

House Study Bill 305 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED ECONOMIC
DEVELOPMENT AUTHORITY BILL)

A BILL FOR

1 An Act relating to matters under the purview of the Iowa
2 economic development authority, including tax credit limits,
3 targeted jobs tax credits, and the major economic growth
4 attraction program; creation of the business incentives for
5 growth program, the seed investor tax credit program, the
6 Iowa film production incentive program, the research and
7 development tax credit program, and the sustainable aviation
8 fuel production tax credit program; elimination of the high
9 quality jobs program, the investments in qualifying businesses
10 tax credit, employer child care tax credits, assistive device
11 tax credits, endow Iowa tax credits, and research activities
12 tax credits; and including effective date provisions and
13 criminal penalties.
14 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 on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination 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 year thereafter, the authority shall not allocate more than~~

1 ~~sixty-eight million dollars for purposes of this paragraph.~~

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

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

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

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

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

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

26 ~~g. The workforce housing tax incentives program administered~~
27 ~~pursuant to subchapter II, part 17. In allocating tax credits~~
28 ~~pursuant to this subsection, the authority shall not allocate~~
29 ~~more than thirty-five million dollars for purposes of this~~
30 ~~paragraph. Of the moneys allocated under this paragraph,~~
31 ~~seventeen million five hundred thousand dollars shall be reserved~~
32 ~~for allocation to qualified housing projects in small cities, as~~
33 ~~defined in section 15.352, that are registered on or after July~~
34 ~~1, 2017.~~

35 ~~h. The renewable chemical production tax credit program~~

1 ~~administered pursuant to subchapter II, part 12. In allocating~~
2 ~~tax credits pursuant to this subsection for the fiscal year~~
3 ~~beginning July 1, 2021, and for each fiscal year beginning before~~
4 ~~July 1, 2037, the authority shall not allocate more than five~~
5 ~~million dollars for purposes of this paragraph. This paragraph~~
6 ~~is repealed July 1, 2039.~~

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

11 b. The renewable chemical production tax credit pursuant
12 to subchapter II, part 12, and the sustainable aviation fuel
13 production tax credit program pursuant to subchapter II, part
14 36. In allocating tax credits pursuant to this subsection, the
15 authority shall allocate ten million dollars for purposes of this
16 paragraph, and the board shall determine the tax credit amount
17 allocated to each program specified in this paragraph for each
18 fiscal year.

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

23 d. The business incentives for growth program administered
24 pursuant to subchapter II, part 33. In allocating tax credits
25 pursuant to this subsection for the calendar year beginning
26 January 1, 2026, and for each fiscal year thereafter, the
27 authority shall not allocate more than fifty million dollars for
28 purposes of this paragraph.

29 ~~4. 3.~~ The authority shall submit to the department of
30 revenue on or before August 15 of each year a report on ~~the tax~~
31 ~~credits allocated pursuant to this section and the tax credits~~
32 ~~awarded under each of the programs described in subsection 2.~~

33 DIVISION II

34 ECONOMIC DEVELOPMENT PROGRAMS — TAX CREDIT LIMITS

35 CONFORMING CHANGES

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

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

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

10 6. a. (1) Tax credits revoked under subsection 3 including
11 tax credits revoked up to five years prior to July 1, 2021, and
12 tax credits not awarded under subsection 4 or 5, may be awarded
13 in the next annual application period established in subsection
14 1, paragraph "c".

15 (2) Any amount of tax credits authorized and awarded during
16 a fiscal year which are irrevocably declined by the awarded
17 investor on or before June 30 of the immediately succeeding
18 fiscal year may be awarded in the next annual application period
19 established in subsection 1, paragraph "c".

20 b. Tax credits awarded pursuant to paragraph "a" shall not
21 be counted against the limit under section 15.119, ~~subsection 3~~
22 15.293A, subsection 6.

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

25 e. In each fiscal year beginning on or after July 1, ~~2023~~
26 2025, and ending on or before June 30, 2036, the authority may
27 award an amount of tax credits under the program not to exceed
28 the maximum aggregate amount ~~allocated in~~ determined by the board
29 pursuant to section 15.119, subsection 2, paragraph "h" "b".

30 Sec. 5. 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 forty-three million dollars.

2 (2) In the fiscal year beginning July 1, 2026, and ending
3 June 30, 2027, the authority shall not award an amount of tax
4 credits in excess of forty million dollars.

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

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

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

20 d. Tax credits revoked by the authority or irrevocably
21 declined by a housing business before June 30 of the fiscal year
22 following the award may be awarded during the fiscal year the
23 revocation or declination occurs.

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

27 f. If a housing business qualifies for a higher amount
28 of tax incentives under section 15.355 than is allowed by
29 the limitation imposed in paragraph "e", the authority and
30 the housing business may negotiate an apportionment of the
31 reduction in tax incentives between the sales tax refund provided
32 in section 15.355, subsection 2, and the workforce housing
33 investment tax credits provided in section 15.355, subsection 3,
34 provided the total aggregate amount of tax incentives after the
35 apportioned reduction does not exceed the amount in paragraph

1 "e".

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

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

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

26 DIVISION III

27 BUSINESS INCENTIVES FOR GROWTH PROGRAM

28 Sec. 7. NEW SECTION. **15.111 Assistance for certain programs**
29 **and projects.**

30 1. a. Under the authority provided in section 15.106A, there
31 shall be established one or more funds within the state treasury,
32 under the control of the authority, to be used for purposes of
33 this section.

34 b. A fund established for purposes of this section shall
35 consist of any moneys appropriated to the authority for purposes

1 of this section, or moneys otherwise accruing to the authority
2 and deposited in the fund for purposes of this section.

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

9 2. a. The moneys in a fund established for purposes of this
10 section, as described in subsection 1, shall be allocated by the
11 authority in appropriate amounts to be used for the following
12 purposes:

13 (1) For program support.

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

16 (3) For providing financial assistance to businesses engaged
17 in disaster recovery. For purposes of this subparagraph,
18 "*business engaged in disaster recovery*" means a business located
19 in an area declared a disaster area by a federal official,
20 that has sustained physical damage, has closed as a result of
21 a natural disaster, and has a plan for reopening that includes
22 employing a substantial number of the employees the business
23 employed before the natural disaster occurred.

24 (4) For deposit in the entrepreneur investment awards program
25 fund pursuant to section 15E.363.

26 (5) For deposit in a fund created for purposes of the
27 strategic infrastructure program established pursuant to section
28 15.313.

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

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

33 (8) For providing financial assistance to eligible businesses
34 for the business incentives for growth program pursuant to
35 section 15.504.

1 b. Each fiscal year, the authority shall estimate the amount
2 of revenues available for purposes of this section and shall
3 develop a budget appropriate for the expenditure of the revenues
4 available.

5 Sec. 8. NEW SECTION. **15.502 Short title.**

6 This part shall be known and may be cited as the "Business
7 Incentives for Growth Program" or "BIG Program".

8 Sec. 9. NEW SECTION. **15.503 Definitions.**

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

10 1. "Base employment level" means the number of full-time
11 equivalent positions at a business, as established by the
12 authority and the business using the business's payroll records,
13 as of the date the business applies for tax incentives under the
14 program.

15 2. "Benefits" means nonwage compensation provided to an
16 employee. "Benefits" include medical and dental insurance, a
17 pension, a retirement plan, a profit-sharing plan, child care,
18 life insurance, vision insurance, and disability insurance.

19 3. "Community" means a city, county, or entity established
20 pursuant to chapter 28E.

21 4. "Contract completion" means the date of completion of
22 the terms of a contract between a contractor and an eligible
23 business.

24 5. "Contractor" means a person that has executed a contract
25 with an eligible business for the provision of property,
26 materials, or services for the construction or equipping of a
27 facility that is part of the eligible business's project.

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

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

34 8. "Eligible business" means a business that meets the
35 requirements of section 15.504.

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

7 10. "Program" means the business incentives for growth
8 program.

9 11. "Project" means an activity or set of activities directly
10 related to the start-up or location of an eligible business,
11 proposed in an eligible business's application to the program,
12 that will accomplish the goals of the program.

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

17 13. "Project completion period" means the period of time
18 between the date the authority approves an eligible business to
19 participate in the program and the project completion date.

20 14. "Qualifying investment" means a capital investment in
21 real property, including the purchase price of the land, site
22 preparation, infrastructure, and building construction for use in
23 the operation of an eligible business. "Qualifying investment"
24 also means a capital investment in depreciable assets for use in
25 the operation of an eligible business.

26 15. "Qualifying wage threshold" means the mean wage level
27 represented by the wages within two standard deviations of
28 the mean wage within the laborshed area in which the eligible
29 business is located, as calculated by the authority by rule,
30 using the most current covered wage and employment data available
31 from the department of workforce development for the laborshed
32 area in which the eligible business is located.

33 16. "Subcontractor" means a person that contracts with a
34 contractor for the provision of property, materials, or services
35 for the construction or equipping of a facility that is part of

1 an eligible business's project.

2 17. "Tax incentives" means tax credits, tax refunds, or tax
3 exemptions authorized under the program by the authority for an
4 eligible business.

5 Sec. 10. NEW SECTION. **15.504 Eligible business.**

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

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

10 b. (1) The business must be primarily engaged in advanced
11 manufacturing, bioscience, insurance and finance, or technology
12 and innovation. The business shall not be a data center
13 business, a retail business, or a business where a cover charge
14 or membership requirement restricts certain individuals from
15 entering the business.

16 (2) Factors the authority shall consider to determine if
17 a business is primarily engaged in advanced manufacturing,
18 biosciences, insurance and finance, or technology and innovation
19 shall include but are not limited to all of the following:

20 (a) The business's North American industry classification
21 system code.

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

23 (c) The business's customer base.

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

26 A proposed project that does not create jobs or involve a
27 substantial amount of new capital investment shall be presumed
28 to be a relocation of operations. For purposes of this
29 subparagraph, the authority shall consider a letter from the
30 affected local community's government officials supporting the
31 business's move away from the affected local community in
32 making a determination whether the business is solely relocating
33 operations.

34 (2) This paragraph shall not be construed to prohibit a
35 business from expanding the business's operations in a community

1 if the business has similar operations in this state that are not
2 closing or undergoing a substantial reduction in operations.

3 d. The business must provide comprehensive benefits to each
4 full-time equivalent employee employed at the project. The
5 authority may adopt rules under chapter 17A to determine
6 the procedure for establishing requirements for comprehensive
7 benefits.

8 e. (1) The business must not have a record of violations of
9 the law or of rules, including but not limited to antitrust,
10 environmental, trade, or worker safety, that over a period of
11 time show a consistent pattern or that establish the business's
12 intentional, criminal, or reckless conduct in violation of such
13 laws or rules.

14 (2) If the authority determines that the business has a
15 record of violations described in subparagraph (1), and the
16 authority finds that the violations did not seriously affect
17 public health, public safety, or the environment, the business
18 may be eligible to qualify for the program.

19 (3) If the authority determines that the business has a
20 record of violations described in subparagraph (1), and the
21 authority finds that there were mitigating circumstances related
22 to the violations, the business may be eligible to qualify for
23 the program.

24 (4) In making determinations and findings under subparagraphs
25 (2) and (3), and making a determination whether a business is
26 disqualified from the program, the authority shall be exempt from
27 chapter 17A.

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

31 a. The impact of the business's proposed project on
32 businesses that are in competition with the business. The
33 authority shall make a good-faith effort to identify existing
34 Iowa businesses in competition with the business being considered
35 for the program. The authority shall make a good-faith effort to

1 determine the probability that any proposed tax incentives will
2 displace employees of the competing businesses.

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

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

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

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

9 (4) The proposed project has the potential to create jobs on
10 an ongoing basis.

