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HOUSE REPUBLICAN STAFF ANALYSIS

Bill: Senate File 514
Committee: Ways And Means
Date: July 31, 2011
Staff: Dustin Blythe (1-3452)
Members: Representative Grassley

Administration of the Redevelopment Tax Credit Program for Brownfields and Greyfields

Senate File 514 – relates to the administration of the Brownfields and Greyfields tax credit program

Summary of Action

Passed Senate 50-0
Passed House Ways and Means 25-0
Committee amendment filed
Passed the House 92-1 (as amended)
Senate concurred with House amendment and passed 49-0
Signed by Governor

Section by Section Analysis

Section 1

Places the Brownfield and Greyfield programs under DED's cap of \$120 million dollars.

Section 2

Allocates not more than \$5 million in tax credits per year, for the program.

Section 3

Amends code section 15.291 to include - "Qualifying investment" means costs that are directly related to a qualifying redevelopment project and that are incurred after the project has been registered and approved by the board. "Qualifying investment" only includes the purchase price, the cleanup costs, and the redevelopment costs.

Section 4

The department shall establish and administer a brownfield redevelopment program for the purposes of providing financial and technical assistance for the acquisition, remediation, or redevelopment of

brownfield sites. Financial assistance under the program shall be provided from the brownfield redevelopment fund. The department may provide information on alternative forms of assistance.

Requires that an application include any other information the department deems necessary in order to process and review the application.

Section 5

Changes the way the program is administered. The department shall accept and, in conjunction with the council and the board, review applications for tax credits.

Upon review of the application, the department may register the project under the program. If the department registers the project, the department shall, in conjunction with the council and the board, make a preliminary determination as to the amount of tax credit for which the investor qualifies.

After a project is registered, the department shall issue a letter notifying the investor of successful registration under the program. The letter shall include the amount of the tax credit the investor was approved for. The letter shall state that the amount is a preliminary determination only.

Upon completion of the project, and independent audit of the project must be done, which will need to be reviewed by the DED along with verification of the amount invested before the tax credit can be issued.

To claim a redevelopment tax credit under this section, a taxpayer must attach one or more tax credit certificates to the taxpayer's return.

A registered project shall be completed within thirty months of the project's approval unless the department, with the approval of the board, provides additional time to complete the project. A project shall not be provided more than twelve months of additional time. If the registered project is not completed within the time required, the project is not eligible to claim a tax credit pursuant to this section.

Section 6

Section 15.293A, subsection 12 is amended by striking the subsection.

Section 7

Section 15.293A, is amended by adding the following new subsection: This section is repealed on June 30, 2021.

Section 8

The department shall accept and review applications for tax credits pursuant to section 15.293A and, with the approval of the council, make recommendations regarding the applications of the board.

Section 9

An investor applying for a tax credit shall provide (strikes council) and inserts department.

Section 10

This section is repealed on June 30, 2021.

Section 11

The council, in conjunction with the department shall consider applications for redevelopment tax credits and may recommend to the board which applications to approve and the amount of such tax credits that each project is eligible to receive.

Section 12

Retroactive Applicability – act applies retroactively to January 1, 2011, for tax years beginning on or after that date.

Amendment Analysis

Amendment H 1695 (Ways and Means Committee amendment)

Operation 1 – Strikes the words “allocate at least” and inserts “not allocate more than” in section 2.

Amendment was adopted on the House floor – Senate concurred with House amendment.