

SF 657 -- Redline

Reprinted to Enrolled -- A bill for an act related to state taxation and finance and other related matters, by creating, modifying, and eliminating tax credits and tax incentive programs, providing for penalties, and including effective date and retroactive applicability provisions.

Deletions ~~struck~~ · Insertions underlined

Senate File 657 - ~~Reprinted~~Enrolled ~~SENATE~~Senate ~~FILE~~File 657 ~~BY AN COMMITTEE~~ACT ON ~~RELATED WAYS AND MEANS~~RELATED WAYS AND MEANS ~~(SUCCESSOR TO SSB STATE 1205)~~TAXATION (As AND Amended ~~FINANCE and AND Passed~~OTHER by ~~RELATED the~~MATTERS, ~~Senate~~BY May ~~CREATING, 13, MODIFYING, 2025)~~AND A ~~ELIMINATING BILL~~TAX FOR ~~CREDITS An AND Act~~TAX ~~related~~INCENTIVE to ~~PROGRAMS, state~~PROVIDING taxation ~~FOR and~~PENALTIES, finance ~~AND and~~INCLUDING ~~other~~EFFECTIVE related ~~DATE matters, AND by~~RETROACTIVE creating, APPLICABILITY modifying, PROVISIONS, -and ~~eliminating tax credits and tax incentive programs, providing for penalties, and including effective date and retroactive applicability provisions.~~

SF DIVISION 657 I (2) ECONOMIC DEVELOPMENT nls/ko/mb PROGRAMS S.F. --- TAX CREDIT LIMITS Section 1.

~~657 DIVISION I ECONOMIC DEVELOPMENT PROGRAMS --- TAX CREDIT LIMITS Section 1.~~

(2) Any amount of tax credits authorized and awarded during a fiscal year for a program specified in subsection 2 which ~~are~~Senate irrevocably File declined ~~657, by, the awarded business or revoked by the authority on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination or revocation occurs.~~

2 are irrevocably declined by the awarded business or revoked by the authority on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination or revocation occurs.

(2) In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2022, and for each fiscal ~~SF year 657~~year ~~thereafter, (2) the~~ ~~91 authority~~ ~~-1 shall nls/ko/mb not 1/72 allocate S.F. more than sixty-eight million dollars for purposes of this paragraph.~~

~~657 year thereafter, the authority shall not allocate more than sixty-eight million dollars for purposes of this paragraph.~~

In allocating tax credits pursuant to this subsection, the authority shall allocate eight ten million dollars for purposes of this paragraph, unless the authority determines that the tax credits awarded will be less than that amount and the board shall determine the tax credit amount allocated to each program under this paragraph each fiscal ~~year~~Senate File 657, p.

3 year.

The redevelopment tax credit program for brownfields and grayfields administered pursuant to sections 15.293A and ~~15.293B~~15.293B .

The workforce housing tax incentives program administered ~~SF pursuant 657 to (2) subchapter 91 II, -2- part nls/ko/mb 17. -2/72 S.F.~~

~~657 pursuant to subchapter II, part 17.~~

In allocating the amount of tax credits authorized pursuant to subsection 1 among the programs specified in subsection ~~2, 2,~~ the authority shall not allocate more than fifteen million dollars for purposes of subsection 2, paragraph "f".

~~C- Senate File 657, p.~~

4 c.

In allocating tax credits pursuant to this subsection for the fiscal year beginning July ~~SF 1, 657~~2026, ~~(2) and 91 for -3 each nls/ko/mb fiscal 3/72 year S.F. thereafter, the authority shall not allocate more than fifty million dollars for purposes of this paragraph.~~

~~657 1, 2026, and for each fiscal year thereafter, the authority shall not allocate more than fifty million dollars for purposes of this paragraph.~~

(1) Tax credits revoked under subsection 3 including tax credits revoked up to five years prior to July 1, 2021, and ~~tax~~Senate credits File not 657, ~~awarded p. - under subsection 4 or 5, may be awarded in the next annual application period established in subsection 1, paragraph "c".~~

SF 5 657 tax (2) credits 91 not -4 awarded nls/ko/mb under 4/72 subsection S.F. 4 or 5, may be awarded in the next annual application period established in subsection 1, paragraph "c".

~~657-~~(2) Any amount of tax credits authorized and awarded during a fiscal year which are irrevocably declined by the awarded investor on or before June 30 of the immediately succeeding fiscal year may be awarded in the next annual application period established in subsection 1, paragraph "c".

Tax credits awarded pursuant to paragraph "a" shall not be counted against the limit under section 15.119, subsection 3 15.293A, subsection ~~6-6 .~~

Section 15.354, subsection 4, Code 2025, is amended by striking the subsection and inserting in lieu thereof the SF following: 657 (2) 91 -5 nls/ko/mb 5/72 S.F.