11 (5) The proposed project has the potential to increase
12 productivity, efficiency, and competitiveness through adoption
13 and integration of smart technologies including specialized
14 hardware, software, or other equipment.

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

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

19 **Sec. 11. NEW SECTION. 15.505 Applications — authorization**
20 **of tax credits and exemptions.**

21 1. a. Applications for the program shall be submitted to the
22 authority in the form and manner prescribed by the authority by
23 rule. Each application must be accompanied by an application fee
24 in an amount determined by the authority by rule.

25 b. For a proposed project that will result in elevated water
26 consumption by the business, the application shall be accompanied
27 by a water conservation and waste reduction plan, and shall be
28 submitted to the authority in the form and manner prescribed by
29 the authority by rule.

30 2. In determining the eligibility of a business to
31 participate in the program, the authority may engage outside
32 experts to complete a technical, financial, or other review of
33 an application submitted by a business.

34 3. a. The authority and the board may negotiate with an
35 eligible business regarding the terms of, and the aggregate value

1 of, the tax incentives the eligible business may receive under
2 the program. The maximum aggregate value of the tax incentives
3 that any one eligible business may receive shall not exceed five
4 percent of the eligible business's qualifying investment.

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

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

9 Sec. 12. NEW SECTION. **15.506 Agreement.**

10 1. An eligible business that is approved by the authority to
11 participate in the program shall enter into an agreement with
12 the authority that specifies the criteria for the successful
13 completion of all requirements of the program. The agreement
14 must contain, at a minimum, provisions related to all of the
15 following:

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

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

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

35 (1) A reduction or elimination of some or all of the tax

1 incentives the authority issued to the eligible business.

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

5 d. The project completion date, the number of created jobs,
6 the qualifying wage threshold that is applicable to the project,
7 the amount of qualifying investment, the maximum aggregate value
8 of the tax incentives authorized by the board, and any other
9 terms and obligations the authority deems necessary.

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

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

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

26 3. The eligible business shall comply with all applicable
27 terms of the agreement during the term of the agreement.

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

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

32 **Sec. 13. NEW SECTION. 15.507 Sales and use tax refund.**

33 1. An eligible business that has been issued a tax incentive
34 certificate under the program shall be entitled to a refund, as
35 negotiated under section 15.505, subsection 3, of the sales and

1 use taxes paid under chapter 423 for gas, electricity, water,
2 and sewer utility services, tangible personal property, or on
3 services rendered, furnished, or performed to or for a contractor
4 or subcontractor and used in the fulfillment of a written
5 contract for the construction or equipping of a facility that is
6 part of the eligible business's project. Taxes attributable to
7 intangible property and furniture and furnishings shall not be
8 refunded.

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

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

19 b. The eligible business shall inform the department of
20 revenue in writing of contract completion. The eligible business
21 shall, after contract completion, submit an application to the
22 department of revenue for a refund of the amount of the sales
23 and use taxes paid pursuant to chapter 423 upon any tangible
24 personal property, or services rendered, furnished, or performed,
25 including water, sewer, gas, and electric utility services. The
26 application shall be submitted in the form and manner prescribed
27 by the department of revenue. The department of revenue shall
28 audit the application and, if approved, issue a warrant or
29 warrants to the eligible business in the amount of the sales or
30 use tax which has been paid to the state of Iowa under subsection
31 1. The eligible business's application must be submitted to
32 the department of revenue within one year after the project
33 completion date. An application filed by the eligible business
34 in accordance with this section shall not be denied by reason of
35 a limitation set forth in chapter 421 or 423.

1 c. The refund shall be remitted by the department of revenue
2 to the eligible business on a quarterly basis. Interest shall
3 not accrue on any part of the refund that has not yet been
4 remitted by the department of revenue to the eligible business.

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

9 Sec. 14. NEW SECTION. **15.508 Qualifying investment tax**
10 **credit.**

11 1. The authority may authorize a tax credit for an eligible
12 business pursuant to section 15.505, subsection 3. The authority
13 shall not issue a tax credit certificate to the eligible business
14 until the eligible business's project or a portion of the project
15 has been placed in service. The department of revenue shall
16 remit the tax credit to the eligible business equally over
17 five tax years. The tax credit shall be allowed against taxes
18 imposed under chapter 422, subchapter II, III, or V, and against
19 the moneys and credits tax imposed in section 533.329. If
20 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. A tax credit shall not be carried back to a tax year
32 prior to the tax year in which the tax credit is first claimed by
33 the eligible business.

34 2. If within five years of the date the authority issues an
35 eligible business a tax credit under subsection 1 the eligible

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

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

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

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

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

30 e. Twenty percent of the tax credit claimed under this
31 section if all or a part of the land, buildings, or other
32 structures for which the tax credit was claimed under this
33 section cease to be eligible for the tax credit within five
34 years after the date the authority issued the tax credit to the
35 eligible business.

1 Sec. 15. NEW SECTION. **15.509 Other incentives.**

2 1. An eligible business may apply for and be eligible to
3 receive other federal, state, and local incentives in addition
4 to the tax incentives issued by the authority to the eligible
5 business under the program.

6 2. The authority, in its discretion, may prohibit an eligible
7 business that has been issued tax incentives under the program
8 from receiving any additional tax incentive, tax credit,
9 grant, loan, or other financial assistance under any program
10 administered by the authority.

11 Sec. 16. NEW SECTION. **15.510 Property tax exemption.**

12 1. A community in which an eligible business's project is
13 located may grant the eligible business a property tax exemption
14 for a portion of the actual value added by improvements to real
15 property through the project. The community may allow a property
16 tax exemption for a period not to exceed ten years beginning the
17 year that the improvements to real property are first assessed
18 for taxation.

19 2. For purposes of this section, "improvements" means new
20 construction, and rehabilitation of and additions to existing
21 structures.

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

25 Sec. 17. NEW SECTION. **15.511 Financial assistance for
26 certain eligible businesses.**

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

35 2. Each eligible business receiving assistance under this

1 section shall enter into an agreement with the authority and the
2 agreement shall meet the requirements of section 15.506.

3 3. If the authority and the board determine financial
4 assistance should be awarded, the authority and the board shall
5 determine the appropriate amount and type of assistance for
6 facilitating the eligible business's project.

7 Sec. 18. CODE EDITOR DIRECTIVE. The Code editor is directed
8 to designate sections 15.502 through 15.511, as enacted in this
9 division of this Act, as part 33 of subchapter II.

10 Sec. 19. EFFECTIVE DATE. This division of this Act, being
11 deemed of immediate importance, takes effect upon enactment.

12 DIVISION IV

13 ELIMINATION OF THE HIGH QUALITY JOBS PROGRAM

14 Sec. 20. REPEAL. Sections 15.326, 15.327, 15.329, 15.330,
15 15.330A, 15.331A, 15.331C, 15.332, 15.333, 15.333A, 15.335,
16 15.335A, 15.335B, 15.335C, and 15.336, Code 2025, are repealed.

17 Sec. 21. TRANSITION PROVISIONS. An agreement entered into on
18 or before December 31, 2025, by a business and the economic
19 development authority pursuant to section 15.330, Code 2025, or
20 amended pursuant to section 15.330A, Code 2025, shall be valid
21 and continue per the terms of the agreement.

22 Sec. 22. PRESERVATION OF EXISTING RIGHTS. This division of
23 this Act shall not limit, modify, or otherwise adversely affect
24 any amount of tax incentive issued, awarded, or allowed before
25 December 31, 2025, nor shall it limit, modify, or otherwise
26 adversely affect a taxpayer's right to claim or redeem a tax
27 incentive issued, awarded, or allowed before December 31, 2025,
28 including but not limited to any tax credit carry forward amount.

29 Sec. 23. EFFECTIVE DATE. This division of this Act takes
30 effect December 31, 2025.

31 DIVISION V

32 HIGH QUALITY JOBS PROGRAM

33 CONFORMING CHANGES

34 Sec. 24. Section 2.48, subsection 3, paragraph a,
35 subparagraph (1), Code 2025, is amended by striking the

1 subparagraph.

2 Sec. 25. Section 2.48, subsection 3, paragraph a,
3 subparagraph (2), Code 2025, is amended to read as follows:

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

6 Sec. 26. Section 8G.3, subsection 8, Code 2025, is amended to
7 read as follows:

8 8. "Tax exemption or credit" means an exclusion from the
9 operation or collection of a tax imposed in this state. Tax
10 exemption or credit includes tax credits, exemptions, deductions,
11 and rebates. "Tax exemption or credit" also includes sales tax
12 refunds if such refunds are applied for and granted as a form
13 of financial assistance, including but not limited to the refunds
14 allowed in sections ~~15.331A~~ 15.507 and 423.4.

15 Sec. 27. Section 15.106B, subsection 5, paragraph b, Code
16 2025, is amended to read as follows:

17 b. Fees collected by the authority pursuant to this
18 subsection shall be deposited in a fund within the state treasury
19 created pursuant to section 15.106A, subsection 1, paragraph "o",
20 and are appropriated to the authority for the purposes set out
21 in section 15.106A, subsection 1, paragraph "o". However, fees
22 collected by the authority pursuant to ~~section 15.330, subsection~~
23 ~~12, section 15E.198, Code 2014,~~ and section 15.354, subsection
24 3, paragraph "b", shall be used exclusively for costs associated
25 with the administration of due diligence and compliance.

26 Sec. 28. Section 15.293B, subsection 3, Code 2025, is amended
27 to read as follows:

28 3. If an investor is awarded a tax credit pursuant to this
29 section, the authority and the investor shall enter into an
30 agreement concerning the qualifying redevelopment project. If
31 the investor fails to comply with any of the requirements of
32 the agreement, the authority may find the investor in default
33 under the agreement and may revoke all or a portion of the tax
34 credit award. The department of revenue, upon notification by
35 the authority of an event of default, shall seek repayment of the

1 value of any such tax credit already claimed ~~in the same manner~~
2 ~~as provided in section 15.330, subsection 2.~~ The repayment of
3 incentives pursuant to this subsection shall be considered a tax
4 payment due and payable to the department of revenue by any
5 taxpayer who has claimed such incentives, and the failure to make
6 such a repayment may be treated by the department of revenue in
7 the same manner as a failure to pay the tax shown due or required
8 to be shown due with the filing of a return or deposit form. In
9 addition, the county shall have the authority to take action to
10 recover the value of property taxes not collected as a result of
11 the exemption provided to the business under this part.

12 Sec. 29. Section 15.317, subsection 5, Code 2025, is amended
13 to read as follows:

14 5. The business shall not be relocating or reducing
15 operations as ~~described in section 15.329, subsection 1,~~
16 paragraph "b" follows, and as determined under the discretion of
17 the authority-:

18 a. The business shall not be solely relocating operations
19 from one area of the state. A project that does not create new
20 jobs or involve a substantial amount of new capital investment
21 shall be presumed to be a relocation. In determining whether
22 a business is solely relocating operations for purposes of this
23 paragraph, the authority shall consider a letter of support for
24 the move from the affected local community.

25 b. The business shall not be in the process of reducing
26 operations in one community while simultaneously applying for
27 the program. For purposes of this paragraph, a reduction in
28 operations within twelve months before or after an application is
29 submitted to the authority shall be presumed to be a reduction in
30 operations while simultaneously applying for assistance under the
31 program.

32 c. This subsection shall not be construed to prohibit a
33 business from expanding its operation in a community if existing
34 operations of a similar nature in this state are not closed or
35 substantially reduced.

