

FILED FEB 26 1979

SENATE FILE 288  
BY VEENSTRA

(COMPANION TO LSB 2350HH  
BY ALONS)

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

**A BILL FOR**

1 An Act relating to the applicability of tax credits to certain  
2 cooperatives under the new jobs and income and enterprise zone  
3 programs and including effective and retroactive applicability  
4 date provisions.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

SF 288  
SMALL BUS. ECON. DEV. & TOUR

1 Section 1. Section 15.333, subsection 1, Code 2001, is  
2 amended to read as follows:

3 1. An eligible business may claim a corporate tax credit  
4 up to a maximum of ten percent of the new investment which is  
5 directly related to new jobs created by the location or  
6 expansion of an eligible business under the program. Any  
7 credit in excess of the tax liability for the tax year may be  
8 credited to the tax liability for the following seven years or  
9 until depleted, whichever occurs earlier. If the business is  
10 a partnership, ~~subchapter~~ S corporation, limited liability  
11 company, cooperative organized under chapter 501, or estate or  
12 trust electing to have the income taxed directly to the  
13 individual, an individual may claim the tax credit allowed.  
14 The amount claimed by the individual shall be based upon the  
15 pro rata share of the individual's earnings of the  
16 partnership, ~~subchapter~~ S corporation, limited liability  
17 company, cooperative organized under chapter 501, or estate or  
18 trust. For purposes of this section, "new investment directly  
19 related to new jobs created by the location or expansion of an  
20 eligible business under the program" means the cost of  
21 machinery and equipment, as defined in section 427A.1,  
22 subsection 1, paragraphs "e" and "j", purchased for use in the  
23 operation of the eligible business, the purchase price of  
24 which has been depreciated in accordance with generally  
25 accepted accounting principles, and the cost of improvements  
26 made to real property which is used in the operation of the  
27 eligible business and which receives a partial property tax  
28 exemption for the actual value added under section 15.332.

29 Sec. 2. Section 15E.193B, subsection 6, paragraph a, Code  
30 2001, is amended to read as follows:

31 a. An eligible housing business may claim a tax credit up  
32 to a maximum of ten percent of the new investment which is  
33 directly related to the building or rehabilitating of a  
34 minimum of four single-family homes located in that part of a  
35 city or county in which there is a designated enterprise zone

1 or one multiple dwelling unit building containing three or  
2 more individual dwelling units located in that part of a city  
3 or county in which there is a designated enterprise zone. The  
4 tax credit may be used to reduce the tax liability imposed  
5 under chapter 422, division II, III, or V. Any credit in  
6 excess of the tax liability for the tax year may be credited  
7 to the tax liability for the following seven years or until  
8 depleted, whichever occurs earlier. If the business is a  
9 partnership, S corporation, limited liability company,  
10 cooperative organized under chapter 501, or estate or trust  
11 electing to have the income taxed directly to the individual,  
12 an individual may claim the tax credit allowed. The amount  
13 claimed by the individual shall be based upon the pro rata  
14 share of the individual's earnings of the partnership, S  
15 corporation, limited liability company, cooperative organized  
16 under chapter 501, or estate or trust.

17 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This Act, being  
18 deemed of immediate importance, takes effect upon enactment.  
19 Section 2 of this Act applies retroactively to January 1,  
20 2001, for tax years beginning on or after that date. Section  
21 1 of this Act takes effect July 1, 2001, and applies to tax  
22 years beginning on or after that date.

23 EXPLANATION

24 This bill amends investment tax credit provisions under the  
25 new jobs and income program and the housing portion of the  
26 enterprise zone program.

27 The bill amends both tax credits by providing that if a  
28 business claiming the tax credit is a cooperative organized  
29 under Code chapter 501 electing to have the income taxed  
30 directly to an individual, the individual may claim the tax  
31 credit and the amount claimed by the individual shall be based  
32 upon the pro rata share of the individual's earnings in the  
33 cooperative.

34 The bill takes effect upon enactment. The bill provides  
35 that the amendment to the investment tax credit under the new

1 jobs and income program takes effect July 1, 2001, and applies  
2 to tax years beginning on or after that date. The bill  
3 provides that the amendment to the investment tax credit under  
4 the housing portion of the enterprise zone program applies  
5 retroactively to January 1, 2001, for tax years beginning on  
6 or after that date.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35