~~657 Senate following: File 657, p.~~

~~6 4.~~

The maximum aggregate amount of tax incentives that may be awarded and issued under section 15.355 to a housing business for a housing project shall not exceed one million ~~SF dollars. 657 (2) 91 6 nls/ko/mb 6/72 S.F.~~

~~657 dollars.~~

If a housing business qualifies for a higher amount of tax incentives under section 15.355 than is allowed by the limitation imposed in paragraph "e", the authority and the housing business may negotiate an apportionment of the ~~reduction Senate in File tax 657, incentives p. between the sales tax refund provided in section 15.355, subsection 2, and the workforce housing investment tax credits provided in section 15.355, subsection 3, provided the total aggregate amount of tax incentives after the apportioned reduction does not exceed the amount in paragraph "e".~~

7 reduction in tax incentives between the sales tax refund provided in section 15.355, subsection 2, and the workforce housing investment tax credits provided in section 15.355, subsection 3, provided the total aggregate amount of tax incentives after the apportioned reduction does not exceed the amount in paragraph "e".

The authority shall maintain a list of disaster recovery housing projects awarded tax incentives under the program, so that if the maximum aggregate amount of tax incentives allocated for disaster recovery housing projects under the program is reached in a given fiscal year, such disaster recovery housing projects that were completed but for which tax incentives were not issued shall be placed on a wait list in the order the disaster recovery housing projects were awarded tax incentives pursuant to paragraph "c", and shall be given priority for receiving tax incentives in succeeding fiscal years maximum tax credit amounts specified in section 15.354, subsection 4, paragraphs ~~SF "a" 657 and (2) "b". 91 7 nls/ko/mb 7/72 S.F.~~

~~657 "a" and "b".~~

b. Senate File 657, p.

8 b.

(3) For providing financial assistance to businesses ~~SF engaged 657 in (2) disaster 91 recovery. 8 nls/ko/mb 8/72 S.F.~~

~~657 engaged in disaster recovery.~~

~~(6) Senate For File deposit 657, in p. the nuisance property remediation fund established pursuant to section 15.338.~~

9 (6) For deposit in the nuisance property remediation fund established pursuant to section 15.338.

"Benefits" means nonwage compensation provided to an ~~SF employee. 657 (2) 91 9 nls/ko/mb 9/72 S.F.~~

~~657 employee.~~

"Data center business" means the same as defined in ~~section Senate 423.3, File subsection 657, 95 p.~~

10 section 423.3, subsection 95.

"Project completion date" means the date by which an ~~SF eligible 657 business (2) that 91 has 10 been nls/ko/mb approved 10/72 by S.F. the authority to participate in the program agrees to complete the terms and conditions of the agreement under section 15.506.~~

~~657 eligible business that has been approved by the authority to participate in the program agrees to complete the terms and conditions of the agreement under section 15.506.~~

"Retained job" means a full-time equivalent position ~~that Senate is File in 657, existence p. at the time an eligible business applies for the program that remains continuously filled, and that is at risk of elimination if the proposed project for which the eligible business is applying to the program does not proceed.~~

11 that is in existence at the time an eligible business applies for the program that remains continuously filled, and that is at risk of elimination if the proposed project for which the eligible business is applying to the program does not proceed.

To be eligible to receive tax incentives under the program, a business must meet all of the following ~~SF requirements: 657 (2) 91 11 nls/ko/mb 11/72 S.F.~~

~~657 requirements:~~

For purposes of this subparagraph, the authority shall consider a letter from the affected local community's government officials supporting ~~the Senate business's File move 657, away p. from the affected local community in making a determination whether the business is solely relocating operations.~~

12 the business's move away from the affected local community in making a determination whether the business is solely relocating operations.

The ~~SF authority 657 may (2) adopt 91 rules 12 under nls/ko/mb chapter 12/72 17A S.F. to determine the procedure for establishing requirements for comprehensive benefits.~~

~~657 authority may adopt rules under chapter 17A to determine the procedure for establishing requirements~~

~~for comprehensive benefits.~~

The authority shall make a good-faith effort to identify existing Senate Iowa File businesses ~~657, in p.~~
~~competition with the business being considered for the program.~~

13 existing Iowa businesses in competition with the business being considered for the program.

The business's proposed project's economic impact on ~~SF the 657 state. (2) 91 13 nls/ko/mb 13/72 S.F.~~
~~657 the state.~~

In determining the eligibility of a business to participate in the program, the authority may engage outside experts to complete a technical, financial, or other review of ~~an~~ Senate application File submitted ~~657, by p. a business.~~

14 an application submitted by a business.

The authority and the board may negotiate with an ~~SF eligible 657 business (2) regarding 91 the -14 terms~~
~~nls/ko/mb of, 14/72 and S.F. the aggregate value of, the tax incentives the eligible business may receive~~
~~under the program.~~

~~657 eligible business regarding the terms of, and the aggregate value of, the tax incentives the eligible business may receive under the program.~~

After a final determination by the authority, the authority will notify the department of revenue of any required repayment of a tax incentive, which shall be considered a tax payment due and payable to the department of revenue by any taxpayer that claimed the tax incentive, and the failure ~~SF to 657 make~~
~~(2) the 91 repayment -15 may nls/ko/mb be 15/72 treated S.F. by the department of revenue in the same manner~~
~~as a failure to pay the tax shown Senate File 657, p.~~

~~657 15 to make the repayment may be treated by the department of revenue in the same manner as a failure to pay the tax shown~~ due, or required to be shown due, with the filing of a return or deposit form.