1 Sec. 30. Section 15.318, subsection 2, paragraph b, Code
2 2025, is amended to read as follows:

3 ~~b. The compliance~~ Compliance cost fees authorized in section
4 ~~15.330, subsection 12,~~ shall apply to all agreements entered into
5 under this program and shall be collected by the authority in
6 ~~the same manner and to the same extent as described in that~~
7 ~~subsection.~~ in the amount and manner as follows:

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

11 (2) The imposition of a compliance cost fee equal to one-half
12 of one percent of the value of tax incentives claimed pursuant
13 to an agreement that has an aggregate tax incentive value of one
14 hundred thousand dollars or greater. The authority shall collect
15 the fee from the business after the tax incentive is claimed by
16 the business from the department of revenue.

17 Sec. 31. Section 15.318, subsection 4, Code 2025, is amended
18 to read as follows:

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

33 Sec. 32. Section 15.354, subsection 1, paragraph b,
34 subparagraph (2), Code 2025, is amended to read as follows:

35 (2) A report ~~that meets the requirements and conditions of~~

1 ~~section 15.330, subsection 9~~ submitted to the authority by a
2 business together with its application describing all violations
3 of environmental law or worker safety law within the last five
4 years. If, upon review of the application, the authority
5 finds that the business has a record of violations of the law,
6 statutes, or rules that tends to show a consistent pattern,
7 the authority shall not provide incentives or assistance to the
8 business unless the authority finds either that the violations
9 did not seriously affect public health, public safety, or the
10 environment, or, if such violations did seriously affect public
11 health, public safety, or the environment, that mitigating
12 circumstances were present.

13 Sec. 33. Section 15.354, subsection 1, paragraph c, Code
14 2025, is amended by striking the paragraph.

15 Sec. 34. Section 15.354, subsection 3, paragraph b, Code
16 2025, is amended to read as follows:

17 b. ~~The compliance~~ Compliance cost fees ~~imposed in section~~
18 ~~15.330, subsection 12,~~ shall apply to all agreements entered into
19 under this program and shall be collected by the authority ~~in~~
20 ~~the same manner and to the same extent as described in that~~
21 ~~subsection.~~ in the amount and manner as follows:

22 (1) The imposition of a one-time compliance cost fee of five
23 hundred dollars to be collected by the authority prior to the
24 issuance of a tax incentive certificate or the disbursement of
25 financial assistance.

26 (2) The imposition of a compliance cost fee equal to one-half
27 of one percent of the value of tax incentives claimed pursuant
28 to an agreement that has an aggregate tax incentive value of one
29 hundred thousand dollars or greater. The authority shall collect
30 the fee from the business after the tax incentive is claimed by
31 the business from the department of revenue.

32 Sec. 35. Section 15.354, subsection 5, Code 2025, is amended
33 to read as follows:

34 5. *Termination and repayment.* The failure by a housing
35 business in completing a housing project to comply with any

1 requirement of this program or any of the terms and obligations
2 of an agreement entered into pursuant to this section may result
3 in the revocation, reduction, termination, or rescission of the
4 tax incentive award or the approved tax incentives and may
5 subject the housing business to the repayment or recapture of
6 tax incentives claimed under section 15.355. The repayment or
7 recapture of tax incentives pursuant to this section shall be
8 ~~accomplished in the same manner as provided in section 15.330,~~
9 ~~subsection 2~~ considered a tax payment due and payable to the
10 department of revenue by any taxpayer who has claimed such
11 incentives, and the failure to make such a repayment may be
12 treated by the department of revenue in the same manner as a
13 failure to pay the tax shown due or required to be shown due with
14 the filing of a return or deposit form.

15 Sec. 36. Section 15.499, subsection 1, Code 2025, is amended
16 to read as follows:

17 1. ~~Except for the high quality jobs program administered by~~
18 ~~the authority pursuant to sections 15.326 through 15.336, and~~
19 ~~the targeted jobs withholding credit pursuant to section 403.19A,~~
20 an eligible business may apply for and be eligible to receive
21 other federal, state, and local incentives in addition to the tax
22 incentives issued by the authority to the eligible business under
23 the program.

24 Sec. 37. Section 15E.351, subsection 1, Code 2025, is amended
25 to read as follows:

26 1. The authority shall establish and administer a business
27 accelerator program to provide financial assistance for
28 the establishment and operation of a business accelerator
29 for technology-based, value-added agricultural, information
30 solutions, alternative and renewable energy including the
31 alternative and renewable energy sectors listed in section
32 476.42, subsection 1, paragraph "a", subparagraph (1), or
33 advanced manufacturing start-up businesses or for a satellite of
34 an existing business accelerator. The program shall be designed
35 to foster the accelerated growth of new and existing businesses

1 through the provision of technical assistance. ~~The authority~~
2 ~~may provide financial assistance under this section from moneys~~
3 ~~allocated for financial assistance for business accelerators~~
4 ~~pursuant to section 15.335B, subsection 2.~~

5 Sec. 38. Section 15E.362, subsection 1, paragraph c, Code
6 2025, is amended to read as follows:

7 c. "*Financial assistance*" means ~~the same as defined in~~
8 section 15.327 assistance provided only from the funds, rights,
9 and assets legally available to the authority pursuant to chapter
10 15 and includes but is not limited to assistance in the form of
11 grants, loans, forgivable loans, and royalty payments.

12 Sec. 39. Section 15H.5, subsection 2, Code 2025, is amended
13 to read as follows:

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

24 Sec. 40. Section 15H.5, subsection 5, paragraph c, Code 2025,
25 is amended to read as follows:

26 c. The commission shall give priority consideration to
27 approving those projects that target communities that have
28 disproportionately high rates of juvenile crime or low rates
29 of high school graduation or that have been designated as an
30 economically distressed areas as defined in section 15.335Carea.

31 Sec. 41. Section 15H.5, Code 2025, is amended by adding the
32 following new subsection:

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

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

6 b. The county ranks among the thirty-three Iowa counties
7 with the highest average annualized unemployment rates for the
8 most recent five-year period based on the applicable local area
9 unemployment statistics produced by the United States department
10 of labor, bureau of labor statistics.

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

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

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

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

33 Sec. 42. Section 159A.6B, subsection 2, Code 2025, is amended
34 to read as follows:

35 2. The office may execute contracts in order to provide

1 technical support and outreach services for purposes of assisting
2 and educating interested persons as provided in this section.
3 The office may also contract with a consultant to provide part
4 or all of these services. The office may require that a person
5 receiving assistance pursuant to this section contribute up to
6 fifty percent of the amount required to support the costs of
7 contracting with the consultant to provide assistance to the
8 person. The office shall assist the person in completing any
9 technical information required in order to receive financial
10 assistance by the economic development authority pursuant to
11 section ~~15.335B~~ 15.511.

12 Sec. 43. Section 266.19, Code 2025, is amended to read as
13 follows:

14 **266.19 Renewable fuel — assistance.**

15 The university shall cooperate in assisting renewable fuel
16 production facilities supporting livestock operations managed
17 by persons receiving financial assistance pursuant to section
18 ~~15.335B~~ 15.511.

19 Sec. 44. Section 422.10, subsection 5, Code 2025, is amended
20 by striking the subsection.

21 Sec. 45. Section 422.11F, subsection 2, Code 2025, is amended
22 by striking the subsection.

23 Sec. 46. Section 422.33, subsection 5, paragraph h, Code
24 2025, is amended by striking the paragraph.

25 Sec. 47. Section 422.33, subsection 12, paragraph b, Code
26 2025, is amended by striking the paragraph.

27 Sec. 48. Section 422.33, subsection 19, Code 2025, is amended
28 by striking the subsection.

29 Sec. 49. Section 422.60, subsection 5, paragraph b, Code
30 2025, is amended by striking the paragraph.

31 Sec. 50. Section 422.60, subsection 8, Code 2025, is amended
32 by striking the subsection.

33 Sec. 51. Section 427B.17, subsection 8, paragraph b, Code
34 2025, is amended to read as follows:

35 b. Any electric power generating plant which operated during

1 the preceding assessment year at a net capacity factor of more
2 than twenty percent, shall not receive the benefits of this
3 section ~~or of section 15.332~~.

4 Sec. 52. Section 432.12C, subsection 2, Code 2025, is amended
5 by striking the subsection.

6 Sec. 53. Section 455B.104, subsection 2, Code 2025, is
7 amended to read as follows:

8 2. The department shall assist persons applying for financial
9 assistance to establish and operate renewable fuel production
10 facilities pursuant to section ~~15.335B~~ 15.511.

11 Sec. 54. Section 533.329, subsection 2, paragraphs c and d,
12 Code 2025, are amended by striking the paragraphs.

13 Sec. 55. REPEAL. Sections 15E.231, 15E.232, 15E.233,
14 422.11U, and 432.12H, Code 2025, are repealed.

15 Sec. 56. PRESERVATION OF EXISTING RIGHTS. The sections of
16 this division of this Act amending sections 422.10, 422.11F,
17 422.11U, 422.33, 422.60, 432.12C, 432.12H, and 533.329 shall
18 not limit, modify, or otherwise adversely affect any amount of
19 tax incentive issued, awarded, or allowed before December 31,
20 2025, nor shall it limit, modify, or otherwise adversely affect
21 a taxpayer's right to claim or redeem a tax incentive issued,
22 awarded, or allowed before December 31, 2025, including but not
23 limited to any tax credit carryforward amount.

24 Sec. 57. EFFECTIVE DATE. This division of this Act takes
25 effect December 31, 2025.

26 DIVISION VI

27 SEED INVESTOR TAX CREDIT PROGRAM

28 Sec. 58. NEW SECTION. **15E.25 Purpose.**

29 The purpose of this subchapter is to stimulate job growth,
30 create wealth, and accelerate the creation of new ventures by
31 using investment tax credits to incentivize the transfer of
32 capital from investors to entrepreneurs, particularly during
33 early-stage growth.

34 Sec. 59. NEW SECTION. **15E.26 Definitions.**

35 For purposes of this subchapter, unless the context otherwise

1 requires:

2 1. "Affiliate" means a spouse, child, or sibling of an
3 investor or a corporation, partnership, or trust in which an
4 investor has a controlling equity interest or in which an
5 investor exercises management control.

6 2. "Authority" means the economic development authority
7 created in section 15.105.

8 3. "Entrepreneurial assistance program" includes the
9 entrepreneur investment awards program administered under section
10 15E.362, the receipt of services from a service provider
11 engaged pursuant to section 15.411, subsection 1, or the program
12 administered under section 15.411, subsection 2.

13 4. "Investment" means a minimum cash investment of ten
14 thousand dollars in a qualifying business.

15 5. "Investor" means a person making a cash investment in a
16 qualifying business. "Investor" does not include a person that
17 holds at least a seventy percent ownership interest as an owner,
18 member, or shareholder in a qualifying business.

19 6. "Qualifying business" means a business meeting the
20 criteria defined in section 15E.28.

21 7. "Rural area" means a city that has a population of fifteen
22 thousand or less.

23 8. "Urban area" means a city that has a population of greater
24 than fifteen thousand.

25 Sec. 60. NEW SECTION. **15E.27 Investment tax credits.**

26 1. a. For tax years beginning on or after January 1, 2025,
27 a tax credit shall be allowed against the taxes imposed in
28 chapter 422, subchapters II, III, and V, and in chapter 432, and
29 against the moneys and credits tax imposed in section 533.329,
30 for a portion of a taxpayer's equity investment, as provided in
31 subsection 2, in a qualifying business.

32 b. An individual may claim a tax credit under this section
33 of a partnership, limited liability company, S corporation,
34 estate, or trust electing to have income taxed directly to the
35 individual. The amount claimed by the individual shall be based

1 upon the pro rata share of the individual's earnings from the
2 partnership, limited liability company, S corporation, estate, or
3 trust.

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

6 d. An affiliate of a qualifying business or an affiliate of a
7 qualifying business's principals shall not be eligible for a tax
8 credit under this section.

