

WAYS & MEANS

IOWA HOUSE OF REPRESENTATIVES

END OF SESSION, 2009

AMERICORP VOLUNTEERS	Exempts the educational allowance paid to AmeriCorps volunteers for state income taxes. (SF 482 - Sent to Governor; takes effect when signed)
BORDER CITIES	Extends a pilot program for Council Bluffs, Sioux City, Burlington, Ft. Madison and Keokuk to June 30, 2013. The program provides incentives to new and expanding businesses by diverting withholding taxes from those businesses. The bill also requires local matching funds and greater oversight by the Department of Economic Development. (Senate File 304 – Sent to Governor; takes effect 7/1/09)
DATA CENTER INCENTIVES	Encourages data centers to expand in Iowa with sales tax exemptions on computers and related equipment and property tax exemptions on buildings based on the size of the investment, starting with at least a \$5million investment with the largest incentives for an investment of at least \$200 million. (Senate File 478 – Sent to Governor; takes effect 7/1/09)
FILM PROGRAM INCENTIVES	Will attract larger film projects by counting a portion of compensation paid for directors, producers, principal cast members, and for the existing tax credit, if they are Iowa residents or Iowa-based businesses. Vendors may carry their income tax reduction for film related sales forward for four years. Allows the Department of Economic Development to charge a fee for program administration. (SF 480 - Sent to Governor; takes effect 7/1/09)
HISTORIC PRESERVATION TAX CREDITS	Increases Historic Credits from \$20 to \$50 million annually and requires projects with unused credits to use them by 2011. Credits are allocated as follows: <ul style="list-style-type: none">• 10% (\$5 million) for projects less than \$500,000.• 30% (\$15 million for Cultural and Entertainment Districts and Great Places.• 20% (\$10 million) for disaster recovery.• 20% (\$10 million)for projects that would create 500 or more jobs.• 20% (\$10 million) for project statewide. (SF 481 - Sent to Governor; takes effect 7/1/09)
ESTIMATED TAX PAYMENTS	Increases estimated tax payments, which must be made to avoid a penalty, from 90% to 100% of the tax bill, the same as current federal law. (SF 478 – sent to Governor; retroactive to 1/1/09)
FUEL TAX VIOLATION PENALTIES	Vehicle fuel used off-road is exempt from taxes and has dye put in it so one can tell if non-taxed fuel is misused. Penalties are increased for cheating from \$200 to \$500 for a first violation; \$500 to \$1,000 for a second violation, and from \$1,000 to \$2,000 for additional violations. The penalty for illegal importation of untaxed fuel is increased from \$2,000 to \$4,000 for a first violation, \$5,000 to \$10,000 for a second violation, and from \$10,000 to \$20,000 for additional violations. This is more of a problem as fuel prices escalate. Federal tax penalties have also been increased to deter cheating. (SF 478 – Sent to Governor; takes effect 1/1/09)

CASUAL ATV SALES	Repeals the sales tax exemption on casual sales of ATVs, snowmobiles, off-road motorcycles, and off-road utility vehicles. A casual sales is made by a person not in the regular business of selling. (SF 478 – Sent to Governor; takes effect 1/1/09)
HOTEL / MOTEL TAXES	Until last year, the local hotel/motel tax applied to other governments, although they were exempt from the state hotel/motel tax. Legislation passed last year exempted governments from the local option hotel/motel tax so the tax base of the state and local tax would be the same. The bill repeals last year’s law, so other units of government will once again need to pay local option hotel/motel taxes. <u>Non Sleeping Rooms</u> : Exempts non-sleeping rooms from the hotel/motel tax, so hotels and motels may rent meeting and reception rooms without a cost disadvantage with non hotel/motel competitors. (SF 478 – Sent to Governor; takes effect 1/1/09)
METHANE GAS CONVERSION	Expands an existing property tax exemption for methane converter systems that collect methane from public landfills to include systems that produce methane by decomposing waste that would otherwise be deposited in a public landfill. (Senate File 478 - Sent to Governor; takes effect 1/1/09)
YOUTH ATHLETICS SALES TAX EXEMPTION	There is a sales tax exemption for proceeds from sales of an entity if profits are used by or donated to a nonprofit, government, or a nonprofit education institution, if all proceeds are expended for educational, religious or charitable purposes. The bill defines “educational” as including an organization created for the sole or primary purpose of providing athletic activities to youth. Retroactive to January 1, 1998. (Senate File 478 - Sent to Governor; retroactive to January 1, 1998)
CITY FEES ON UTILITY FRANCHISES	Allows cities to charge a utility franchise fee of up to 5% of utility revenues. Existing fee revenue may be used for any legal purpose, but new revenue from a fee increase after this bill takes effect goes into a Franchise Fee Account, which after regulatory costs, must be used for certain limited purposes, including property tax relief. A revenue purpose statement must specify how the new revenue will be used. A city operated gas or electricity utility shall manage right-of-way on a competitively neutral and nondiscriminatory basis and pay fees and charges in the same manner as imposed on any other provider of a similar service. (Senate File 478 - Sent to Governor; takes effect when signed)
CREDIT CAPS & NET LOSS CARRYBACK	Caps certain economic development tax credits at \$175 million annually, and beginning farmer tax credits at \$3 million annually. It also repeals the ability of “C” corporations to carry losses back into previous tax years. Missouri allows a loss carry back – but Illinois, Kansas, Minnesota, North Dakota, South Dakota, and Wisconsin do not. (Senate File 483 - Sent to Governor; multiple effective dates)
RENEWABLE ENERGY	Provides \$1 million in Research Activity Tax Credits for a business to develop and deploy innovative renewable energy generation components. (House File 817 – Signed 4/23/09; takes effect 7/1/09) Transfers 200 megawatts in unused large producer wind energy tax credits for smaller wind energy producers and makes colleges, universities, elementary and secondary schools, and hospitals eligible. (Senate File 456 – Signed 4/23/09; multiple effective dates)

OTHER BILLS OF INTEREST

SF 322 Iowa Department of Revenue bill making technical changes to tax laws. (Sent to Governor)