The business shall satisfy all applicable terms of ~~SF the 657 agreement (2) by 91 the -16 project~~
~~nls/ko/mb completion 16/72 date; S.F.~~

~~657 the agreement by the project completion date;~~

3 Senate File 657, p.

16 3.

The contractor or subcontractor shall state under oath, on forms provided by the department of revenue, the amount of the sales of tangible personal property or services rendered, furnished, or performed including water, sewer, gas, and electric utility services upon which sales or use tax has been ~~SF paid~~
~~657 during (2) the 91 period -17 for nls/ko/mb which 17/72 the S.F. refund is claimed, and shall submit the forms to the eligible business before contract completion.~~

~~657 paid during the period for which the refund is claimed, and shall submit the forms to the eligible business before contract completion.~~

The application shall be submitted in the form and manner prescribed by the ~~department~~ Senate of File
~~revenue, 657, p.~~

17 department of revenue.

The authority shall not issue a tax credit certificate to the eligible business until the eligible business's project or a ~~SF portion 657 of (2) the 91 project -18 has nls/ko/mb been 18/72 placed S.F. in~~
~~service.~~

~~657 portion of the project has been placed in service.~~

The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, ~~cooperative~~ Senate organized File under ~~657,~~
~~chapter p. 501 and filing as a partnership for federal tax purposes, or estate or trust.~~

18 cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust.

One hundred percent of the tax credit claimed under ~~SF this 657 section (2) if 91 all -10 or nls/ko/mb a~~
~~10/72 part S.F. of the land, buildings, or other structures for which the tax credit was claimed under~~
~~this section cease to be eligible for the tax credit within one year after the date the authority issued~~
~~the tax credit to the eligible business.~~

~~657 this section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within one year after the date the authority issued the tax credit to the eligible business.~~

Forty percent of the tax credit claimed under this ~~section~~ Senate if File all ~~657, or p. a part of the land,~~
~~buildings, or other structures for which the tax credit was claimed under this section cease to be~~
~~eligible for the tax credit within four years after the date the authority issued the tax credit to the~~
~~eligible business.~~

19 section if all or a part of the land, buildings, or other structures for which the tax credit was claimed under this section cease to be eligible for the tax credit within four years after the date the authority issued the tax credit to the eligible business.

~~SF 1. 657 (2) 91 20 nls/ko/mb 20/72 S.F.~~

~~657 1.~~

A property tax exemption granted under subsection 1 shall apply to all 657, taxing districts, except for school districts, in which the real property is located.

20 apply to all taxing districts, except for school districts, in which the real property is located.

Each eligible business receiving assistance under this ~~SF~~section 657 shall (2) enter 91 into -21- an nls/ko/mb agreement 21/72 with S.F. the authority and the agreement shall meet the requirements of section 15.506.

~~657 section shall enter into an agreement with the authority and the agreement shall meet the requirements of section 15.506.~~

An agreement entered into on or before December 31, 2025, by a business and the economic development authority pursuant ~~to Senate section File 15.330, 657, Code p. 2025, or amended pursuant to section 15.330A, Code 2025, shall be valid and continue per the terms of the agreement.~~

21 to section 15.330, Code 2025, or amended pursuant to section 15.330A, Code 2025, shall be valid and continue per the terms of the agreement.

Notwithstanding section 8.33, moneys transferred in accordance with this section that remain unencumbered or ~~SF~~unobligated 657 at (2) the 91 close -22- of nls/ko/mb the 22/72 fiscal S.F. year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

~~657 unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.~~

"Tax exemption or credit" also includes sales tax refunds if such refunds are applied for and ~~granted Senate as File a 657, form p. of financial assistance, including but not limited to the refunds allowed in sections 15.331A 15.507 and 423.4.~~

22 granted as a form of financial assistance, including but not limited to the refunds allowed in sections 15.331A 15.507 and 423.4.

~~SF b. 657 (2) 91 23 nls/ko/mb 23/72 S.F.~~

~~657 b.~~

5-Senate File 657, p.

~~The 23 business 5. shall not be relocating or reducing SF 657 (2) 91 24 nls/ko/mb 24/72 S.F.~~

657 The business shall not be relocating or reducing operations as described in section 15.329, subsection 1, paragraph "b" follows, and as determined under the discretion of the authority. authority.

The ~~SF~~authority 657 shall (2) collect 91 the -25- fee nls/ko/mb from 25/72 the S.F. business after the tax incentive is claimed by the business from the department of revenue.

