

Senate File 392 - Reprinted

SENATE FILE _____
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO SSB 1191)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to entities eligible to claim certain property=
2 related tax credits.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1892SV 81
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1 1 Section 1. Section 15E.193B, subsection 5, Code 2005, is
1 2 amended by adding the following new paragraph:
1 3 NEW PARAGRAPH. f. If the eligible housing business is a
1 4 partnership, S corporation, or limited liability company using
1 5 low-income housing tax credits authorized under section 42 of
1 6 the Internal Revenue Code to assist in the financing of the
1 7 housing development, the name of any partner if the business
1 8 is a partnership, a shareholder if the business is an S
1 9 corporation, or a member if the business is a limited
1 10 liability company and the amount designated as allowed under
1 11 subsection 8.

1 12 Sec. 2. Section 15E.193B, subsection 6, paragraph a, Code
1 13 2005, is amended to read as follows:

1 14 a. An eligible housing business may claim a tax credit up
1 15 to a maximum of ten percent of the new investment which is
1 16 directly related to the building or rehabilitating of a
1 17 minimum of four single-family homes located in that part of a
1 18 city or county in which there is a designated enterprise zone
1 19 or one multiple dwelling unit building containing three or
1 20 more individual dwelling units located in that part of a city
1 21 or county in which there is a designated enterprise zone. The
1 22 new investment that may be used to compute the tax credit
1 23 shall not exceed the new investment used for the first one
1 24 hundred forty thousand dollars of value for each single-family
1 25 home or for each unit of a multiple dwelling unit building
1 26 containing three or more units. The tax credit may be used to
1 27 reduce the tax liability imposed under chapter 422, division
1 28 II, III, or V, or chapter 432. Any credit in excess of the
1 29 tax liability for the tax year may be credited to the tax
1 30 liability for the following seven years or until depleted,
1 31 whichever occurs earlier. If the business is a partnership, S
1 32 corporation, limited liability company, or estate or trust
1 33 electing to have the income taxed directly to the individual,
1 34 an individual may claim the tax credit allowed. The amount
1 35 claimed by the individual shall be based upon the pro rata
2 1 share of the individual's earnings of the partnership, S
2 2 corporation, limited liability company, or estate or trust
2 3 except as allowed for under subsection 8 when low-income
2 4 housing tax credits authorized under section 42 of the
2 5 Internal Revenue Code are used to assist in the financing of
2 6 the housing development.

2 7 Sec. 3. Section 15E.193B, subsection 8, unnumbered
2 8 paragraph 1, Code 2005, is amended to read as follows:

2 9 The amount of the tax credits determined pursuant to
2 10 subsection 6, paragraph "a", for each project shall be
2 11 approved by the department of economic development. The
2 12 department shall utilize the financial information required to
2 13 be provided under subsection 5, paragraph "e", to determine
2 14 the tax credits allowed for each project. In determining the
2 15 amount of tax credits to be allowed for a project, the
2 16 department shall not include the portion of the project cost
2 17 financed through federal, state, and local government tax

2 18 credits, grants, and forgivable loans. Upon approving the
2 19 amount of the tax credit, the department of economic
2 20 development shall issue a tax credit certificate to the
2 21 eligible housing business except when low-income housing tax
2 22 credits authorized under section 42 of the Internal Revenue
2 23 Code are used to assist in the financing of the housing
2 24 development in which case the tax credit certificate may be
2 25 issued to a partner if the business is a partnership, a
2 26 shareholder if the business is an S corporation, or a member
2 27 if the business is a limited liability company in the amounts
2 28 designated by the eligible partnership, S corporation, or
2 29 limited liability company. An eligible housing business or
2 30 the designated partner if the business is a partnership,
2 31 designated shareholder if the business is an S corporation, or
2 32 designated member if the business is a limited liability
2 33 company, or transferee shall not claim the tax credit unless a
2 34 tax credit certificate issued by the department of economic
2 35 development is attached to the taxpayer's return for the tax
3 1 year for which the tax credit is claimed. The tax credit
3 2 certificate shall contain the taxpayer's name, address, tax
3 3 identification number, the amount of the tax credit, and other
3 4 information required by the department of revenue. The tax
3 5 credit certificate shall be transferable if low-income housing
3 6 tax credits authorized under section 42 of the Internal
3 7 Revenue Code are used to assist in the financing of the
3 8 housing development. Tax credit certificates issued under
3 9 this chapter may be transferred to any person or entity.
3 10 Within ninety days of transfer, the transferee must submit the
3 11 transferred tax credit certificate to the department of
3 12 economic development along with a statement containing the
3 13 transferee's name, tax identification number, and address, and
3 14 the denomination that each replacement tax credit certificate
3 15 is to carry and any other information required by the
3 16 department of revenue. Within thirty days of receiving the
3 17 transferred tax credit certificate and the transferee's
3 18 statement, the department of economic development shall issue
3 19 one or more replacement tax credit certificates to the
3 20 transferee. Each replacement certificate must contain the
3 21 information required to receive the original certificate and
3 22 must have the same expiration date that appeared in the
3 23 transferred tax credit certificate. Tax credit certificate
3 24 amounts of less than the minimum amount established by rule of
3 25 the department of economic development shall not be
3 26 transferable. A tax credit shall not be claimed by a
3 27 transferee under subsection 6, paragraph "a", until a
3 28 replacement tax credit certificate identifying the transferee
3 29 as the proper holder has been issued.

3 30 Sec. 4. Section 422.11D, subsection 2, Code 2005, is
3 31 amended to read as follows:

3 32 2. An individual may claim a property rehabilitation tax
3 33 credit allowed a partnership, limited liability company, S
3 34 corporation, estate, or trust electing to have the income
3 35 taxed directly to the individual. The amount claimed by the
4 1 individual shall be based upon the pro rata share of the
4 2 individual's earnings of a partnership, limited liability
4 3 company, S corporation, estate, or trust except when low-
4 4 income housing tax credits authorized under section 42 of the
4 5 Internal Revenue Code are used to assist in the financing of
4 6 the housing development in which case the amount claimed by a
4 7 partner if the business is a partnership, a shareholder if the
4 8 business is an S corporation, or a member if the business is a
4 9 limited liability company shall be based on the amounts
4 10 designated by the eligible partnership, S corporation, or
4 11 limited liability company.

4 12 SF 392

4 13 tm:rj/cc/26