9 e. (1) For a tax credit claimed against the taxes imposed
10 on any of the following, any tax credit in excess of the tax
11 liability is refundable:

12 (a) A tax credit claimed against the taxes imposed in chapter
13 422, subchapters II, III, and V.

14 (b) A tax credit claimed against the taxes imposed in chapter
15 432.

16 (c) A tax credit claimed against the moneys and credits tax
17 imposed in section 533.329.

18 (2) A tax credit shall not be carried back to a tax year
19 prior to the tax year in which the taxpayer redeems the tax
20 credit.

21 2. a. The amount of the tax credit shall equal twenty
22 percent of the taxpayer's equity investment if the qualifying
23 business is located in an urban area at the time of the
24 investment. The amount of the tax credit shall equal thirty-five
25 percent of the taxpayer's equity investment if the qualifying
26 business is located in a rural area at the time of the
27 investment.

28 b. The maximum amount of a tax credit that may be issued
29 per fiscal year to a natural person and the person's spouse
30 or dependent shall not exceed one hundred thousand dollars
31 combined. For purposes of this paragraph, a tax credit issued to
32 a partnership, limited liability company, S corporation, estate,
33 or trust electing to have income taxed directly to the individual
34 shall be deemed to be issued to the individual owners based upon
35 the pro rata share of the individual's earnings from the entity.

1 For purposes of this paragraph, "dependent" has the same meaning
2 as provided by the Internal Revenue Code.

3 c. The maximum amount of tax credits that may be issued per
4 fiscal year for equity investments in any one qualifying business
5 shall not exceed five hundred thousand dollars.

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

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

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

14 6. The authority shall develop a system for registration and
15 issuance of tax credits authorized pursuant to this subchapter
16 and shall control distribution of all tax credit certificates
17 to investors pursuant to this subchapter. The authority
18 shall develop rules for the qualification and administration of
19 qualifying businesses. The department of revenue shall adopt
20 rules pursuant to chapter 17A as necessary for the administration
21 of this subchapter.

22 Sec. 61. NEW SECTION. **15E.28 Qualifying businesses.**

23 1. a. In order for an equity investment to qualify for a tax
24 credit, the qualifying business shall submit a joint application
25 to the authority consisting of an investor section and a section
26 for the business. An application shall not be considered to be
27 submitted unless or until both the investor and the business have
28 completed and submitted the investor's and business's parts of
29 the application, including payment of a nonrefundable application
30 fee.

31 b. Applications shall be submitted to the authority by March
32 31 of each year. The authority shall award the tax credits based
33 upon the amount received.

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

- 1 a. The principal business operations, and a majority of
2 employees, of the business are located in this state.
- 3 b. The business has been in operation for five years or less.
- 4 c. The business has at least one full-time equivalent
5 employee.
- 6 d. The business's primary operations are in advanced
7 manufacturing, bioscience, insurance and finance, and
8 technologies.
- 9 e. The business is an independent organization that is not
10 part of, or an affiliate of, a larger parent company.
- 11 f. The business shall establish that its owners, directors,
12 officers, and employees have an appropriate level of experience
13 consistent with the nature of the business. The authority may
14 consult with outside service providers to determine whether a
15 business meets the requirement of this paragraph. A business
16 that has participated in an entrepreneurial assistance program
17 shall be presumed to meet the requirement of this paragraph.
- 18 g. The business is not a business engaged primarily in retail
19 sales, real estate, or the provision of health care or other
20 services that require a professional license.
- 21 h. The business shall not have a net worth that exceeds two
22 million dollars.
- 23 i. The business shall have secured all of the following at
24 the time of application for tax credits:
- 25 (1) At least two investors. For purposes of this
26 subparagraph, "investor" includes a person who executes a binding
27 investment commitment to a business.
- 28 (2) Total equity financing, binding investment commitments,
29 or some combination thereof, equal to at least five hundred
30 thousand dollars, from investors.
- 31 3. A qualifying business shall have the burden of proof
32 to demonstrate to the authority its qualifications under this
33 section, and shall have the obligation to notify the authority
34 in a timely manner of any changes in the qualifications of
35 the business or in the eligibility of investors to redeem the

1 investment tax credits in any tax year.

2 4. After verifying the eligibility of a qualifying business,
3 the authority shall issue a tax credit certificate to be
4 included with the equity investor's tax return. The tax
5 credit certificate must contain the taxpayer's name, address,
6 tax identification number, the amount of credit, the name of
7 the qualifying business, and other information required by the
8 department of revenue. The tax credit certificate, unless
9 rescinded by the authority, shall be accepted by the department
10 of revenue as payment for taxes imposed pursuant to chapter 422,
11 subchapters II, III, and V, and in chapter 432, and for the
12 moneys and credits tax imposed in section 533.329, subject to any
13 conditions or restrictions placed by the authority upon the face
14 of the tax credit certificate and subject to the limitations of
15 section 15E.27.

16 Sec. 62. NEW SECTION. **15E.29 Confidentiality — reports.**

17 1. Except as provided in subsection 2, all information or
18 records in the possession of the authority with respect to this
19 subchapter shall be presumed by the authority to be a trade
20 secret protected under chapter 550 or common law, and shall be
21 kept confidential by the authority unless otherwise ordered by a
22 court.

23 2. All of the following shall be considered public
24 information under chapter 22:

25 a. The identity of a qualifying business.

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

28 c. The number of tax credit certificates issued by the
29 authority.

30 d. The total dollar amount of tax credits issued by the
31 authority.

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

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DIVISION VIII
INVESTMENTS IN QUALIFYING BUSINESS TAX CREDIT PROGRAM —
CONFORMING CHANGES

Sec. 68. Section 2.48, subsection 3, paragraph d, subparagraph (1), Code 2025, is amended by striking the subparagraph.

Sec. 69. 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. 70. 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. 71. Section 422.33, subsection 12, paragraph a, Code 2025, is amended to read as follows:

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

Sec. 72. Section 422.60, subsection 5, paragraph a, Code 2025, is amended to read as follows:

a. The taxes imposed under this subchapter 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 432.12C, subsection 1, Code 2025, is amended to read as follows:

1. The tax imposed under this chapter shall be reduced by an investment tax credit authorized pursuant to section ~~15E.43~~

1 15E.27 for an investment in a qualifying business.

2 Sec. 74. Section 533.329, subsection 2, paragraph e, Code
3 2025, is amended to read as follows:

4 e. The moneys and credits tax imposed under this section
5 shall be reduced by an investment tax credit authorized pursuant
6 to section ~~15E.43~~ 15E.27.

7 Sec. 75. PRESERVATION OF EXISTING RIGHTS. The sections of
8 this division of this Act amending sections 422.11F, 422.33,
9 422.60, 432.12C, and 533.329 shall not limit, modify, or
10 otherwise adversely affect any amount of investment tax credit
11 under section 15E.43, Code 2025, that was issued, awarded, or
12 allowed before July 1, 2026, and shall not limit, modify, or
13 otherwise adversely affect a taxpayer's right to claim or redeem
14 an investment tax credit under section 15E.43, Code 2025, that
15 was issued, awarded, or allowed before July 1, 2026, including
16 but not limited to any tax credit carryforward amount.

17 DIVISION IX

18 IOWA FILM PRODUCTION INCENTIVE PROGRAM AND FUND

19 Sec. 76. NEW SECTION. **15.517 Iowa film production incentive**
20 **program.**

21 1. As used in this section:

22 a. "Fund" means the Iowa film production incentive fund.

23 b. "Program" means the Iowa film production incentive
24 program.

25 c. "Qualified expenditure" means an allowed expense, as
26 determined by the authority by rule, that is incurred by a
27 qualified production facility on or after July 1, 2025, but
28 before July 1, 2027, for producing a qualified production.

29 d. "Qualified production" means a feature film, television
30 series, documentary, or unscripted series that is rated G, PG,
31 PG-13, or R by the classification and ratings administration of
32 the motion picture association of America or the TV parental
33 guidelines monitoring board.

34 e. "Qualified production facility" or "facility" means any of
35 the following:

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

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

6 2. a. The authority shall establish and administer an Iowa
7 film production incentive program for the purpose of providing
8 rebates to qualified production facilities for qualified
9 expenditures.

10 b. The authority shall establish eligibility criteria for the
11 program by rule.

12 (1) The eligibility criteria for qualified production
13 facilities must require that a facility have all of the
14 following:

15 (a) A soundstage with dimensions covering at least twelve
16 thousand five hundred square feet of floor space.

17 (b) A permanent grid system or an alternative rigging support
18 structure rated for overhead suspension, or on-site resources for
19 fly rigging.

20 (c) Production and postproduction sound rooms that are sound
21 treated to meet sound engineer-approved ambient noise level
22 ratings.

23 (d) Electric service from an electric utility, or sufficient
24 electric service that does not require use of an electric
25 generator.

26 (e) An agreement between the authority and the facility that
27 the phrase "filmed in Iowa" appears at the beginning of any
28 credits in the qualified production.

29 (2) The eligibility criteria for a qualified production must
30 include:

31 (a) A production budget of at least one million dollars and
32 evidence the production budget is fully funded.

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

1 (3) The eligibility criteria for qualified expenditures must
2 include the following:

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

12 (b) Written acknowledgment by the qualified production
13 facility that no qualified expenses were incurred prior to
14 approval of the application by the authority.

15 3. An application for a rebate under the program shall be
16 submitted by a qualified production facility to the authority for
17 approval in the form and manner prescribed by the authority by
18 rule.

19 4. a. If a qualified production facility's application is
20 approved by the authority, the maximum rebate paid to the
21 facility under the program shall equal thirty percent of the
22 facility's qualified expenditures excluding any sales, use, and
23 hotel and motel taxes paid.

24 b. Prior to disbursement of the rebate, a qualified
25 production facility shall submit all of the following to the
26 authority at the expense of the facility:

27 (1) An examination of the qualified expenditures completed by
28 a certified public accountant, as defined in section 542.3, in
29 accordance with the currently effective statements on standards
30 for attestation engagements established by the American institute
31 of certified public accountants.

32 (2) A statement of the final amount of qualified
33 expenditures.

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

1 5. a. An Iowa film production incentive fund is created in
2 the state treasury under the control of the authority. The
3 fund shall consist of moneys appropriated to the authority and
4 any other moneys available to, obtained by, or accepted by the
5 authority for placement in the fund. The fund shall be used to
6 provide rebates under the program.

7 b. The cumulative value of rebates claimed by qualified
8 production facilities pursuant to this section shall not exceed
9 ten million dollars.

10 c. Notwithstanding section 8.33, moneys in the fund that
11 remain unencumbered or unobligated at the close of the fiscal
12 year shall not revert but shall remain available for expenditure
13 for the purposes designated until the close of the succeeding
14 fiscal year. Notwithstanding section 12C.7, interest or earnings
15 on moneys in the fund shall be credited to the fund.

16 6. The authority shall not use more than five percent of the
17 moneys in the fund at the beginning of each fiscal year for
18 purposes of administrative costs, technical assistance, and other
19 program support.

20 7. The authority shall adopt rules pursuant to chapter 17A to
21 administer this section.

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

23 Sec. 77. CODE EDITOR DIRECTIVE. The Code editor shall
24 designate section 15.517, as enacted in this division of this
25 Act, as part 34 of subchapter II.

26 DIVISION X

27 TARGETED JOBS WITHHOLDING CREDIT MODIFICATIONS AND REPEAL

28 Sec. 78. Section 2.48, subsection 3, paragraph b,
29 subparagraph (2), Code 2025, is amended to read as follows:

30 (2) (a) The targeted jobs withholding credits available
31 under section 403.19A.

32 (b) This subparagraph is repealed January 1, 2038.

