HOUSE FILE 339
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 84)

(As Amended and Passed by the House April 25, 2019)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

* [An Act relating to programs administered by the economic development authority, including tax credits for equity investments in qualifying businesses or innovation funds, tax incentives for eligible businesses in rural communities, and including effective date provisions.]

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

[Section 1. Section 15.102, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 08. *"Rural community"* means any city located in this state with a population of thirty thousand or less in a county with a population of fifty thousand or less. A rural community located in more than one county shall be considered to be located in the county having the greatest taxable base within the city.]

Sec. 2. Section 15.119, subsection 2, paragraphs d and e, Code 2019, are amended to read as follows:

d. The tax credits for investments in qualifying businesses issued pursuant to section 15E.43. In allocating tax credits pursuant to this subsection, the authority shall allocate at least two million and not more than four million dollars for purposes of this paragraph, unless the authority determines that the tax credits awarded will be less than that amount.

e. The tax credits for investments in an innovation fund pursuant to section 15E.52. In allocating tax credits pursuant to this subsection, the authority shall allocate at least six million and not more than eight million dollars for purposes of this paragraph, unless the authority determines that the tax credits awarded will be less than that amount.

Sec. 3. Section 15.119, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. On or before June 30 of each year, the authority shall determine the amount of tax credits that shall be issued pursuant to sections 15E.43 and 15E.52 for the following fiscal year. In allocating the amount of tax credits authorized pursuant to subsection 1 among the programs specified in subsection 2, the aggregate amount allocated by the authority for purposes of subsection 2, paragraphs *"d"* and *"e"*, shall not exceed ten million dollars.

[Sec. 4. Section 15.335A, subsection 1, unnumbered paragraph 1, Code 2019, is amended to read as follows:

~~Tax~~ Except as provided in subsection 1A, tax incentives are

available to eligible businesses as provided in this ~~section~~ subsection. The incentives are based upon the number of jobs created or retained that pay at least one hundred twenty percent of the qualifying wage threshold and the amount of the qualifying investment made according to the following schedule:

Sec. 5. Section 15.335A, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. Tax incentives are available to eligible businesses in rural communities as provided in this subsection. The incentives are based upon the number of jobs created or retained that pay at least one hundred ten percent of the qualifying wage threshold and the amount of the qualifying investment made according to the following schedule:

a. The number of jobs is zero and economic activity is furthered by the qualifying investment and the amount of the qualifying investment is one of the following:

(1) Less than fifty thousand dollars, then the tax incentive is the investment tax credit of up to two percent.

(2) At least fifty thousand dollars but less than two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to two percent and the sales tax refund.

(3) At least two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to two percent, the sales tax refund, and the additional research and development tax credit.

b. The number of jobs is one but not more than five and the amount of the qualifying investment is one of the following:

(1) Less than fifty thousand dollars, then the tax incentive is the investment tax credit of up to three percent.

(2) At least fifty thousand dollars but less than two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to three percent and the sales tax refund.

(3) At least two hundred fifty thousand dollars, then the

tax incentives are the investment tax credit of up to three percent, the sales tax refund, and the additional research and development tax credit.

c. The number of jobs is six but not more than ten and the amount of the qualifying investment is one of the following:

(1) Less than fifty thousand dollars, then the tax incentive is the investment tax credit of up to four percent.

(2) At least fifty thousand dollars but less than two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to four percent and the sales tax refund.

(3) At least two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to four percent, the sales tax refund, and the additional research and development tax credit.

d. The number of jobs is eleven but not more than fifteen and the amount of the qualifying investment is one of the following:

(1) Less than fifty thousand dollars, then the tax incentive is the investment tax credit of up to five percent.

(2) At least fifty thousand dollars but less than two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to five percent and the sales tax refund.

(3) At least two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to five percent, the sales tax refund, and the additional research and development tax credit.

e. The number of jobs is sixteen or more and the amount of the qualifying investment is one of the following:

(1) Less than fifty thousand dollars, then the tax incentive is the investment tax credit of up to six percent.

(2) At least fifty thousand dollars but less than two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to six percent and the sales tax

refund.

(3) At least two hundred fifty thousand dollars, then the tax incentives are the investment tax credit of up to six percent, the sales tax refund, and the additional research and development tax credit.

f. The number of jobs is thirty-one but not more than forty and the amount of the qualifying investment is at least five million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to seven percent, the sales tax refund, and the additional research and development tax credit.

g. The number of jobs is forty-one but not more than sixty and the amount of the qualifying investment is at least five million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to eight percent, the sales tax refund, and the additional research and development tax credit.

h. The number of jobs is sixty-one but not more than eighty and the amount of the qualifying investment is at least five million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to nine percent, the sales tax refund, and the additional research and development tax credit.

i. The number of jobs is eighty-one but not more than one hundred and the amount of the qualifying investment is at least five million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to ten percent, the sales tax refund, and the additional research and development tax credit.

j. The number of jobs is at least one hundred one and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to eleven percent, the sales tax refund, and the additional research and development tax credit.

Sec. 6. Section 15.335B, subsection 3, paragraph c, Code 2019, is amended to read as follows:

c. (1) Consider the amount and type of the local community match~~.~~ as follows:

(a) In a community with a population of less than five thousand, a community match shall not be required.

(b) In a community with a population equal to or greater than five thousand but less than fifteen thousand, a community match of at least five percent of the projected funds to be expended shall be required.

(c) In a community with a population equal to or greater than fifteen thousand but less than thirty thousand, a community match of at least ten percent of the projected funds to be expended shall be required.

(d) In a community with a population equal to or greater than thirty thousand, a community match of at least twenty percent of the projected funds to be expended shall be required.

(2) ~~The~~ Notwithstanding subparagraph (1), the authority may provide assistance to an early-stage business in a high-growth industry regardless of the amount of local match involved.

Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.