

FEB 5 2002  
WAYS AND MEANS

HOUSE FILE 2206  
BY HATCH, SHOULTZ, DOTZLER,  
FALLON, D. TAYLOR, T. TAYLOR,  
STEVENS, FREVERT, and FOEGE

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

**A BILL FOR**

1 An Act relating to the tax policy of the state through the use of  
2 tax-related incentives.

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

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HF 2206

1 Section 1. NEW SECTION. 2.34 TAX INCENTIVES.

2 1. The general assembly shall not pass a bill that  
3 includes a new income tax deduction or credit unless a  
4 determination has been made that the deduction or credit will  
5 have a direct, immediate impact on a targeted industry  
6 identified by the department of economic development. A  
7 statement shall be included in the bill identifying the  
8 impacted targeted industry.

9 2. a. The general assembly shall not pass a bill that  
10 includes a new income tax deduction or credit unless the bill  
11 includes the elimination of an existing deduction or credit  
12 that reduces the revenue to the general fund in an amount  
13 equal to or greater than the amount of the reduction in  
14 general fund revenue due to the new deduction or credit as  
15 determined by the legislative fiscal bureau. The existing  
16 deduction or credit shall either be directed at the same  
17 targeted industry as the new deduction or credit or directed  
18 at a targeted industry that is not identified as a targeted  
19 industry by the department of economic development.

20 b. A bill shall not be subject to the requirements of this  
21 subsection if a determination is made that an existing  
22 deduction or credit cannot be identified which either is  
23 directed at the same targeted industry as the new deduction or  
24 credit or directed at a targeted industry that is not  
25 identified as a targeted industry by the department of  
26 economic development. A statement shall be included in the  
27 bill stating a reason why this subsection does not apply.

28 Sec. 2. TAX INCENTIVES INTERIM COMMITTEE. The legislative  
29 council is requested to authorize a tax incentives interim  
30 study committee to study the current tax incentives provided  
31 by the state. The interim committee shall consider whether  
32 current tax credits and deductions are cost-effective and  
33 serve a useful purpose for the economic growth of the state  
34 and make recommendations regarding the elimination of tax  
35 incentives that are either not cost-effective or do not serve

1 a useful purpose for the economic growth of the state.

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EXPLANATION

3 This bill relates to the tax policy of the state through  
4 the use of tax-related incentives.

5 The bill seeks to restrict future general assemblies from  
6 passing a bill that includes a new income tax deduction or  
7 credit unless a determination has been made that the deduction  
8 or credit will have a direct, immediate impact on a targeted  
9 industry identified by the department of economic development.  
10 The bill provides that a statement shall be included in the  
11 bill identifying the impacted targeted industry.

12 The bill seeks to restrict future general assemblies from  
13 passing a bill that includes a new income tax deduction or  
14 credit unless the bill includes the elimination of an existing  
15 deduction or credit that reduces the revenue to the general  
16 fund in an amount equal to or greater than the amount of the  
17 reduction in general fund revenue due to the new deduction or  
18 credit as determined by the legislative fiscal bureau. The  
19 bill provides that the existing deduction or credit shall  
20 either be directed at the same targeted industry as the new  
21 deduction or credit or directed at a targeted industry that is  
22 not identified as a targeted industry by the department of  
23 economic development and that the failure to meet this  
24 particular criteria causes the general rule not to apply. The  
25 bill provides that, if the general rule does not apply, a  
26 statement shall be included in the bill stating a reason why  
27 the rule does not apply.

28 The bill provides that the legislative council is requested  
29 to authorize a tax incentives interim study committee to study  
30 the current tax incentives provided by the state.

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