

FILED FEB 6 2002

SENATE FILE 2131
BY HANSEN

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

A BILL FOR

1 An Act relating to the historic property rehabilitation tax
2 credit and providing effective and retroactive applicability
3 dates.

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

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SF 2131
WAYS & MEANS

1 Section 1. Section 404A.1, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. A property rehabilitation tax credit, subject to the
4 availability of the credit, is granted against the income tax
5 imposed under chapter 422, division II, ~~or division III, or V,~~
6 or chapter 432, for the rehabilitation of eligible property
7 located in this state as provided in this chapter. Tax
8 credits in excess of tax liabilities shall be refunded as
9 provided in section 404A.4, subsection 3.

10 Sec. 2. Section 404A.2, Code 2001, is amended by adding
11 the following new unnumbered paragraph after unnumbered
12 paragraph 3:

13 NEW UNNUMBERED PARAGRAPH. A person receiving a tax credit
14 under this chapter may transfer all or a portion of the unused
15 tax credit to any other person. However, the tax credit shall
16 only be transferred once. The transferee may use the amount
17 of the tax credit transferred against taxes imposed under
18 chapter 422, division II, III, or V, or chapter 432, for any
19 tax year the transferor could have claimed the credit. Any
20 consideration received for the transfer of the tax credit
21 shall not be included as income under chapter 422, division II
22 or III. Any consideration paid for the transfer of the tax
23 credit shall not be deducted from income under chapter 422,
24 division II or III.

25 Sec. 3. Section 404A.4, subsection 2, Code 2001, is
26 amended to read as follows:

27 2. After verifying the eligibility for the tax credit, the
28 state historic preservation office, in consultation with the
29 department of economic development, shall issue a property
30 rehabilitation tax credit certificate to be attached to the
31 person's tax return. The tax credit certificate shall contain
32 the taxpayer's name, address, tax identification number, the
33 date of project completion, the amount of credit, and other
34 information required by the department of revenue and finance,
35 and a place for the name and tax identification number of any

1 transferee and the amount of the tax credit being transferred.

2 Sec. 4. Section 404A.4, subsection 4, Code 2001, is
3 amended to read as follows:

4 4. The total amount of tax credits that may be approved
5 for a fiscal year under this chapter shall not exceed two
6 million four hundred thousand dollars. However, if the
7 eligible property is located in an enterprise zone, the amount
8 of the credit shall not be counted against the limitation on
9 the total amount of tax credits. Tax credit certificates
10 shall be issued on the basis of the earliest awarding of
11 certifications of completion as provided in subsection 1. The
12 departments of economic development and revenue and finance
13 shall each adopt rules to jointly administer this subsection
14 and shall provide by rule for the method to be used to
15 determine for which fiscal year the tax credits are approved.

16 Sec. 5. Section 422.60, Code 2001, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. a. The taxes imposed under this
19 division shall be reduced by a property rehabilitation tax
20 credit equal to the amount as computed under chapter 404A for
21 rehabilitating eligible property. Any credit in excess of the
22 tax liability shall be refunded as provided in section 404A.4,
23 subsection 3.

24 b. For purposes of this subsection, "eligible property"
25 means the same as used in section 404A.1.

26 Sec. 6. NEW SECTION. 432.12A PROPERTY REHABILITATION TAX
27 CREDIT.

28 1. The tax imposed under this chapter shall be reduced by
29 a property rehabilitation tax credit equal to the amount as
30 computed under chapter 404A for rehabilitating eligible
31 property. Any credit in excess of the tax liability shall be
32 refunded as provided in section 404A.4, subsection 3.

33 2. For purposes of this section, "eligible property" means
34 the same as used in section 404A.1.

35 Sec. 7. EFFECTIVE AND APPLICABILITY DATE. This Act, being

1 deemed of immediate importance, takes effect upon enactment
2 and applies retroactively to January 1, 2002, for tax years
3 beginning on or after that date.

4 EXPLANATION

5 This bill provides that the historic property
6 rehabilitation tax credit may be applied against the insurance
7 premiums tax and the franchise tax. Under present law, the
8 tax credit is only available for purposes of the individual
9 and corporate income taxes.

10 The bill provides that a person receiving a historic
11 property rehabilitation tax credit may transfer all or a
12 portion of the unused credit to any other person; however, a
13 tax credit shall only be transferred once. The bill provides
14 that the transferee may use the amount of the tax credit
15 transferred against personal income taxes, corporate income
16 taxes, insurance premiums tax, or franchise tax for any tax
17 year the transferor could have claimed the tax credit.

18 Consideration received for transfer of a tax credit shall not
19 be included as income for purposes of state income tax and
20 amounts paid for transfer of a tax credit may not be deducted
21 from income for purposes of state income tax.

22 Under current law, the amount of rehabilitation tax credits
23 that may be approved for a fiscal year cannot exceed \$2.4
24 million. The bill provides that the amount of credits
25 approved for property located in an enterprise zone does not
26 count toward the limitation.

27 The bill takes effect upon enactment and applies
28 retroactively to January 1, 2002, for tax years beginning on
29 or after that date.

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