

REDEVELOPMENT TAX CREDIT CHANGES (BROWNFIELD/GRAYFIELD)

Prior Law _____

A tax credit is available for individual income tax, corporation income tax, franchise tax, insurance premium tax, and moneys and credits tax related to redevelopment of brownfield and grayfield sites. Brownfields involve sites that have potential environmental contamination, and grayfields are sites that have infrastructure in place but the property's current use is outdated. The credit percentages range from 12% to 30% of the qualifying investment in these sites, and tax credit certificates are issued by the Iowa Economic Development Authority.

The credit is not refundable, and any excess credit can be carried forward for five years. The credits that can be awarded in a fiscal year cannot exceed \$10 million, and the credits are awarded on a first-come, first serve basis.

New Provisions _____

A grayfield site now includes abandoned public buildings, constructed for use primarily by a political subdivision of the state for a public purpose and whose current use is outdated. The redevelopment tax credits are now refundable if the taxpayer establishes during the application process for the credit that it is organized under Iowa Code chapter 504 and qualifies as exempt from federal income tax under 26 U.S.C section 501(c)(3).

The Authority now has the ability to negotiate the amount of the tax credit award, instead of awarding credits on a first-come, first-serve basis.

Once the project is complete it must be audited by an independent CPA. The Authority may only issue a tax credit certificate after reviewing this audit and verifying the amount of the investment.

Sections Amended _____

Section 1 of 2014 Iowa Acts Senate File 2339 amends Section 15.291, Code 2014, by adding new subsections 01, 4A, 4B, and 6A. Sections 2 and 3 amend Section 15.291. Sections 4 through 10 amend Section 15.293A, Code 2014. Sections 11 and 12 amend Section 15.294, Code 2014.

Effective Date _____

July 1, 2014