33 Sec. 79. Section 403.19A, subsection 3, paragraphs a, b, and
34 j, Code 2025, are amended to read as follows:

35 a. A pilot project city may provide by resolution for the

1 deposit into a designated withholding project fund of the
2 targeted jobs withholding credit described in this section.
3 The targeted jobs withholding credit shall be based upon the
4 wages paid to employees pursuant to a withholding agreement. An
5 employer entering into a withholding agreement on or after the
6 effective date of this division of this Act shall not be credited
7 the payments made by the employer pursuant to section 422.16
8 after June 30, 2027.

9 b. (1) An For an agreement entered into prior to the
10 effective date of this division of this Act, an amount equal to
11 three percent of the gross wages paid by an employer to each
12 employee under a withholding agreement shall be credited from
13 the payment made by the employer pursuant to section 422.16.
14 If the amount of the withholding by the employer is less than
15 three percent of the gross wages paid to the employees covered by
16 the withholding agreement, the employer shall receive a credit
17 against other withholding taxes due by the employer or may
18 carry the credit forward for up to ten years or until depleted,
19 whichever is the earlier. The employer shall remit the amount
20 of the credit quarterly, in the same manner as withholding
21 payments are reported to the department of revenue, to the pilot
22 project city to be allocated to and when collected paid into a
23 designated withholding project fund for the project. All amounts
24 so deposited shall be used or pledged by the pilot project city
25 for a project related to the employer pursuant to the withholding
26 agreement.

27 (2) For an agreement entered into on or after the effective
28 date of this division of this Act, an amount equal to one and
29 one-half percent of the gross wages paid by an employer to each
30 employee under a withholding agreement shall be credited from
31 the payment made by the employer pursuant to section 422.16.
32 The employer shall remit the amount of the credit quarterly,
33 in the same manner as withholding payments are reported to the
34 department of revenue, to the pilot project city to be allocated
35 to and when collected paid into a designated withholding project

1 fund for the project. All amounts so deposited shall be used or
2 pledged by the pilot project city for a project related to the
3 employer pursuant to the withholding agreement.

4 j. (1) An employer may participate in a new jobs credit
5 from withholding under section 260E.5, or a supplemental new
6 jobs credit from withholding under section 15E.197, Code 2014,
7 or under section 15.331, Code 2005, at the same time as the
8 employer is participating in the withholding credit under this
9 section. Notwithstanding any other provision in this section,
10 the new jobs credit from withholding under section 260E.5, and
11 the supplemental new jobs credit from withholding under section
12 15E.197, Code 2014, or under section 15.331, Code 2005, shall
13 be collected and disbursed prior to the withholding credit under
14 this section.

15 (2) An employer shall not be eligible to participate in the
16 MEGA program in chapter 15, subchapter II, part 32.

17 Sec. 80. Section 403.19A, Code 2025, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 4. This section is repealed January 1, 2038.

20 Sec. 81. EFFECTIVE DATE. This division of this Act, being
21 deemed of immediate importance, takes effect upon enactment.

22 DIVISION XI

23 EMPLOYER CHILD CARE TAX CREDIT REPEAL

24 Sec. 82. Section 237A.31, subsection 1, Code 2025, is amended
25 to read as follows:

26 1. The taxes imposed under chapter 422, subchapter II or
27 III, the franchise tax imposed under chapter 422, subchapter V,
28 the gross premiums tax under chapter 432, or the moneys and
29 credits tax imposed under section 533.329 shall be reduced by an
30 employer child care tax credit through the tax year beginning on
31 or after January 1, 2025, but before January 1, 2026, equal to
32 the proportion of the federal employer-provided child care tax
33 credit provided in section 45F of the Internal Revenue Code the
34 taxpayer was eligible for in the same tax year attributable to
35 expenditures made in this state.

1 Sec. 83. Section 237A.31, Code 2025, is amended by adding the
2 following new subsection:

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

4 Sec. 84. Section 422.120, Code 2025, is amended by adding the
5 following new subsection:

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

7 Sec. 85. Section 422.33, subsection 32, Code 2025, is amended
8 to read as follows:

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

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

13 Sec. 86. Section 422.60, subsection 15, Code 2025, is amended
14 to read as follows:

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

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

19 Sec. 87. Section 432.120, Code 2025, is amended to read as
20 follows:

21 **432.120 Employer child care tax credit.**

22 1. The taxes imposed under this chapter shall be reduced by
23 an employer child care tax credit allowed pursuant to section
24 237A.31.

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

26 Sec. 88. Section 533.329, subsection 2, paragraph m, Code
27 2025, is amended to read as follows:

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

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

32 DIVISION XII

33 ASSISTIVE DEVICE TAX CREDIT REPEAL

34 Sec. 89. Section 2.48, subsection 3, paragraph e,
35 subparagraph (5), Code 2025, is amended to read as follows:

1 (5) (a) The assistive device corporate tax credit under
2 section 422.33.

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

4 Sec. 90. Section 422.33, subsection 9, paragraph a,
5 subparagraph (1), Code 2025, is amended to read as follows:

6 (1) The taxes imposed under this subchapter shall be reduced
7 by an assistive device tax credit through the tax year beginning
8 on or after January 1, 2024, but before January 1, 2025. A
9 small business purchasing, renting, or modifying an assistive
10 device or making workplace modifications for an individual with
11 a disability who is employed or will be employed by the small
12 business is eligible, subject to availability of credits, to
13 receive this assistive device tax credit which is equal to fifty
14 percent of the first five thousand dollars paid during the tax
15 year for the purchase, rental, or modification of the assistive
16 device or for making the workplace modifications. The following
17 percentage of any credit in excess of the tax liability shall
18 be refunded with interest in accordance with section 421.60,
19 subsection 2, paragraph "e", as follows:

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

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

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

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

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

30 Sec. 91. Section 422.33, subsection 9, Code 2025, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. d. This subsection is repealed January 1,
33 2031.

34 Sec. 92. RETROACTIVE APPLICABILITY. This division of this
35 Act applies retroactively to January 1, 2025, for tax years

1 beginning on or after that date.

2

DIVISION XIII

3

ENDOW IOWA TAX CREDIT REPEAL

4

Sec. 93. Section 2.48, subsection 3, paragraph c,

5

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

6

(2) (a) The endow Iowa tax credits authorized under section

7

15E.305.

8

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

9

Sec. 94. Section 15E.303, Code 2025, is amended to read as

10 follows:

11

15E.303 Definitions.

12

1. As used in this subchapter, unless the context otherwise

13

requires:

14

~~1.~~ a. "Board" means the governing board of the lead

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philanthropic entity identified by the authority pursuant to

16

section 15E.304, Code 2025.

17

~~2.~~ b. "Business" means a business operating within the

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state and includes individuals operating a sole proprietorship or

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having rental, royalty, or farm income in this state and includes

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a consortium of businesses.

21

~~3.~~ c. "Community affiliate organization" means a group of

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five or more community leaders or advocates organized for the

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purpose of increasing philanthropic activity in an identified

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community or geographic area in this state with the intention of

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establishing a community affiliate endowment fund.

26

~~4.~~ d. "Endow Iowa qualified community foundation" means

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a community foundation organized or operating in this state

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that attains the national standards established by the national

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council on foundations as determined by the authority in

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collaboration with the Iowa council of foundations.

31

~~5.~~ e. "Endowment gift" means an irrevocable contribution to

32

a permanent endowment held by an endow Iowa qualified community

33

foundation.

34

~~6.~~ f. "Lead philanthropic entity" means the entity

35

identified by the authority pursuant to section 15E.304, Code

1 2025.

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

3 Sec. 95. Section 15E.305, subsection 1, Code 2025, is amended
4 to read as follows:

5 1. For tax years beginning on or after January 1, 2003, but
6 before January 1, 2026, a tax credit shall be allowed against
7 the taxes imposed in chapter 422, subchapters II, III, and V, and
8 in chapter 432, and against the moneys and credits tax imposed
9 in section 533.329 equal to twenty-five percent of a taxpayer's
10 endowment gift to an endow Iowa qualified community foundation.
11 An individual may claim a tax credit under this section of a
12 partnership, limited liability company, S corporation, estate, or
13 trust electing to have income taxed directly to the individual.
14 The amount claimed by the individual shall be based upon the pro
15 rata share of the individual's earnings from the partnership,
16 limited liability company, S corporation, estate, or trust. A
17 tax credit shall be allowed only for an endowment gift made
18 to an endow Iowa qualified community foundation for a permanent
19 endowment fund established to benefit a charitable cause in this
20 state for gifts made prior to July 1, 2025. The amount of
21 the endowment gift for which the tax credit is claimed shall
22 not be deductible in determining taxable income for state income
23 tax purposes. Any tax credit in excess of the taxpayer's tax
24 liability for the tax year may be credited to the tax liability
25 for the following five years or until depleted, whichever occurs
26 first. A tax credit shall not be carried back to a tax year
27 prior to the tax year in which the taxpayer claims the tax
28 credit.

29 Sec. 96. Section 15E.305, Code 2025, is amended by adding the
30 following new subsection:

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

32 Sec. 97. Section 15E.311, subsection 4, paragraph c, Code
33 2025, is amended to read as follows:

34 c. "*Eligible county recipient*" means an endow Iowa qualified
35 community foundation or community affiliate organization,~~as~~

1 ~~defined in section 15E.303~~, that is selected, ~~in accordance with~~
2 ~~the procedures described in section 15E.304~~, to receive moneys
3 from an account created in this section for a particular county.
4 To be selected as an eligible county recipient, a community
5 affiliate organization shall establish a county affiliate fund to
6 receive moneys as provided by this section.

7 Sec. 98. Section 15E.311, subsection 4, Code 2025, is amended
8 by adding the following new paragraphs:

9 NEW PARAGRAPH. *0c.* "Community affiliate organization" means
10 a group of five or more community leaders or advocates organized
11 for the purpose of increasing philanthropic activity in an
12 identified community or geographic area in this state with the
13 intention of establishing a community affiliate endowment fund.

14 NEW PARAGRAPH. *d.* "Iowa qualified community foundation"
15 means a community foundation organized or operating in this
16 state that attains the national standards established by the
17 national council on foundations as determined by the authority in
18 collaboration with the Iowa council of foundations.

19 Sec. 99. Section 15E.311, subsection 6, Code 2025, is amended
20 by striking the subsection.

21 Sec. 100. Section 422.11H, Code 2025, is amended to read as
22 follows:

23 **422.11H Endow Iowa tax credit.**

24 1. The tax imposed under this subchapter, less the credits
25 allowed under section 422.12, shall be reduced by an endow Iowa
26 tax credit authorized pursuant to section 15E.305.

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

28 Sec. 101. Section 422.33, subsection 14, Code 2025, is
29 amended to read as follows:

30 14. a. The taxes imposed under this subchapter shall be
31 reduced by an endow Iowa tax credit authorized pursuant to
32 section 15E.305.

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

34 Sec. 102. Section 422.60, subsection 6, Code 2025, is amended
35 to read as follows:

1 6. a. The taxes imposed under this subchapter shall be
2 reduced by an endow Iowa tax credit authorized pursuant to
3 section 15E.305.

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

5 Sec. 103. Section 432.12D, Code 2025, is amended to read as
6 follows:

7 **432.12D Endow Iowa tax credit.**

8 1. The tax imposed under this chapter shall be reduced by an
9 endow Iowa tax credit authorized pursuant to section 15E.305.

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

11 Sec. 104. Section 533.329, subsection 2, paragraph g, Code
12 2025, is amended to read as follows:

13 g. (1) The moneys and credits tax imposed under this section
14 shall be reduced by an endow Iowa tax credit authorized pursuant
15 to section 15E.305.

