

# House File 860 - Reprinted

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 286)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing a tax credit certificate transfer program.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
3 TLSB 1741HV 81  
4 tm/gg/14

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1 1 Section 1. NEW SECTION. 421.58 SALE OR TRANSFER OF NET  
1 2 OPERATING LOSS CARRYOVER.  
1 3 1. As used in this section, unless the context otherwise  
1 4 requires:  
1 5 a. "Biotechnology enterprise" means the same as defined in  
1 6 section 15E.202.  
1 7 b. "Department" means the department of revenue.  
1 8 c. "Net operating loss" means the same as defined in  
1 9 section 172 of the Internal Revenue Code. "Net operating  
1 10 loss" may include up to a maximum salary allocation of one  
1 11 hundred thirty percent of the average annual county wage.  
1 12 d. "Targeted industry business" means the same as defined  
1 13 in section 15E.223.  
1 14 2. The department shall establish and administer a tax  
1 15 credit certificate transfer program for purposes of allowing a  
1 16 biotechnology enterprise or a targeted industry business with  
1 17 twenty or fewer employees to transfer a tax credit certificate  
1 18 to another taxpayer in return for private financial assistance  
1 19 for a net operating loss carryover.  
1 20 3. A biotechnology enterprise or a targeted industry  
1 21 business with twenty or fewer employees that has a net  
1 22 operating loss carryover in a single tax year may apply to the  
1 23 department for the issuance of a tax credit certificate in the  
1 24 amount of the loss carryover for sale under this section to a  
1 25 qualifying, nonaffiliated business. Upon the department's  
1 26 approval of an application, a tax credit certificate shall be  
1 27 issued containing the taxpayer's name, address, tax  
1 28 identification number, the amount of the tax credit, and other  
1 29 information required by the department. The proceeds from the  
1 30 sale of a tax credit shall be used by the biotechnology  
1 31 enterprise or targeted industry business for expenses  
1 32 including, but not limited to, the expenses of fixed assets  
1 33 such as the acquisition, development, and construction of real  
1 34 property, materials, salaries, and research and development  
1 35 expenditures.  
2 1 4. A taxpayer willing to enter into an agreement to  
2 2 receive a tax credit certificate from a biotechnology  
2 3 enterprise or a targeted industry business in exchange for  
2 4 providing private financial assistance shall submit an  
2 5 application to the department. The application to receive a  
2 6 tax credit certificate shall identify the amount of private  
2 7 financial assistance that the applicant is willing to provide  
2 8 in exchange for a tax credit certificate.  
2 9 5. A taxpayer willing to exchange private financial  
2 10 assistance to a biotechnology enterprise or targeted industry  
2 11 business may use the amount of the tax credit transferred  
2 12 against the taxes imposed under chapter 422, division II, III,  
2 13 or V, or chapter 432 for any tax year the original transferor  
2 14 could have claimed the net operating loss carryover. Any  
2 15 consideration received for the transfer of the tax credit  
2 16 shall not be included as income under chapter 422, division  
2 17 II, III, or V. Any consideration paid for the transfer of a  
2 18 tax credit under this section shall not be deducted from

2 19 income under chapter 422, division II, III, or V. Any tax  
2 20 credit in excess of the tax liability for the tax year may be  
2 21 credited to the tax liability for the following seven years or  
2 22 until depleted, whichever occurs first.

2 23 6. The department shall adopt rules pursuant to chapter  
2 24 17A to establish the procedures for the application, review,  
2 25 selection, issuance, and transfer of tax credit certificates  
2 26 and to provide for the method to be used to determine for  
2 27 which fiscal year the tax credits are available.

2 28 7. The department or a designee shall match applications  
2 29 submitted under this section in a manner that can best  
2 30 stimulate and encourage the extension of private financial  
2 31 assistance to biotechnology enterprises or targeted industry  
2 32 businesses in the state. As part of approving an application,  
2 33 the department shall require all of the following from  
2 34 applicants:

2 35 a. A written agreement concerning the terms and conditions  
3 1 of providing private financial assistance in exchange for a  
3 2 tax credit certificate issued pursuant to this section.

3 3 b. Private financial assistance supplied by a taxpayer  
3 4 must be equal to at least seventy-five percent of the value of  
3 5 the tax credit certificate issued pursuant to this section.

3 6 c. Private financial assistance received under this  
3 7 section shall be used for the operation or expansion of a  
3 8 biotechnology enterprise or a targeted industry business.

3 9 8. The total amount of tax credits that may be approved  
3 10 for a fiscal year under this section shall not exceed one  
3 11 million five hundred thousand dollars. A biotechnology  
3 12 enterprise or a targeted industry business shall not receive  
3 13 more than one hundred fifty thousand dollars in any fiscal  
3 14 year of private financial assistance under the program. Tax  
3 15 credits issued under this section shall not be prorated.

3 16 9. A biotechnology enterprise or a targeted industry  
3 17 business receiving private financial assistance under the  
3 18 program shall not receive a wage-benefits tax credit under  
3 19 section 15H.2, if enacted.

3 20 HF 860

3 21 tm:rj/es/25