~~657 Senate authority File shall 657, collect p. the fee from the business after the tax incentive is claimed by the business from the department of revenue.~~

24 Sec.

If, upon review of the application, the authority finds that the business has a record of violations of the law, statutes, or rules that tends to show a consistent pattern, the authority shall not provide incentives or assistance to the business unless the authority finds either ~~SF that 657 the (2) violations 91 did -26- not nls/ko/mb seriously 26/72 affect S.F. public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.~~

~~657 that the violations did not seriously affect public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.~~

In addition to complying with all applicable requirements ~~in Senate paragraph File "b", 657, ap. housing business that chooses to be considered as an applicant for tax credits reserved pursuant to section 15.119, subsection 5, for disaster recovery housing projects shall also submit a certification that the applicant's housing project is located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2010, and is also a county in which individuals are eligible for federal individual assistance.~~

25 in paragraph "b", a housing business that chooses to be considered as an applicant for tax credits reserved pursuant to section 15.119, subsection 5, for disaster recovery housing projects shall also submit a certification that the applicant's housing project is located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, and is also a county in which individuals are eligible for federal individual assistance.

~~SF Sec. 657 (2) 91 27 nls/ko/mb 27/72 S.F.~~

~~657 Sec.~~

The repayment or recapture of tax incentives pursuant to this ~~section~~Senate shall File be 657,

~~accomplished p. in the same manner as provided in section 15.330, subsection 2.~~

26 section shall be accomplished in the same manner as provided in section 15.330, subsection 2.

~~SFA 657 claim (2) filed 91 by -28 the nls/ko/mb housing 28/72 business S.F. in accordance with this subsection shall not be denied by reason of a time limitation provision for filing a refund claim set forth in chapter 421 or 423 section 423.47.~~

~~657 A claim filed by the housing business in accordance with this subsection shall not be denied by reason of a time limitation provision for filing a refund claim set forth in chapter 421 or 423 section 423.47.~~

~~1 Senate File 657, p.~~

~~27 1.~~

"Financial assistance" means the same as defined in section 15.327 assistance provided only from the funds, rights, and assets legally available to the authority pursuant to chapter 15 and includes but is not limited to assistance in the ~~SF form 657 of (2) grants, 91 loans, -29- forgivable nls/ko/mb loans, 29/72 and S.F. royalty payments.~~

~~657 form of grants, loans, forgivable loans, and royalty payments.~~

The commission shall give priority consideration to approving those projects that target communities that have disproportionately high rates of juvenile crime or low rates of high school graduation or that have been designated as an ~~economically~~ Senate distressed File areas 657, asp. defined in section 15.335C area.

28 economically distressed areas as defined in section 15.335C area.

~~NEW SUBSECTION SUBSECTION. —~~

The county ranks among the thirty-three Iowa counties with the highest average annualized unemployment rates for the most recent five-year period based on the applicable local area unemployment statistics produced by the United States ~~SF department 657 of (2) labor, 91 bureau -30- of nls/ko/mb labor 30/72 statistics. S.F.~~

~~657 department of labor, bureau of labor statistics.~~

The county ranks among the thirty-three Iowa counties with the highest percentage of persons sixty-five years of age ~~or Senate older File based 657, onp. the most recent American community survey five-year estimate released by the United States census bureau.~~

29 or older based on the most recent American community survey five-year estimate released by the United States census bureau.

The office may require that a person receiving assistance pursuant to this section contribute up to fifty percent of the amount required to support the costs of contracting with the consultant to provide ~~SF assistance 657 to (2) the 91 person. —31- nls/ko/mb 31/72 S.F.~~

~~657 assistance to the person.~~

The taxes imposed under this subchapter shall be reduced by investment tax credits authorized pursuant to section 15.333 and section 15E.193B, subsection 6, Code 2014 sections 15.508 and ~~15.496, 15.496 .~~

~~Sec. Senate File 657, p.~~

~~30 Sec.~~

~~SF Sec. 657 (2) 91 -32- nls/ko/mb 32/72 S.F.~~

~~657 Sec.~~

DIVISION VI SEED INVESTOR TAX CREDIT PROGRAM AND INNOVATION FUND INVESTMENT TAX CREDITS ~~Sec. Senate File 657, p.~~

~~31 Sec.~~

The purpose of this subchapter is to stimulate job growth, create wealth, and accelerate the creation of new ventures by using investment tax credits to incentivize the transfer of ~~SF capital 657 from (2) investors 91 to -33- entrepreneurs, nls/ko/mb particularly 33/72 during S.F. early-stage growth.~~

~~657 capital from investors to entrepreneurs, particularly during early-stage growth.~~

For tax years beginning on or after January 1, 2025, a tax credit shall be allowed against the taxes imposed in chapter 422, subchapters II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section ~~SF Senate 657 File (2) 657, 91 p. —34- nls/ko/mb 34/72 S.F.~~

~~657 32 533.329, for a portion of a taxpayer's equity investment, as provided in subsection 2, in a qualifying business.~~

The amount of the tax credit shall equal ~~SF thirty-five 657 percent (2) of 91 the -35- taxpayer's nls/ko/mb equity 35/72 investment S.F. if the qualifying business is located in a rural area at the time of the investment.~~

~~657 thirty-five percent of the taxpayer's equity investment if the qualifying business is located in a rural area at the time of the investment.~~

(1) The maximum amount of a tax credit that may be ~~issued Senate per File fiscal 657, year p. to a natural person and the person's spouse or dependent shall not exceed one hundred thousand dollars combined.~~

33 issued per fiscal year to a natural person and the person's spouse or dependent shall not exceed one hundred thousand dollars combined.

