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SENATE FILE 132 WAYS & MEANS
BY HATCH, BEALL, DVORSKY,
and PUTNEY

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

A BILL FOR

1 An Act providing an individual income tax credit for charitable
2 contributions of fine art or written materials made by the
3 artist or author and including retroactive applicability date
4 provisions.

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

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SF 132 WAYS & MEANS

1 Section 1. NEW SECTION. 422.11I ART CONTRIBUTION TAX
2 CREDIT.

3 1. The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by an art
5 contribution tax credit as provided in this section. A
6 taxpayer who is an artist of a work of fine art or an author
7 of written materials who makes a charitable contribution is
8 eligible for the tax credit. The amount of the credit equals
9 the fair market value of the work of fine art or written
10 materials which is the subject of the charitable contribution.
11 If the taxpayer elects to claim the tax credit under this
12 section, the taxpayer shall not deduct for Iowa tax purposes
13 any amount of the charitable contribution of the fine art or
14 written materials upon which the tax credit is based.

15 2. Any credit in excess of the tax liability for the tax
16 year is not refundable but may be credited to the tax
17 liability for the following ten years or until depleted,
18 whichever is the earlier.

19 3. For purposes of this section:

20 a. "Artist" and "fine art" mean the same as those terms
21 are defined in section 556D.1.

22 b. "Charitable contribution" means the same as that term
23 is defined in section 170(c) of the Internal Revenue Code,
24 except for paragraph (1) of section 170(c).

25 c. "Fair market value" means the appraised value of the
26 fine art or written materials as established pursuant to
27 requirements set by rules adopted by the director.

28 d. "Written materials" means an article, book, essay,
29 poetry, play, script, or story written by an individual on a
30 professional, freelance basis and not as an employee of
31 another person.

32 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
33 retroactively to January 1, 2005, for tax years beginning on
34 or after that date.

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EXPLANATION

1 This bill provides for an individual income tax credit
2 equal to the value of a charitable contribution of a work of
3 fine art or written materials by the artist or author. The
4 credit is in lieu of the present charitable contribution tax
5 deduction. The charitable contribution is generally one made
6 to a nonprofit tax-exempt organization which is operated for
7 religious, charitable, scientific, literary, or educational
8 purposes and does not include gifts for the use of
9 governmental entities.

10 The bill applies retroactively to January 1, 2005, for tax
11 years beginning on or after that date.

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