

FEB 14 2005
ECONOMIC GROWTH

HOUSE FILE 297
BY JENKINS and JACOBS

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

A BILL FOR

1 An Act relating to an inheritance tax credit for transferring a
2 portion of an inheritance to an entity for capital investment,
3 programming, including education, performance, and access, in
4 arts and culture.

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

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HF 297

1 Section 1. NEW SECTION. 450.11 ARTS AND CULTURE TAX
2 CREDIT.

3 1. The inheritance tax imposed under this chapter shall be
4 reduced by an arts and culture tax credit equal to the amount
5 of property or interest in property passing to the taxpayer
6 that is donated to a qualified entity, not to exceed ten
7 percent of the inheritance tax imposed.

8 2. To be eligible for the tax credit, the taxpayer shall
9 do all of the following:

10 a. Enter into an agreement with a qualified entity at
11 least one year prior to the decedent's death. The agreement
12 shall contain all of the following:

13 (1) The identity of the qualified entity or entities that
14 are to receive the donation.

15 (2) The amount of the donation which may be expressed as a
16 monetary amount, a percentage of the property or interest in
17 property, or a combination of both.

18 (3) The donation shall only be expended for capital
19 investment, programming, including education, performance, and
20 access, in arts and culture in the state.

21 b. File the agreement entered into as required in
22 paragraph "a" with the department of revenue.

23 c. At the time of the payment of the inheritance tax,
24 transfer to the qualified entity the amount specified in the
25 agreement entered into with the qualified entity. The
26 taxpayer shall submit proof of the transfer to the department
27 of revenue.

28 3. A qualified entity is any of the following:

29 a. The department of cultural affairs.

30 b. The Iowa cultural trust created in section 303A.4.

31 c. The vision Iowa fund created in section 12.72.

32 d. The community attraction and tourism fund created in
33 section 15F.204.

34 e. A nonprofit organization that is exempt from federal
35 income taxes under section 501(c) of the Internal Revenue Code

1 whose major activity is capital investment, programming,
2 including education, performance, and access, in arts and
3 culture.

4 4. A qualified entity receiving a donation for which a
5 credit was allowed under this section shall use the donation
6 for capital investment, programming, including education,
7 performance, and access, in arts and culture in the state.
8 Such entity may distribute the donation to a local entity that
9 meets the criteria as a qualified entity under subsection 3,
10 paragraph "e".

11 5. The departments of revenue and cultural affairs shall
12 each adopt rules for the administration of this section. The
13 department of revenue shall keep a record of any agreements
14 the department receives pursuant to subsection 2 and shall
15 make available a listing of qualified entities described in
16 subsection 3, paragraph "e", to the extent those entities have
17 identified themselves as such.

18 6. For purposes of this section, "taxpayer" means the
19 person to whom property or an interest in property passes from
20 the decedent and who is liable for the tax imposed in this
21 chapter as provided in section 450.5.

22 EXPLANATION

23 This bill provides for an inheritance tax credit equal to
24 the amount donated to a qualified entity from a person to whom
25 property or an interest in property passes from a decedent.
26 The donation is to be used by the entity for capital
27 investment, programming, including education, performance, and
28 access, in arts and culture in the state. The credit cannot
29 exceed 10 percent of the inheritance tax due.

30 To be eligible for the credit, the taxpayer must enter into
31 an agreement, with a qualified entity specifying the amount to
32 be donated, at least one year prior to the death of the
33 decedent. The amount to be donated is to be transferred to
34 the qualified entity at the time of paying the inheritance
35 tax.

1 A qualified entity includes a nonprofit organization exempt
2 from federal income tax whose major activity is capital
3 investment, programming, including education, performance, and
4 access, in arts and culture, the department of cultural
5 affairs, the Iowa cultural trust, the vision Iowa fund, or the
6 community attraction and tourism fund.

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