
34 in compliance with section 2.16, prepare draft legislation for
35 submission to the legislative services agency, as necessary, to

1 implement the repeal of the tax credits under this division of
2 this Act and under other provisions of law.

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DIVISION II

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FUTURE REPEAL OF FUTURE TAX CREDIT PROGRAMS

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Sec. 35. NEW SECTION. **422.3A Future tax credit repeal.**

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

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2. Notwithstanding any other provision of law to the
11 contrary, any tax credit program enacted by the general assembly
12 that takes effect on or after January 1, 2026, is repealed on
13 January 1 of the sixth year following the effective date of the
14 tax credit program, unless another provision of the Code provides
15 for an earlier repeal date.

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3. The repeal of a tax credit program pursuant to subsection
17 2 is not intended to and shall not limit, modify, or otherwise
18 adversely affect any amount of tax credit issued, awarded, or
19 allowed prior to the effective date of the tax credit program
20 repeal pursuant to subsection 2, nor shall it limit, modify, or
21 otherwise adversely affect a taxpayer's right to claim or redeem
22 a tax credit issued, awarded, or allowed prior to the effective
23 date of the tax credit program repeal pursuant to subsection 2,
24 including but not limited to any tax credit carryforward amount.

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4. The repeal of a tax credit program pursuant to subsection
26 2 shall not constitute grounds for rescission or modification of
27 agreements entered into under the tax credit program, if any.
28 Any agreement entered into under a tax credit program prior to
29 the effective date of the repeal of the tax credit program under
30 subsection 2 shall remain in effect until it expires under its
31 own terms, and shall be governed by the tax credit program as it
32 existed prior to its repeal pursuant to subsection 2.

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EXPLANATION

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The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

1 This bill provides for the future repeal of certain existing
2 state income and property tax credits, and provides for the
3 future repeal of tax credits enacted by the general assembly in
4 the future.

5 DIVISION I — FUTURE REPEAL OF EXISTING TAX CREDITS. Division
6 I repeals tax credits on a rolling basis over a five-year
7 period beginning January 1, 2027, through January 1, 2031.
8 The bill repeals the following tax credits that currently have
9 no repeal date: the accelerated career education program job
10 tax credit; the beginning farmer tax credit; the assistive
11 device corporate tax credit; the sales and use tax refund,
12 corporate tax credit for certain sales taxes paid by third-party
13 developers, investment tax credit, insurance premiums tax credit,
14 and supplemental research activities tax credit available under
15 the high quality jobs program; the school tuition organization
16 tax credit; the solar energy system tax credit; the innovation
17 fund investment tax credit; the tax credit for investments in
18 a qualifying business; the wind energy production tax credit;
19 the charitable conservation contribution tax credit; the new
20 jobs credits from withholding available under the Iowa industrial
21 new job training program; the research activities credits; the
22 renewable energy tax credit; the targeted jobs withholding
23 tax credit; employer child care tax credit; endow Iowa tax
24 credit; historic preservation tax credit; new jobs tax credit;
25 emergency personnel and tuition textbook tax credits; adoption
26 tax credit; earned income tax credit; child and dependent care
27 or early childhood development tax credit; geothermal heat pump
28 tax credit; public safety officer moving expense tax credit;
29 homestead tax credit; elderly and disabled property tax credit or
30 reimbursement; and the agricultural land credit.

31 The bill amends the repeal date of the renewable chemical
32 production tax credit from January 1, 2039, to January 1, 2031.

33 The bill provides that the repeal of a tax credit shall not
34 affect tax credits issued, awarded, or allowed prior to January
35 1, 2031, or affect a taxpayer's ability to claim or redeem

1 such tax credits, including but not limited to any tax credit
2 carryforward amount, and further provides that the bill shall not
3 constitute grounds for rescission or modification of agreements
4 entered into for a tax credit, and that such agreements shall
5 remain in effect until they expire under their own terms and
6 shall be governed by the applicable provisions of law as they
7 existed immediately prior to January 1, 2031.

8 The bill provides that additional legislation is required to
9 fully implement the repeal of these tax credits and requires
10 the director of the department of revenue to prepare draft
11 legislation in compliance with Code section 2.16 for submission
12 to the legislative services agency to implement the repeal of the
13 tax credits.

14 DIVISION II — FUTURE REPEAL OF FUTURE TAX CREDIT

15 PROGRAMS. Division II provides that any tax credit program
16 available against the individual or corporate income tax, the
17 franchise tax, the insurance premiums tax, or the moneys and
18 credits tax, enacted by the general assembly on or after January
19 1, 2026, is repealed after five years, unless another provision
20 of law provides for an earlier repeal date.

21 The bill provides that the repeal of a tax credit program
22 pursuant to this provision shall not affect the tax credits or
23 tax credit agreements entered into prior to the repeal of the
24 tax credit program in the same manner as described above for the
25 repeal of the existing tax credits.