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

17 Sec. 105. REPEAL. Sections 15E.301, 15E.302, and 15E.304,
18 Code 2025, are repealed.

19 DIVISION XIV

20 RESEARCH ACTIVITIES TAX CREDIT REPEAL

21 Sec. 106. Section 422.10, subsection 1, unnumbered paragraph
22 1, Code 2025, is amended to read as follows:

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

27 Sec. 107. Section 422.10, subsection 1, paragraph b,
28 subparagraph (3), subparagraph division (d), subparagraph
29 subdivision (iv), Code 2025, is amended by striking the
30 subparagraph subdivision.

31 Sec. 108. Section 422.10, subsection 1, paragraph b,
32 subparagraph (3), subparagraph division (e), Code 2025, is
33 amended to read as follows:

34 (e) For tax years beginning on or after January 1, ~~2027~~
35 2026, amounts paid for supplies as defined in section 41(b)(2)(C)

1 of the Internal Revenue Code shall not be qualified research
2 expenses in this state.

3 Sec. 109. Section 422.10, Code 2025, is amended by adding the
4 following new subsection:

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

6 Sec. 110. Section 422.33, subsection 5, paragraph a,
7 unnumbered paragraph 1, Code 2025, is amended to read as follows:

8 The taxes imposed under this subchapter shall be reduced by
9 a state tax credit through the tax year beginning on or after
10 January 1, 2025, but before January 1, 2026, for increasing
11 research activities in this state equal to the sum of the
12 following:

13 Sec. 111. Section 422.33, subsection 5, paragraph b,
14 subparagraph (2), subparagraph division (d), subparagraph
15 subdivision (iv), Code 2025, is amended by striking the
16 subparagraph subdivision.

17 Sec. 112. Section 422.33, subsection 5, paragraph b,
18 subparagraph (2), subparagraph division (e), Code 2025, is
19 amended to read as follows:

20 (e) For tax years beginning on or after January 1, ~~2027~~
21 2026, amounts paid for supplies as defined in section 41(b)(2)(C)
22 of the Internal Revenue Code shall not be qualified research
23 expenses in this state.

24 Sec. 113. Section 422.33, subsection 5, Code 2025, is amended
25 by adding the following new paragraph:

26 NEW PARAGRAPH. j. This subsection is repealed January 1,
27 2027.

28 DIVISION XV

29 RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

30 Sec. 114. NEW SECTION. **15.520 Short title.**

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

33 Sec. 115. NEW SECTION. **15.521 Definitions.**

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

35 1. "*Eligible expenditures*" means qualified research expenses

1 under section 41 of the Internal Revenue Code, to the extent the
2 expenditures occurred in this state.

3 2. "Qualified business" means a business certified by the
4 authority as eligible to claim the research and development tax
5 credit.

6 3. "Qualified research and development" means a systematic
7 activity that combines basic and applied research in an attempt
8 to discover solutions to new or existing problems, or to
9 create or update goods and services. "Qualified research and
10 development" includes a set of innovative activities undertaken
11 by an eligible business in developing new services or products,
12 and in improving existing ones.

13 Sec. 116. NEW SECTION. **15.522 Eligible businesses and**
14 **sectors.**

15 1. The tax credit available pursuant to this part shall be
16 available only to a business primarily engaged in any of the
17 following:

- 18 a. Advanced manufacturing.
- 19 b. Bioscience.
- 20 c. Insurance and finance.
- 21 d. Technology and innovation.

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

- 24 a. Second-generation food innovation.
- 25 b. Food ingredients and supplements.
- 26 c. Crop protection.
- 27 d. Hybrid seed technologies.
- 28 e. Diagnostic analytics and immunotherapies.
- 29 f. Chip technologies and microelectronics.
- 30 g. Medical equipment and supplies.
- 31 h. Software and technology.
- 32 i. Aerospace.
- 33 j. Pharmaceuticals.
- 34 k. Consumer products.
- 35 l. Any additional sectors included by the authority by rule.

1 Sec. 117. NEW SECTION. **15.523 Application, certification,**
2 **and agreement.**

3 1. A business shall submit a preapplication to the authority
4 to determine whether the business is primarily engaged in an
5 eligible sector identified in section 15.522 and is actively
6 engaged in qualified research and development. The determination
7 made by the authority shall be based on factors including but
8 not limited to the North American industry classification code
9 and sources of revenue. The authority may request any additional
10 documentation or conduct site visits to verify the requirements
11 of the program are met upon the submission of the preapplication.

12 2. The authority must certify a business as a qualified
13 business for the business to claim a research and development tax
14 credit. A qualified business may remain certified for up to five
15 years. A business may reapply for certification in additional
16 five-year increments.

17 3. An eligible business must enter into an agreement with the
18 authority for successful completion of all requirements of the
19 program.

20 4. Each year after certification as a qualified business,
21 the qualified business shall submit an application to the
22 authority for a tax credit based on the amount of eligible
23 expenditures that were made during the previous tax year.
24 Eligible expenditures must be reviewed by agreed upon procedures
25 prescribed by the authority by rule. The qualified business
26 shall engage an independent certified public accountant
27 authorized to practice in this state to conduct the review. A
28 business shall submit the application to the authority by January
29 31 of each year the business is determined to be a qualified
30 business for research and development conducted in the state in
31 the most recently ended tax year of the business.

32 Sec. 118. NEW SECTION. **15.524 Research and development tax**
33 **credit.**

34 1. For tax years beginning on or after January 1, 2026, a
35 research and development tax credit is available to a qualified

1 business that is approved for the tax credit by the authority.

2 2. Upon review of the application pursuant to section 15.523,
3 subsection 4, and approval by the authority to receive the tax
4 credit, the authority shall issue a tax credit certificate to a
5 qualified business indicating the amount available to be claimed.
6 The authority may approve a tax credit in an amount up to three
7 and one-half percent of the amount of the qualified business's
8 eligible expenditures. The tax credit shall be claimed for the
9 tax year during which the eligible expenditures were incurred.

10 3. To claim a tax credit under this section, a taxpayer
11 shall include one or more tax credit certificates with the
12 taxpayer's tax return. The tax credit certificate must contain
13 the taxpayer's name, address, tax identification number, the
14 amount of the credit, the name of the qualified business, and
15 any other information required by the department of revenue.
16 The tax credit certificate, unless rescinded by the authority,
17 shall be accepted by the department of revenue as payment for
18 taxes imposed pursuant to chapter 422, subchapters II and III,
19 subject to any conditions or restrictions placed by the authority
20 upon the face of the tax credit certificate and subject to the
21 limitations of the program.

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

27 5. Tax credit certificates issued pursuant to this section
28 are not transferable.

29 6. If the business is a partnership, S corporation, limited
30 liability company, estate, or trust electing to have the income
31 taxed directly to the individual, an individual may claim the tax
32 credit allowed. The amount claimed by the individual shall be
33 based upon the pro rata share of the individual's earnings of the
34 partnership, S corporation, limited liability company, or estate
35 or trust.

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

4 8. If requests for tax credits exceed the amount available
5 pursuant to section 15.119, the authority shall award tax credits
6 based upon factors including but not limited to the total amount
7 of tax credits requested, the percentage of the research and
8 development of the business that occurs in this state compared to
9 research and development conducted in other states and countries,
10 and the economic impact of the research and development conducted
11 in this state.

12 Sec. 119. NEW SECTION. **15.525 Reporting requirements.**

13 1. A qualified business shall report annually to the
14 authority all of the following:

15 a. The total amount of investment made in research and
16 development.

17 b. The location in this state where the research and
18 development occurred.

19 c. The number of jobs created, wages paid, and employee
20 residence locations.

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

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

27 Sec. 120. NEW SECTION. **15.526 Confidentiality.**

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

34 2. The identity of a tax credit recipient and the amount
35 of the tax credit shall be considered public information under

1 chapter 22.

2 Sec. 121. NEW SECTION. **422.12Q Research and development tax**
3 **credit.**

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

7 Sec. 122. Section 422.33, Code 2025, is amended by adding the
8 following new subsection:

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

12 Sec. 123. CODE EDITOR DIRECTIVE. The Code editor shall
13 designate sections 15.520 through 15.526, as enacted in this
14 division of this Act, as part 35 of subchapter II.

15 Sec. 124. EFFECTIVE DATE. This division of this Act, being
16 deemed of immediate importance, takes effect upon enactment.

17 DIVISION XVI

18 SUSTAINABLE AVIATION FUEL PRODUCTION TAX CREDIT

19 Sec. 125. NEW SECTION. **15.530 Short title.**

20 This part shall be known and may be cited as the "*Sustainable*
21 *Aviation Fuel Production Tax Credit Program*".

22 Sec. 126. NEW SECTION. **15.531 Definitions.**

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

24 1. "*Aviation gasoline*" means the same as defined in section
25 452A.2.

26 2. "*Eligible taxpayer*" means a business engaged in
27 manufacturing sustainable aviation fuel from feedstock.

28 3. "*Feedstock*" means any organic matter processed or refined
29 in the state suitable for sustainable aviation fuel production
30 without further enhancement. "*Feedstock*" includes ethanol, corn
31 oil, soybean oil, animal fats used in cooking oil, and algae oil.

32 4. "*Jet fuel*" means blends of hydrocarbons derived from
33 crude petroleum, natural gasoline, and synthetic hydrocarbons,
34 intended for use in aviation turbine engines, and that meet
35 the specifications in ASTM (American society for testing and

1 materials) specification D1655-12.

2 5. "Sustainable aviation fuel" means a liquid fuel derived
3 from feedstock not including palm fatty acid distillates and
4 that achieves at least a fifty percent life cycle greenhouse gas
5 emissions reduction in comparison with petroleum-based aviation
6 gasoline, aviation turbine fuel, and jet fuel as determined by a
7 test that shows any of the following:

8 a. The fuel production pathway achieves at least a fifty
9 percent life cycle greenhouse gas emissions reduction in
10 comparison with petroleum-based aviation gasoline, aviation
11 turbine fuel, and jet fuel utilizing the most recent version
12 of the GREET (Argonne national laboratory's greenhouse gases,
13 regulated emissions, and energy use in technologies) model that
14 accounts for reduced emissions throughout the fuel production
15 process.

16 b. The fuel production pathway achieves at least a fifty
17 percent reduction of the aggregate attributional core life
18 cycle emissions and the positive induced land use change values
19 under the CORSIA (carbon offsetting and reduction scheme for
20 international aviation) life cycle methodology for sustainable
21 aviation fuels adopted by the international civil aviation
22 organization with the agreement of the United States.

23 Sec. 127. NEW SECTION. **15.532 Eligible business application**
24 **and agreement.**

25 1. a. An eligible business that produces a sustainable
26 aviation fuel in this state from feedstock during a calendar year
27 may apply to the authority for the sustainable aviation fuel tax
28 credit provided in section 15.533.

29 b. The application must be made to the authority in the
30 manner prescribed by the authority.

31 c. The application must be made during the calendar year
32 following the calendar year in which the sustainable aviation
33 fuel is produced.

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

1 e. The application must include all of the following
2 information:

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

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

10 (3) Any other information reasonably required by the
11 authority in order to establish and verify eligibility under the
12 program.

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

16 2. a. Before being issued a tax credit under section 15.533,
17 an eligible business must enter into an agreement with the
18 authority for the successful completion of all requirements of
19 the program. As part of the agreement, the eligible business
20 shall agree to collect and provide any information reasonably
21 required by the authority in order to allow the board to fulfill
22 its reporting obligation under section 15.534.

23 b. An eligible business shall fulfill all the requirements
24 of the program and the agreement before the authority issues the
25 business a tax credit certificate or enters into a subsequent
26 agreement with the business under this section. The authority
27 may decline to enter into a subsequent agreement with the
28 business under this section if a prior agreement is not
29 successfully fulfilled.