The authority shall not issue tax credits under this ~~SF~~section 657 in (2) excess of 91 of 36 the nls/ko/mb amount 36/72 approved S.F. by the authority for any one fiscal year pursuant to section 15.119, subsection 2, paragraph "a".

~~657 section in excess of the amount approved by the authority for any one fiscal year pursuant to section 15.119, subsection 2, paragraph "a".~~

The authority shall develop a system for registration and issuance of tax credits authorized pursuant to this subchapter and shall control distribution of all tax credit certificates ~~to Senate investors File pursuant 657, top. this subchapter.~~

34 to investors pursuant to this subchapter.

In determining whether a business is primarily engaged in advanced manufacturing, biosciences, insurance and finance, or ~~SF~~technologies, 657 the (2) authority 91 shall 37 consider nls/ko/mb the 37/72 business's S.F. North American industry classification system code, the business's main sources of revenue, and the business's customer base.

~~657 technologies, the authority shall consider the business's North American industry classification system code, the business's main sources of revenue, and the business's customer base.~~

A business that has participated in an entrepreneurial assistance program ~~shall Senate be File presumed 657, top. meet the requirement of this paragraph.~~

35 shall be presumed to meet the requirement of this paragraph.

A business that has been certified by the authority as a qualifying business shall annually submit an application to the ~~SF~~authority 657 that (2) documents 91 continued 38 eligibility nls/ko/mb as 38/72 a S.F. qualifying business and any investments that may qualify for a tax credit.

~~657 authority that documents continued eligibility as a qualifying business and any investments that may qualify for a tax credit.~~

If any ~~equity Senate investor File included 657, inp. the initial allocation is denied a tax credit, the authority may allocate such tax credits to equity investors that were not included in the initial allocation.~~

36 equity investor included in the initial allocation is denied a tax credit, the authority may allocate such tax credits to equity investors that were not included in the initial allocation.

~~SF Sec. 657 (2) 91 39 nls/ko/mb 39/72 S.F.~~

~~657 Sec.~~

The authority shall include as part of the annual report under section 15.107B a listing of eligible qualifying businesses, the number of tax credit certificates, and the amount of tax credits issued by the authority in each fiscal ~~year.~~Senate File 657, p.

37 year.

The fund proposes to obtain at least fifteen three million dollars in binding investment commitments and to invest ~~SF a 657 minimum (2) of 91 fifteen 40 three nls/ko/mb million 40/72 dollars S.F. in companies that have a principal place of business in the state.~~

~~657 a minimum of fifteen three million dollars in companies that have a principal place of business in the state.~~

DIVISION VIII INVESTMENTS IN QUALIFYING BUSINESS TAX CREDIT PROGRAM ---- CONFORMING CHANGES ~~Sec.~~Senate File 657, p.

38 Sec.

A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in section 15E.65 or an investor that receives a tax credit for the same investment in a qualifying business as described in section 15E.44 or in a community-based seed capital fund as ~~SF described 657 in (2) section 91 15E.45, 41 Code nls/ko/mb 2015 41/72 15E.28. S.F.~~

~~657 described in section 15E.45, Code 2015 15E.28.~~

The sections of ~~this Senate division File of 657, this p. Act amending sections 422.11F, 422.33, 422.60, 432.12C, and 533.329 shall not limit, modify, or otherwise adversely affect any amount of investment tax credit under section 15E.43, Code 2025, that was issued, awarded, or allowed before July 1, 2026, and shall not limit, modify, or otherwise adversely affect a taxpayer's right to claim or redeem an investment tax credit under section 15E.43, Code SF 657 (2) 91 42 nls/ko/mb 42/72 S.F.~~

657 39 this division of this Act amending sections 422.11F, 422.33, 422.60, 432.12C, and 533.329 shall not limit, modify, or otherwise adversely affect any amount of investment tax credit under section 15E.43, Code 2025, that was issued, awarded, or allowed before July 1, 2026, and shall not limit, modify, or otherwise adversely affect a taxpayer's right to claim or redeem an investment tax credit under section 15E.43, Code 2025, that was issued, awarded, or allowed before July 1, 2026, including but not limited to any tax credit carryforward amount.

