

House Study Bill 730 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH AND
TECHNOLOGY BILL BY
CHAIRPERSON SORENSEN)

A BILL FOR

1 An Act relating to rehabilitation projects and tax incentives
2 under the workforce housing tax incentives program.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 15.352, Code 2026, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 9A. "Rehabilitation project" means a
4 proposed housing project eligible to receive workforce housing
5 tax incentives under section 15.353 that meets all of the
6 following requirements:

7 a. The requirements of section 15.353, subsection 1,
8 paragraph "a".

9 b. The requirements of section 15.353, subsection 2,
10 paragraph "b".

11 c. The requirements of section 15.353, subsections 3 and 4.

12 d. The single-family dwelling units that will result from the
13 proposed housing project are intended for resale to buyers who
14 will occupy the units as primary residences.

15 Sec. 2. Section 15.354, subsection 4, Code 2026, is amended
16 by striking the subsection and inserting in lieu thereof the
17 following:

18 4. *Maximum tax incentives amount.*

19 a. In the fiscal year beginning July 1, 2026, and ending June
20 30, 2027, and for each fiscal year thereafter, the authority
21 shall not award an amount of tax incentives in excess of forty
22 million dollars.

23 b. (1) Of the tax incentives allocated under paragraph "a",
24 fifty percent of the allocation available in each fiscal year
25 shall be reserved for allocation to qualified housing projects in
26 small cities.

27 (2) Notwithstanding subparagraph (1), if the sum of the
28 amount of tax incentives awarded in a given fiscal year for
29 housing projects located in small cities based on the authority's
30 review and scoring of applications does not exceed the amount
31 reserved for housing projects located in small cities pursuant
32 to subparagraph (1), the authority may award the remaining amount
33 of tax incentives reserved for housing projects located in small
34 cities to other housing projects during that same fiscal year.

35 c. (1) Of the moneys allocated under paragraph "a", five

1 thousand dollars shall be reserved to award tax incentives to
2 rehabilitation projects.

3 (2) Of the tax incentives allocated under subparagraph (1),
4 fifty percent of the allocation available in each fiscal year
5 shall be reserved for allocation to rehabilitation projects in
6 small cities.

7 (3) Notwithstanding subparagraph (2), if the sum of the
8 amount of tax incentives awarded in a given fiscal year for
9 rehabilitation projects located in small cities based on the
10 authority's review and scoring of applications does not exceed
11 the amount reserved for rehabilitation projects located in small
12 cities pursuant to subparagraph (2), the authority may award the
13 remaining amount of tax incentives reserved for rehabilitation
14 projects located in small cities to other rehabilitation projects
15 during that same fiscal year.

16 d. Tax incentives revoked by the authority or irrevocably
17 declined by a housing business before June 30 of the fiscal
18 year following the award may be awarded during the fiscal year
19 the revocation or declination occurs. Tax incentives awarded
20 pursuant to this paragraph shall not be counted against the tax
21 incentives limit established in paragraph "a".

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

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

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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 rehabilitation projects and tax incentives issued under the workforce housing tax incentives program.

The bill defines a "rehabilitation project" as a proposed housing project eligible to receive workforce housing tax incentives that includes at least four or more single-family dwelling units, except for a project located in a small city, then two or more single-family dwelling units; consists of the rehabilitation, repair, or redevelopment of dilapidated dwelling units; and the single-family dwelling units resulting from the proposed housing project are intended for resale to buyers who will occupy the units as a primary residence.

Under the workforce housing tax incentives program, current law provides that for FY 2026-2027, the economic development authority (authority) shall not award an amount of tax incentives in excess of \$36.5 million. For FY 2027-2028, and for each fiscal year thereafter, the authority shall not award an amount of tax incentives in excess of \$35 million.

Under the bill, for FY 2026-2027, and for each fiscal year thereafter, the authority shall not award an amount of tax incentives in excess of \$40 million. Of the \$40 million, 50 percent (\$20 million) shall be reserved for allocation to qualified housing projects in small cities. Additionally, under the bill, of the \$40 million, \$5 million shall be reserved to award tax incentives to rehabilitation projects. Of the tax incentives for rehabilitation projects, 50 percent (\$2.5 million) shall be reserved for allocation to rehabilitation projects in small cities. If the sum of the amount of tax incentives awarded in a given fiscal year for housing or rehabilitation projects located in small cities does not exceed the amount reserved for housing or rehabilitation projects located in small cities, the authority may award the remaining amount of tax incentives to

1 other rehabilitation projects during that same fiscal year.

2 The maximum aggregate amount of tax incentives that may be
3 awarded and issued to a housing business for a housing project or
4 a rehabilitation project shall not exceed \$1 million.

5 The bill eliminates the requirement that the authority issue
6 tax incentives under the program on a first-come, first-served
7 basis.

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