30 c. Upon establishing that all requirements of the program
31 and the agreement have been fulfilled, the authority shall issue
32 a tax credit certificate to the eligible business stating the
33 amount of sustainable fuel tax credit the eligible business may
34 claim.

35 3. The failure in fulfilling any requirement of the program

1 by the eligible business or any of the terms and obligations of
2 an agreement entered into pursuant to this section may result in
3 the rescission of the tax credits issued under section 15.533,
4 and in addition to any other penalties provided by law, may
5 subject the tax credits to repayment of all or a portion of tax
6 credit issued by the authority, and may subject the tax credits
7 to recapture by the authority or the department of revenue.

8 4. a. Except as provided in paragraph "b", any information
9 or record in the possession of the authority with respect to
10 the program shall be presumed by the authority to be a trade
11 secret protected under chapter 550 or common law and shall be
12 kept confidential by the authority unless otherwise ordered by a
13 court.

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

17 Sec. 128. NEW SECTION. **15.533 Sustainable aviation fuel tax**
18 **credit.**

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

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

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

30 4. An individual may claim a tax credit under this section
31 of a partnership, limited liability company, S corporation,
32 cooperative organized under chapter 501 and filing as a
33 partnership for federal tax purposes, estate, or trust electing
34 to have income taxed directly to the individual. The amount
35 claimed by the individual shall be based upon the pro rata

1 share of the individual's earnings from the partnership, limited
2 liability company, S corporation, cooperative, estate, or trust.

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

7 6. a. To claim a tax credit under this section, a taxpayer
8 shall include one or more tax credit certificates with the
9 taxpayer's tax return.

10 b. The tax credit certificate shall contain the taxpayer's
11 name, address, tax identification number, the amount of the
12 credit, the name of the eligible business, and any other
13 information required by the department of revenue.

14 c. The tax credit certificate, unless rescinded by the
15 authority, shall be accepted by the department of revenue as
16 payment for taxes imposed pursuant to chapter 422, subchapters II
17 and III, subject to any conditions or restrictions placed by the
18 authority upon the face of the tax credit certificate and subject
19 to the limitations of the program.

20 d. Tax credit certificates issued pursuant to this section
21 are not transferable.

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

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

29 (2) The authority shall not issue more than five tax credit
30 certificates to an eligible business for the production of
31 aviation fuel under the program.

32 Sec. 129. NEW SECTION. **15.534 Reports to general**
33 **assembly.**

34 1. For purposes of this section, "*successful tax credit*
35 *applicant*" includes, with respect to each calendar year, an

1 eligible business that was issued a tax credit certificate for
2 production of sustainable aviation fuel during that calendar
3 year.

4 2. The annual report under section 15.107B shall include a
5 report describing the activities of the program for the previous
6 calendar year. The report shall, at a minimum, include all of
7 the following information:

8 a. The aggregate number of gallons of sustainable aviation
9 fuel produced for which successful tax credit applicants received
10 a tax credit in the previous calendar year.

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

13 (1) The identity of the eligible business.

14 (2) The amount of the tax credit.

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

18 3. To protect the presumption of confidentiality established,
19 the board shall report all information in an aggregate form
20 to prevent, as much as possible, information being attributable
21 to any particular eligible business, except as provided in
22 subsection 2, paragraph "e".

23 Sec. 130. NEW SECTION. **15.535 Future repeal.**

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

26 Sec. 131. NEW SECTION. **422.10C Sustainable aviation fuel
27 tax credit.**

28 The taxes imposed under this subchapter, less the credits
29 allowed under section 422.12, shall be reduced by a sustainable
30 aviation fuel tax credit allowed under section 15.533. This
31 section is repealed January 1, 2037.

32 Sec. 132. Section 422.33, Code 2025, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 23. The taxes imposed under this subchapter
35 shall be reduced by a sustainable aviation fuel tax credit

1 allowed under section 15.533. This subsection is repealed
2 January 1, 2037.

3 Sec. 133. TAX CREDIT CLAIMS. Sustainable aviation fuel tax
4 credits issued pursuant to the sustainable aviation tax credit
5 program enacted in this division of this Act shall not be issued
6 by the economic development authority prior to July 1, 2026, and
7 shall not be claimed by a taxpayer prior to September 1, 2026.

8 Sec. 134. CODE EDITOR DIRECTIVE. The Code editor shall
9 designate sections 15.530 through 15.535, as enacted in this
10 division of this Act, as part 36 of subchapter II.

11 Sec. 135. EFFECTIVE DATE. This division of this Act, being
12 deemed of immediate importance, takes effect upon enactment.

13 Sec. 136. RETROACTIVE APPLICABILITY. This division of this
14 Act applies retroactively to January 1, 2025, for tax years
15 beginning on or after that date.

16 DIVISION XVII

17 MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM

18 Sec. 137. Section 15.494, subsection 1, paragraph b, Code
19 2025, is amended to read as follows:

20 b. If the eligible business fails to comply with any
21 requirements of the program or the agreement as determined by
22 the authority, the eligible business may be required to repay
23 any tax incentives the authority issued to the eligible business.
24 A The authority shall notify the department of revenue of any
25 required repayment of a tax incentive shall. Any repayment shall
26 be considered a tax payment due and payable to the department of
27 revenue by any taxpayer that claimed the tax incentive, and the
28 failure to make the repayment may be treated by the department
29 of revenue in the same manner as a failure to pay the tax
30 shown due, or required to be shown due, with the filing of a
31 return or deposit form. In addition, the county shall have
32 the authority to take action to recover the value of property
33 taxes not collected as a result of the exemption provided to the
34 business under this part.

35 Sec. 138. Section 15.495, subsection 2, Code 2025, is amended

1 to read as follows:

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

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

13 b. ~~The eligible business shall inform the department of~~
14 ~~revenue in writing of contract completion.~~ The eligible
15 business shall, ~~after contract completion~~ no more frequently than
16 quarterly, submit an application to the department of revenue
17 for a refund of the amount of the sales and use taxes paid
18 pursuant to chapter 423 upon any tangible personal property,
19 or services rendered, furnished, or performed, including water,
20 sewer, gas, and electric utility services. The application
21 shall be submitted in the form and manner prescribed by the
22 department of revenue. The department of revenue shall audit the
23 application and, if approved, issue a warrant or warrants to the
24 eligible business in the amount of the sales or use tax which has
25 been paid to the state of Iowa under subsection 1. The eligible
26 business's application must be submitted to the department of
27 revenue within one year after the project completion date. ~~An~~
28 ~~application filed by the eligible business in accordance with~~
29 ~~this section shall not be denied by reason of a limitation set~~
30 ~~forth in chapter 421 or 423.~~

31 c. The refund shall be remitted by the department of revenue
32 to the eligible business ~~equally over five tax years~~ on a
33 quarterly basis. Interest shall not accrue on any part of
34 the refund that has not yet been remitted by the department of
35 revenue to the eligible business.

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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 matters under the purview of the Iowa economic development authority (authority), including tax credit limits, targeted jobs tax credits, and the major economic growth attraction program; creation of the business incentives for growth program, the seed investor tax credit program, the Iowa film production incentive program, the research and development tax credit program, and the sustainable aviation fuel production tax credit program; elimination of the high quality jobs program, the investments in qualifying businesses tax credit, employer child care tax credits, assistive device tax credits, endow Iowa tax credits, and research activities tax credits; and makes conforming changes.

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; (2) for the renewable chemical production tax credit and the sustainable aviation fuel production tax credit the authority shall allocate a total of \$10 million; (3) for the research and development tax credit the authority shall allocate \$40 million; and (4) for the business incentives for growth program for the fiscal year beginning July 1, 2026, and for each fiscal year thereafter, the authority shall not allocate more than \$50 million.

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

DIVISION III — BUSINESS INCENTIVES FOR GROWTH PROGRAM. The

1 bill creates a business incentives for growth program (BIG
2 program), effective January 1, 2026, to provide tax incentives to
3 eligible businesses. The qualifications for an eligible business
4 are provided in the bill. Applications for the BIG program shall
5 be submitted to the authority. For a proposed project that
6 will result in elevated water consumption by the business, the
7 application must be accompanied by a water conservation and waste
8 reduction plan.

9 The terms of, and aggregate value of, a tax incentive may be
10 negotiated between an eligible business and the authority, but
11 the aggregate value of the tax incentives that any one eligible
12 business may receive shall not exceed 5 percent of the eligible
13 business's qualifying investment. The board may authorize any
14 combination of tax incentives available for an eligible business.

15 An eligible business that is approved by the authority to
16 participate in the BIG program shall enter into an agreement with
17 the authority specifying the criteria for successful completion
18 of the program requirements. The requirements for the program
19 agreement are detailed in the bill.

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

27 An eligible business may not receive a tax credit certificate
28 until the eligible business's project, or a portion of the
29 project, has been placed in service. The department of revenue
30 shall remit the tax credit to the eligible business over five tax
31 years. If within five years of the date the authority issues
32 an eligible business a tax credit, the eligible business sells,
33 disposes of, razes, or otherwise renders unusable all or a part
34 of the land, buildings, or other structures for which the tax
35 credit was claimed, the tax liability of the eligible business

1 for that year shall be increased by the amounts detailed in the
2 bill.

3 An eligible business may apply for and be eligible to receive
4 other tax incentives; however, the authority may prohibit an
5 eligible business that has been issued tax incentives under the
6 BIG program from receiving any additional tax incentive, tax
7 credit, grant, loan, or other financial assistance under any
8 program administered by the authority.

9 A community in which an eligible business's project is located
10 may grant the eligible business a property tax exemption for
11 a portion of the actual value added by improvements to real
12 property through the project for a period not to exceed 10 years
13 beginning the year that the improvements to real property are
14 first assessed for taxation.

15 The bill authorizes the establishment of one or more funds
16 within the state treasury, under the control of the authority,
17 to be used for assistance for certain programs and projects as
18 detailed in the bill.

19 This division of the bill takes effect upon enactment.

20 DIVISION IV — ELIMINATION OF THE HIGH QUALITY JOBS
21 PROGRAM. The bill repeals the high quality jobs program on June
22 30, 2026, and provides for fulfillment of agreements entered into
23 under the program on or before December 1, 2025.

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

26 DIVISION V — HIGH QUALITY JOBS PROGRAM — CONFORMING
27 CHANGES. The bill makes conforming changes to Code
28 sections 2.48(3)(a)(1), 2.48(3)(a)(2), 8G.3(8), 15.106B(5)(b),
29 15.293B(3), 15.317(5), 15.318(2)(b), 15.318(4), 15.354(1)(b)(2),
30 15.354(1)(c), 15.354(3)(b), 15.354(5), 15.499(1), 15E.351(1),
31 15E.362(1)(c), 15H.5, 159A.6B(2), 266.19, 422.10(5), 422.11F(2),
32 422.33(5)(h), 422.33(12)(b), 422.33(19), 422.60(5)(b), 422.60(8),
33 427B.17(8)(b), 432.12C(2), 455B.104(2), and 533.329(2)(c) and
34 (d).

35 The bill repeals Code sections 15E.231, 15E.232, 15E.233,

1 422.11U, and 432.12H.

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

3 DIVISION VI — SEED INVESTOR TAX CREDIT PROGRAM. The bill
4 creates the seed investor tax credit program (seed program)
5 for the purpose of stimulating job growth, creating wealth, and
6 accelerating the creation of new ventures.

7 The bill allows a tax credit for a portion of a taxpayer's
8 equity investment in a qualifying business as provided in the
9 bill. The amount of the tax credit shall equal 20 percent
10 of the taxpayer's equity investment if the qualifying business
11 is located in an urban area, or 35 percent if the qualifying
12 business is located in a rural area. The maximum amount of
13 a tax credit that may be issued per calendar year to a person
14 and the person's spouse or dependent shall not exceed \$100,000
15 combined. The maximum amount of a tax credit that may be issued
16 per calendar year for equity investments in any one qualifying
17 business shall not exceed \$500,000. The department of revenue
18 shall adopt rules for the administration of the seed program.