The authority shall establish and administer an Iowa ~~film~~Senate production~~File incentive~~657, program~~for the purpose of providing rebates to qualified production facilities for qualified expenditures.~~
~~SF 40 657 film (2) production 91 incentive -43- program nls/ko/mb for 43/72 the S.F. purpose of providing rebates to qualified production facilities for qualified expenditures.~~
657-b.

In determining whether to approve a rebate, the factors the authority may consider include but are not limited ~~SF to 657 all (2) of 91 the -44- following: nls/ko/mb 44/72 S.F.~~
~~657 Senate to File all 657, of p. the following:~~
41 a.

The cumulative value of rebates claimed by qualified ~~SF production 657 facilities (2) pursuant 91 to -45-~~
~~this nls/ko/mb section 45/72 shall S.F. not exceed four million dollars.~~

~~657 production facilities pursuant to this section shall not exceed four million dollars.~~

Notwithstanding section 8.33, moneys in the fund that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for ~~expenditure~~Senate for File the 657,
~~purposes p. designated until the close of the succeeding fiscal year.~~

42 expenditure for the purposes designated until the close of the succeeding fiscal year.

~~SF NEW 657 SUBSECTION (2). -91 -46- nls/ko/mb 46/72 S.F.~~

~~657 NEW SUBSECTION.~~

NEW SUBSECTION. SUBSECTION .

The taxes imposed under this subchapter shall be ~~reduced~~Senate by File an 657, employer p. -child care tax credit allowed pursuant to section 237A.31.

43 reduced by an employer child care tax credit allowed pursuant to section 237A.31.

~~SF (5) 657(a) (2) The 91 assistive -47- device nls/ko/mb corporate 47/72 tax S.F. credit under section 422.33.~~

~~657 (5) (a) The assistive device corporate tax credit under section 422.33.~~

A small business purchasing, renting, or modifying an assistive device or making workplace modifications for an individual with a disability who is employed or will be employed by the small business is eligible, subject to availability of credits, to receive this assistive device ~~tax~~Senate credit~~File which 657, is p. equal to fifty percent of the first five thousand dollars paid during the tax year for the purchase, rental, or modification of the assistive device or for making the workplace modifications.~~
44 tax credit which is equal to fifty percent of the first five thousand dollars paid during the tax year for the purchase, rental, or modification of the assistive device or for making the workplace modifications.

This division of this ~~SF Act 657 applies (2) retroactively 91 to -48- January nls/ko/mb 1, 48/72 2025, S.F. for tax years beginning on or after that date.~~

~~657 Act applies retroactively to January 1, 2025, for tax years beginning on or after that date.~~

~~NEW Senate SUBSECTION. File 657, p.~~

45 NEW SUBSECTION .

~~SF C. -657 (2) 91 -49- nls/ko/mb 49/72 S.F.~~

~~657 c.~~

The taxes imposed under this subchapter shall be reduced by ~~a~~Senate state~~File tax 657, credit p. for increasing research activities in this state through the tax year beginning on or after January 1, 2025, but before January 1, 2026 .~~

46 a state tax credit for increasing research activities in this state through the tax year beginning on or after January 1, 2025, but before January 1, 2026 .

~~SF Sec. -657 (2) 91 -50- nls/ko/mb 50/72 S.F.~~

~~657 Sec.~~

~~NEW Senate PARAGRAPH File -657, p.~~

47 NEW PARAGRAPH .

"Eligible expenditures" means qualified research expenses ~~SF under 657 section (2) 41 91 of -51- the nls/ko/mb Internal 51/72 Revenue S.F. Code, to the extent the expenditures occurred in this state.~~

~~657 under section 41 of the Internal Revenue Code, to the extent the expenditures occurred in this state.~~

~~g- Senate File 657, p.~~

48 q.

~~SF 3. -657 (2) 91 -52- nls/ko/mb 52/72 S.F.~~

~~657 -3-~~

A business shall submit a preapplication to the authority to determine whether the business is primarily engaged in an eligible sector identified in section 15.522 and is ~~actively~~Senate engaged~~File in 657,~~

~~qualified p. research and development.~~

~~The 49 determination actively made engaged by in the qualified authority research shall and be development. based on factors SF 657 (2) 91 53 nls/ko/mb 53/72 S.F.~~

~~657 The determination made by the authority shall be based on factors including but not limited to the North American industry classification code and sources of revenue.~~

~~SF 5. 657 (2) 91 54 nls/ko/mb 54/72 S.F.~~

~~657 Each 5. fiscal year, the authority will approve tax credit awards by apportioning the amount of tax credits available Senate File 657, p.~~

~~Each 50 fiscal year, the authority will approve tax credit awards by apportioning the amount of tax credits available pursuant to section 15.119 on a pro rata basis, based on the total amount of eligible expenditures incurred by all qualified businesses that are awarded a tax credit.~~

Upon submission of the documentation required pursuant to section 15.523, subsection 4, and verification of eligible expenditures by the authority, the authority may issue a tax ~~SF credit 657 certificate (2) to 91a 55 qualified nls/ko/mb business 55/72 indicating S.F. the amount available to be claimed.~~

