**Brownfield and Grayfield Redevelopment Tax Credit Proposal**

The Brownfield and Grayfield tax credits have provided a great incentive for the redevelopment of environmentally challenged properties and for infill areas. However, the program is not designed to work with the other financing programs commonly used for such properties and often results in high levels of public funding going into a small amount of projects rather than a “last dollar necessary” approach which would spread available resources around to more projects.

IEDA proposes to change the program in order to make it work in a “competitive” fashion. That is, to incorporate negotiated awards for project much like the business development tax credits rather than automatic awards based on expenditures as used in the program today.

Because IEDA is subject to limitations on the amount of tax credits that can be awarded, it is important to deploy the available resources as efficiently as possible. By better leveraging the same amount of funding already devoted to the program, IEDA proposes to get more with less.

The proposal would also expand the scope of the program making public buildings eligible for the tax credits so that abandoned schools can be more readily redeveloped.

Finally, the proposal would make the tax credits refundable for nonprofit, tax exempt organizations.

**Proposal Summary**

**Public Buildings Eligible**

The bill amends section 15.291 of the code by adding a definition for the term “abandoned public building.” “Abandoned public building” means a vertical improvement constructed for use primarily by a city, county, or other political subdivision of the state for a public purpose whose current use is outdated or prevents a better or more efficient use of the property by the current owner. Such property includes vacant, blighted, obsolete, or otherwise underutilized property. The term “Vertical improvement” is defined to mean the same as in the Iowa Reinvestment District Act.

The existing definition for “grayfield site” is amended to add “abandoned public building” which makes any such building eligible for the same tax credits available to existing grayfield sites.

**Refundability for Nonprofits**

The bill amends code section 15.293A to make the tax credits refundable under certain conditions. To be refundable, the taxpayer must be an entity organized under Iowa Code chapter 504 and qualifying as a 501(c)(3) organization for federal tax purposes.

In addition, the organization must establish eligibility for refundability during the application process. Unless established at application time, the credits are not refundable at the Department of Revenue.

**Award Amounts Determined by Board and Council**

The bill amends code section 15.293A and other related sections in a manner intended to allow the council and the board to determine the amount of tax credits awarded to each project on a “competitive basis.” To this end, the bill establishes a filing window and allows the board and the council to score the merits of each application based on factors such as financial need, project quality, project feasibility, and any other factors appropriate to a competitive application process.

**Miscellaneous changes**

The bill also makes a number of miscellaneous administrative changes, including the following:

* Previously remediated projects are made ineligible. Such projects include not only projects that have already been redeveloped but also projects that have already received an award under the program.
* The process for accepting, reviewing, registering, and scoring projects is clarified.
* Certain administrative provisions related to the issuance and claiming of the tax credit certificates are clarified.
* The requirement to enter into a contract with the authority is clarified.
* The future repeal of the program is eliminated.