

RENEWABLE CHEMICAL PRODUCTION TAX CREDIT PROGRAM

Prior Law

Iowa had no Renewable Chemical Production Tax Credit Program prior to the enactment of this law.

New Provisions

A Renewable Chemical Production Tax Credit Program is established. Eligible businesses can apply to the Economic Development Authority for the credit, which is equal to \$0.05 per pound of renewable chemicals produced from biomass feedstock in this state. A business shall not receive a tax credit for renewable chemicals produced before the date the business first qualified as an “eligible business” pursuant to Code Section 15.317. The maximum amount of credit that may be issued to an eligible business that has been in operation in the state for five years or less is \$1 million. The maximum amount of credit that may be issued to an eligible business that has been in operation in the state for more than five years is \$500,000. An eligible business shall only receive a tax credit for renewable chemicals produced in a calendar year to the extent such production exceeds the eligible business’s pre-eligibility production threshold. An eligible business shall not receive more than five tax credits under the program.

The credit is available for renewable chemicals produced on or after January 1, 2017, and on or before December 31, 2026. The credit may be applied to individual or corporation income taxes. The credit is refundable, or it may be credited against the following year’s tax liability as an overpayment. The Economic Development Authority may issue up to \$10 million in renewable chemical production credits per fiscal year.

The Economic Development Authority Board, in cooperation with the Department of Revenue, must submit a report describing the activities of the program for the most recent calendar year by January 31, 2019, and by the same date each year after that.

The new Code provisions related to this credit in Code Sections 15.315 through 15.321 are repealed effective January 1, 2030.

The new Code provisions related to this credit in Code Sections 422.10A and 422.33 are repealed effective January 31, 2033.

Sections Amended

Section 2 of 2016 Iowa Acts Senate File 2300 amends Section 2.48, Code 2016. Section 3 amends Section 15.119, Code 2016. Section 4 adds new Section 15.315, Code 2016. Sections 5 through 11

add new Sections 15.316 through 15.322, Code 2016. Section 12 of adds new Section 422.10A, Code 2016. Section 13 amends Section 422.33, Code 2016.

Effective Date _____

April 6, 2016

The Act applies to renewable chemicals produced on or after January 1, 2017. The Economic Development Authority will not issue any renewable chemical tax credits before July 1, 2018. Taxpayers may not claim renewable chemical tax credits before September 1, 2018.