~~657 credit certificate to a qualified business indicating the amount available to be claimed.~~

The tax credit shall be claimed in the tax year immediately following the tax year during which the eligible expenditures ~~were Senate incurred File 657, p.~~

~~51 were incurred.~~

The maximum amount of tax credits the authority may issue under this section each fiscal year shall not exceed the amount ~~SF specified 657 in (2) section 91 15.119. 56 nls/ko/mb 56/72 S.F.~~

~~657 specified in section 15.119.~~

The total amount of investment made in research and ~~development Senate File 657, p.~~

~~52 development.~~

The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by a research ~~SF and 657 development (2) tax 91 credit 57 allowed nls/ko/mb pursuant 57/72 to S.F. section 15.524.~~

~~657 and development tax credit allowed pursuant to section 15.524.~~

~~This Senate part File shall 657, bep. known and may be cited as the "Sustainable Aviation Fuel Production Tax Credit Program".~~

~~53 This part shall be known and may be cited as the "Sustainable Aviation Fuel Production Tax Credit Program".~~

"Sustainable aviation fuel" means the portion of a liquid fuel meeting the requirements of ASTM D7566 or the Fischer Tropsch provisions of ASTM D1655, Annex A1, derived from feedstock not including palm fatty acid distillates and that ~~SF achieves 657 at (2) least 91a 58 fifty nls/ko/mb percent 58/72 life S.F. cycle greenhouse gas emissions reduction as determined by any of the following:~~

~~657 achieves at least a fifty percent life cycle greenhouse gas emissions reduction as determined by any of the following.~~

~~Sec. Senate File 657, p.~~

~~54 Sec.~~

(1) The amount of sustainable aviation fuel produced in ~~SF the 657 state (2) from 91 feedstock 59 by nls/ko/mb the 59/72 eligible S.F. business during the calendar year, measured in gallons.~~

~~657 the state from feedstock by the eligible business during the calendar year, measured in gallons.~~

An eligible business shall fulfill all the requirements of the program and the agreement before the authority issues the business a tax credit certificate or enters into a ~~subsequent Senate agreement File with 657, the p. business under this section.~~

~~55 subsequent agreement with the business under this section.~~

The failure by an eligible business in fulfilling any requirement of the program or any of the terms and obligations of an agreement entered into pursuant to this section may result in the reduction, termination, or rescission of the ~~SF tax 657 credits (2) under 91 section 60 15.533 nls/ko/mb and 60/72 may S.F. subject the eligible business to the repayment or recapture of tax credits claimed.~~

~~657 tax credits under section 15.533 and may subject the eligible business to the repayment or recapture of tax credits claimed.~~

The sustainable aviation fuel tax ~~credit Senate shall File not 657, bep. available for any sustainable aviation fuel produced before the 2026 calendar year or after the 2035 calendar year.~~

~~56 credit shall not be available for any sustainable aviation fuel produced before the 2026 calendar year or after the 2035 calendar year.~~

An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, ~~SF cooperative 657 organized (2) under 91 chapter 61 501 nls/ko/mb and 61/72 filing S.F. as a partnership for federal tax purposes, estate, or trust electing to have income taxed directly to the individual.~~

~~657 cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, estate, or trust electing to have income taxed directly to the individual.~~

b. Senate File 657, p.

57 b.

(2) The authority shall not issue more than five tax credit SF certificates 657 to (2) an 91 eligible -62- business nls/ko/mb for 62/72 the S.F. production of sustainable aviation fuel under the program.

~~657 certificates to an eligible business for the production of sustainable aviation fuel under the program.~~

The taxes imposed under this subchapter, less the credits ~~allowed Senate under File section 657, 422.12, p.~~ shall be reduced by a sustainable SF 657 (2) 91 -63- nls/ko/mb 63/72 S.F.

657 58 allowed under section 422.12, shall be reduced by a sustainable aviation fuel tax credit allowed under section 15.533.

A After a final determination, the authority shall notify the department of revenue of any required repayment of a tax incentive ~~shall shall.~~

Any repayment shall be considered a tax payment due and payable to the department of revenue by any taxpayer that claimed the tax incentive, and the failure ~~SF to 657 make (2) the 91 repayment -64- may nls/ko/mb be 64/72 treated S.F.~~ by the department of revenue in the same manner as a failure to pay the tax shown due, or required to be shown due, with the filing of a return or Senate File 657, p.

657 59 to make the repayment may be treated by the department of revenue in the same manner as a failure to pay the tax shown due, or required to be shown due, with the filing of a return or deposit form.

The eligible business shall, after contract completion no more frequently than ~~quarterly quarterly.~~ submit an application to the department of revenue for a refund of the amount of the sales and use taxes paid pursuant to chapter 423 upon any tangible personal property, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services.

The eligible business's application must be submitted to the department of revenue within one year

SF after 657 the (2) project 91 completion -65- date. nls/ko/mb 65/72 S.F.