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

22 All information or records in the possession of the authority
23 with respect to the seed program shall be a trade secret and
24 kept confidential by the authority unless otherwise ordered by a
25 court, or unless considered public information.

26 The authority shall submit the annual report to the governor
27 and the general assembly on the activities conducted pursuant
28 to the seed program including a listing of eligible qualifying
29 businesses and the number of tax credit certificates and the
30 amount of tax credits issued by the authority.

31 The bill requires that, as part of the innovation fund
32 investment tax credit program, an innovation fund submit an
33 application for certification to the board. The board shall
34 approve the application and certify the innovation fund if, in
35 addition to the criteria under current law, the fund proposes

1 to obtain at least \$3 million in binding investment commitments
2 and to invest a minimum of \$3 million in companies that have a
3 principal place of business in the state.

4 DIVISION VII — ELIMINATION OF INVESTMENTS IN QUALIFYING
5 BUSINESS TAX CREDIT PROGRAM. The bill repeals the investments in
6 qualifying businesses tax credit program on June 30, 2026, and
7 provides for the validity of tax credits issued under the program
8 before June 30, 2025.

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

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

16 The bill requires the authority to administer the Iowa
17 film production incentive program (film program) for the
18 purpose of providing rebates to qualified production facilities
19 for qualified expenditures incurred to produce a qualified
20 production. "Qualified production" and "qualified production
21 facility" are defined in the bill.

22 The bill requires the authority to establish eligibility
23 criteria by rule.

24 The criteria for qualified production facilities must require
25 that a facility have a soundstage with dimensions covering
26 at least 12,500 square feet, a permanent grid system or
27 an alternative rigging support structure rated for overhead
28 suspension, production and postproduction sound rooms, sufficient
29 electric service that does not require use of an electric
30 generator, and an agreement between the authority and the
31 facility that the phrase "filmed in Iowa" appears at the
32 beginning of any credits.

33 The criteria for a qualified production must include a
34 fully funded production budget of at least \$1 million, and the
35 qualified production must be made available to the public for

1 purchase.

2 The criteria for qualified expenditures must include expenses
3 for industry standard activities for cast members, equipment,
4 studio production facilities, hospitality services, certified
5 public accountant services, per diem payments, payments to
6 businesses located in this state, accommodations, and any other
7 expenses allowed by the authority. Qualified expenditures do
8 not include expenses for entertainment, studio executive airfare,
9 royalties, and publicity for the qualified production. The
10 criteria for qualified expenditures must include a written
11 acknowledgment by the facility that no qualified expenses were
12 incurred prior to approval of the application by the authority.

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

15 The bill provides that the rebate amount shall equal 30
16 percent of the gross amount of qualified expenditures incurred
17 to produce a qualified production excluding any sales, use, and
18 hotel and motel taxes paid.

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

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

23 The bill applies to qualified expenditures incurred between
24 July 1, 2025 and July 1, 2027. The program is repealed on July
25 1, 2027.

26 DIVISION X — TARGETED JOBS WITHHOLDING CREDIT MODIFICATIONS
27 AND REPEAL. The targeted jobs withholding credit is provided to
28 certain employers in pilot project cities equal to 3 percent of
29 the gross wages paid by the employer to each employee pursuant
30 to a withholding agreement entered into on or prior to June 30,
31 2027.

32 For withholding agreements entered into on or after the
33 effective date of this division, the bill reduces the withholding
34 credit provided to an employer from 3 percent of gross wages paid
35 to employees to 1.5 percent of gross wages paid to employees.

1 An employer entering into a withholding agreement prior to,
2 on, or after the effective date of the division, shall not
3 receive the targeted jobs withholding credit for wages paid to
4 employees after June 30, 2027, coinciding with the date new
5 withholding agreements are no longer permitted pursuant to Code
6 section 403.19A(3)(c)(2).

7 The bill repeals the targeted jobs withholding credit from the
8 Code on January 1, 2038, due to the employer's ability to carry
9 forward the credit for up to 10 years.

10 The division takes effect upon enactment.

11 DIVISION XI — EMPLOYER CHILD CARE TAX CREDIT REPEAL. The bill
12 repeals the employer child care tax credit commencing with tax
13 years beginning on or after January 1, 2026. The credit is
14 equal to the employer-provided child care tax credit provided
15 in section 45F of the Internal Revenue Code, and is available
16 against the individual and corporate income taxes, the franchise
17 tax, the insurance premiums tax, and the moneys and credits tax.

18 The bill repeals the tax credit from the Code on January 1,
19 2031, due to the taxpayer's ability to carry forward the credit
20 for up to five years.

21 DIVISION XII — ASSISTIVE DEVICE TAX CREDIT REPEAL. The bill
22 repeals the assistive device refundable tax credit available
23 against the corporate income tax commencing with tax years
24 beginning on or after January 1, 2025. The tax credit was equal
25 to 50 percent of the first \$5,000 used to purchase an assistive
26 device.

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

30 DIVISION XIII — ENDOW IOWA TAX CREDIT REPEAL. The bill
31 repeals the endow Iowa tax credit commencing with tax years
32 beginning on or after January 1, 2026, but the bill repeals the
33 program beginning July 1, 2025. The tax credit is equal to
34 25 percent of the taxpayer's endowment gift to an endow Iowa
35 qualified community foundation. However, the bill specifies

1 the tax credit shall only be allowed for endowment gifts made
2 prior to July 1, 2025. The tax credit is available against the
3 individual and corporate income taxes, the franchise tax, the
4 insurance premiums tax, and the moneys and credits tax. The tax
5 credit is currently capped at \$6 million annually.

6 The bill repeals the tax credit from the Code on January 1,
7 2031, due to the taxpayer's ability to carry forward the credit
8 for up to five years.

9 DIVISION XIV — RESEARCH ACTIVITIES TAX CREDIT REPEAL. The
10 bill repeals the research activities tax credit commencing with
11 tax years beginning on or after January 1, 2026. The bill
12 creates a new research and development tax credit in another
13 division of the bill. The research activities tax credit is
14 a refundable tax credit for qualifying taxpayers conducting
15 research for manufacturing, life sciences, agriscience, software
16 engineering, or aviation and aerospace industry. The tax credit
17 is available against the individual and corporate income taxes.

18 The bill repeals the tax credit from the Code on January
19 1, 2027, due to the ability of the taxpayer to credit any
20 overpayment in tax liability in the following tax year.

21 DIVISION XV — RESEARCH AND DEVELOPMENT TAX CREDIT
22 PROGRAM. The bill creates a research and development tax credit
23 program to be administered by the authority. The bill provides
24 a tax credit to eligible businesses that incur qualified research
25 expenses as defined under section 41 of the Internal Revenue Code
26 to the extent such expenses were incurred in the state.

27 The tax credit is available against the individual and
28 corporate income taxes for tax years beginning on or after
29 January 1, 2026.

30 The bill makes the credit available to businesses primarily
31 engaged in advanced manufacturing, bioscience, insurance and
32 finance, and technology innovation. The bill further
33 limits the credit to the following sectors of those
34 businesses: second-generation food innovation, food ingredients
35 and supplements, crop protection, hybrid seed technologies,

1 diagnostic analytics and immunotherapies, chip technologies
2 and microelectronics, medical equipment and supplies, software
3 technology, aerospace, pharmaceuticals, consumer products, and
4 any additional sectors included by the authority by rule.

5 A business is required to submit a preapplication for the
6 credit to the authority to determine whether the business is
7 primarily engaged in an eligible sector described in the bill
8 and is actively engaged in qualified research and development.
9 The determination by the authority shall be based on factors
10 including but not limited to the North American industry
11 classification code and sources of revenue, and may include site
12 visits by the authority.

13 A business must be certified by the authority to be eligible
14 for the credit. A business becomes a qualified business if it
15 has been certified by the authority, and a qualified business may
16 remain certified for up to five years. A qualified business may
17 reapply for certification in additional five-year increments.

18 Each year after becoming a qualified business during the
19 five-year period, the bill requires the qualified business to
20 submit an application to the authority for the tax credit based
21 on the amount of eligible expenditures that were made during the
22 previous tax year. Eligible expenditures must be reviewed by
23 agreed upon procedures prescribed by the authority by rule. The
24 bill requires the eligible expenditures review to be conducted
25 by a certified public accountant authorized to practice in this
26 state. A business shall submit the application to the authority
27 by January 31 of each year the business is certified to be a
28 qualified business.

29 The authority may approve a tax credit in the form of a
30 tax credit certificate issued to the qualified business up to
31 an amount equal to 3.5 percent of the amount of the qualified
32 business's eligible expenditures. The tax credit must be claimed
33 for the tax year during which the eligible expenditures were
34 incurred.

35 Any tax credit in excess of the qualified business's tax

1 liability is refundable. In lieu of claiming a refund, the
2 taxpayer may elect to have the overpayment shown on the
3 taxpayer's final, completed return credited to the tax liability
4 for the following tax year.

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

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

10 The bill requires a qualified business claiming the credit to
11 annually report to the authority the following: the total amount
12 of investment made in research and development; the location
13 in this state where the research and development occurred; and
14 the number of jobs created, wages paid, and employee residence
15 locations.

16 DIVISION XVI — SUSTAINABLE AVIATION FUEL PRODUCTION TAX
17 CREDIT. The bill creates a sustainable aviation fuel tax credit
18 program.

19 The bill defines "sustainable aviation fuel" (SAF) to mean
20 a liquid fuel derived from feedstock not including palm fatty
21 acid distillates and that achieves at least a 50 percent life
22 cycle greenhouse gas emissions reduction in comparison with
23 petroleum-based aviation gasoline, aviation turbine fuel, and jet
24 fuel as determined by other tests further defined in the bill.

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

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

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

32 An eligible business that produces SAF in this state during a
33 calendar year may apply to the authority for the tax credit for
34 the SAF produced during the 2026 calendar year through the 2035
35 calendar year.

1 The bill requires an eligible business that produces SAF to
2 apply to the authority for the credit in the manner prescribed by
3 the authority, and in the calendar year following the calendar
4 year in which the SAF is produced. The bill requires the
5 application to include the amount of SAF produced in the state
6 from feedstock by the eligible business during the calendar year,
7 measured in gallons, the types and sources of feedstock used
8 to produce sustainable aviation fuel, and any other information
9 required by the authority. Each application shall be reviewed
10 and scored on a competitive basis by the authority pursuant to
11 rules adopted by the authority.

12 Before being issued a tax credit, the bill requires an
13 eligible business to enter into an agreement with the authority
14 for the successful completion of all requirements of the program.
15 As part of the agreement, the eligible business must agree to
16 collect and provide any information reasonably required by the
17 authority in order to allow the economic development authority
18 board to fulfill its reporting obligation under new Code section
19 15.514.

20 If all of the requirements of the program and the agreement
21 have been fulfilled, the bill requires the authority to issue
22 a tax credit certificate to the eligible business in an amount
23 equal to the product of 25 cents multiplied by the number of
24 gallons of SAF produced in this state.

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

29 The SAF tax credit certificates issued pursuant to this
30 division are not transferable.

31 The maximum amount of SAF tax credits combined with the
32 chemical production tax credit shall not exceed \$10 million
33 in a fiscal year. The bill specifies the maximum amount of
34 tax credits issued to an eligible business shall not exceed \$1
35 million in a calendar year. An eligible business also shall

1 not be issued more than five tax credit certificates under the
2 program.

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

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

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

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