DIVISION X

ENDOW IOWA TAX CREDIT

Sec. 83. NEW SECTION. 15E.305 ENDOW IOWA TAX CREDIT.

1. For tax years beginning on or after January 1, 2003, a tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24 equal to twenty percent of a taxpayer's endowment gift to a qualified community foundation. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. A tax credit shall be allowed only for an endowment gift made to a qualified community foundation for a permanent endowment fund established to benefit a charitable cause in this state. Any tax credit in excess of the taxpayer's tax liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever occurs first. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

2. The aggregate amount of tax credits authorized pursuant to this section shall not exceed a total of two million dollars. The maximum amount of tax credits granted to a taxpayer shall not exceed five percent of the aggregate amount of tax credits authorized.

3. A tax credit shall not be transferable to any other taxpayer.

4. A tax credit shall not be authorized pursuant to this section after December 31, 2005.

5. The department shall develop a system for registration and authorization of tax credits under this section and shall control the distribution of all tax credits to taxpayers providing an endowment gift subject to this section. The department shall adopt administrative rules pursuant to chapter 17A for the qualification and administration of endowment gifts.

Sec. 84. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.

The tax imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 85. Section 422.33, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The taxes imposed under this division shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 86. Section 422.60, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The taxes imposed under this division shall be reduced by an endow Iowa tax credit authorized
pursuant to section 15E.305.

Sec. 87. NEW SECTION. 432.12D ENDOw IOWA TAX CREDIT.

The tax imposed under this chapter shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 88. Section 533.24, Code 2003, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The moneys and credits tax imposed under this section shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 89. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

This division of this Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2003, for tax years beginning on or after that date.

HF 683

Sec. 70. ENDOw IOWA TAX CREDITS.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the general fund of the state, for the fiscal period beginning July 1, 2004, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For payment of endow Iowa tax credits authorized pursuant to section 15E.305:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004-05</td>
<td>$250,000</td>
</tr>
<tr>
<td>FY 2005-06</td>
<td>$250,000</td>
</tr>
<tr>
<td>FY 2006-07</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.