~~657 after the project completion date.~~

The refund shall be remitted by the department of revenue to the eligible business equally over five tax years as soon as practicable after completion of an audit pursuant to paragraph ~~"b".~~ Senate File 657, p. 60 "b".

On the effective date of this division of this Act, any unencumbered or unobligated moneys ~~SF remaining 657 in (2) the 91 brownfield -66- redevelopment nls/ko/mb fund 66/72 created S.F.~~ in section 15.293 are transferred to a fund or funds established pursuant to section 15.335B 15.111, subsection 1, paragraph "a", as determined by the economic development authority.

~~657 remaining in the brownfield redevelopment fund created in section 15.293 are transferred to a fund or funds established pursuant to section 15.335B 15.111, subsection 1, paragraph "a", as determined by the economic development authority.~~

(i) (A) A person engaged in agricultural production as defined in section 423.1 except if the credit is based on ~~conducting Senate agriscience File research 657, asp. defined in subparagraph part (B) and the person or the business is engaged in bovine and porcine veterinary research, the person shall not be considered to be engaged in agricultural production as defined in section 423.1.~~

61 conducting agriscience research as defined in subparagraph part (B) and the person or the business is engaged in bovine and porcine veterinary research, the person shall not be considered to be engaged in agricultural production as defined in section 423.1.

SF (C) 657 As (2) used 91 in -67- this nls/ko/mb subparagraph 67/72 subdivision, S.F. "applied animal science" includes the areas of animal science, veterinary medicine, nutritional science, genetic science, and microbiology.

~~657 (C) As used in this subparagraph subdivision, "applied animal science" includes the areas of animal science, veterinary medicine, nutritional science, genetic science, and microbiology.~~

(B) As used in this subparagraph subdivision, "agriscience research" means research that is approved and overseen or ~~monitored Senate by File a 657, board p. that includes, at a minimum, an individual who was employed with, contracted by, or professionally trained by an accredited university as a researcher in an applied animal science and an individual holding a doctor of veterinary medicine or a doctoral degree in an applied animal science;~~

62 monitored by a board that includes, at a minimum, an individual who was employed with, contracted by, or professionally trained by an accredited university as a researcher in an applied animal science and an individual holding a doctor of veterinary medicine or a doctoral degree in an applied animal science;

(C) As used in this subparagraph subdivision, "applied animal science" includes the areas of animal science, veterinary medicine, nutritional science, genetic science, and ~~SF microbiology. -657 (2) 91 -68- nls/ko/mb 68/72 S.F.~~

~~657 microbiology.~~

For purposes of this paragraph "b", only ethanol blended gasoline and ~~nonblended~~Senate gasoline, File not 657, including p. aviation gasoline, shall be used in determining the percentage basis for the excise tax.

63 nonblended gasoline, not including aviation gasoline, shall be used in determining the percentage basis for the excise tax.

Section 452A.3, subsection 3, paragraph a, subparagraph (2), unnumbered paragraph 1, Code 2025, is amended ~~SF to 657 read (2) as 91 follows: --69-- nls/ko/mb 69/72 S.F.~~

~~657 to read as follows:~~

The rate of the excise tax shall apply ~~for Senate the File period 657, beginning p. July 1 and ending June 30 following the end of the determination period.~~

64 for the period beginning July 1 and ending June 30 following the end of the determination period.

~~SF Sec. 657 (2) 91 --70-- nls/ko/mb 70/72 S.F.~~

~~657 Sec.~~

For a retail dealer who may claim an E-15 plus gasoline promotion tax credit under section 422.11Y or 422.33, subsection 11D, as enacted in this ~~Act Senate and File amended 657, in p. subsequent Acts, in calendar year 2025-2027, and whose tax year ends prior to December 31, 2025-2027, the retail dealer may continue to claim the tax credit in the retail dealer's following tax year.~~

~~In 65 that Act case, and the amended tax credit shall be calculated in the subsequent same Acts, manner as provided in section calendar 422.11Y year or 2025 422.33, 2027, subsection and 11D, whose a tax enacted year in ends this prior Act to and December amended 31, in 2025 subsequent 2027, Acts, the for retail the dealer remaining may period continue beginning to on claim the first tax day credit of in the retail dealer's new following tax year year. SF 657 (2) 91 --71-- nls/ko/mb 71/72 S.F.~~

657 In that case, the tax credit shall be calculated in the same manner as provided in section 422.11Y or 422.33, subsection 11D, as enacted in this Act and amended in subsequent Acts, for the remaining period beginning on the first day of the retail dealer's new tax year until December 31, 2025-2027.

~~SF _____ 657 _____ (2) AMY 91 SINCLAIR --72-- PAT~~

~~nls/ko/mb GRASSLEY 72/72 President of the Senate Speaker of the House I hereby certify that this bill originated in the Senate and is known as Senate File 657, Ninety-first General Assembly.~~

W.

CHARLES SMITHSON Secretary of the Senate Approved _____, 2025

KIM REYNOLDS Governor