

**Senate Study Bill 1247 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act relating to pandemic relief by excluding certain  
2 COVID-19 related grants from the individual and corporate  
3 income taxes, and including effective date and retroactive  
4 applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsection 62, Code 2021, is  
2 amended to read as follows:

3 62. a. Subtract, to the extent included, the amount of  
4 any financial assistance qualifying COVID-19 grant provided to  
5 an eligible small issued to an individual or business by the  
6 economic development authority under the Iowa small business  
7 relief grant program created during calendar year 2020 to  
8 provide financial assistance to eligible small businesses  
9 economically impacted by the COVID-19 pandemic, the Iowa  
10 finance authority, or the department of agriculture and land  
11 stewardship.

12 b. For purposes of this subsection, "qualifying COVID-19  
13 grant" includes any grant identified by the department by rule  
14 that was issued under a grant program administered by the  
15 economic development authority, Iowa finance authority, or  
16 the department of agriculture and land stewardship to provide  
17 financial assistance to individuals and businesses economically  
18 impacted by the COVID-19 pandemic.

19 c. The economic development authority, Iowa finance  
20 authority, or the department of agriculture and land  
21 stewardship shall notify the department of any COVID-19 grant  
22 program that may qualify under this subsection in the manner  
23 and form prescribed by the department.

24 d. This subsection is repealed January 1, 2024, and does not  
25 apply to tax years beginning on or after that date.

26 Sec. 2. Section 422.35, subsection 30, Code 2021, is amended  
27 to read as follows:

28 30. a. Subtract, to the extent included, the amount of  
29 any financial assistance qualifying COVID-19 grant provided  
30 to an eligible small issued to a business by the economic  
31 development authority under the Iowa small business relief  
32 grant program created during calendar year 2020 to provide  
33 financial assistance to eligible small businesses economically  
34 impacted by the COVID-19 pandemic, the Iowa finance authority,  
35 or the department of agriculture and land stewardship.

1 b. For purposes of this subsection, "qualifying COVID-19  
2 grant" includes any grant identified by the department by rule  
3 that was issued under a grant program administered by the  
4 economic development authority, Iowa finance authority, or  
5 the department of agriculture and land stewardship to provide  
6 financial assistance to businesses economically impacted by the  
7 COVID-19 pandemic.

8 c. The economic development authority, Iowa finance  
9 authority, or the department of agriculture and land  
10 stewardship shall notify the department of any COVID-19 grant  
11 program that may qualify under this subsection in the manner  
12 and form prescribed by the department.

13 d. This subsection is repealed January 1, 2024, and does not  
14 apply to tax years beginning on or after that date.

15 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate  
16 importance, takes effect upon enactment.

17 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
18 retroactively to March 23, 2020 for tax years ending on or  
19 after that date.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill relates to pandemic relief by excluding certain  
24 COVID-19 related grants from the individual and corporate  
25 income taxes.

26 The bill excludes from the calculation of Iowa individual  
27 and corporate income tax any qualifying COVID-19 grant issued  
28 to an individual or business by the economic development  
29 authority, the Iowa finance authority, or the department of  
30 agriculture and land stewardship.

31 Under the bill, a "qualifying COVID-19 grant" includes  
32 any grant identified by the department of revenue by rule  
33 that was issued under a grant program administered by the  
34 economic development authority, Iowa finance authority, or  
35 the department of agriculture and land stewardship to provide

1 financial assistance to individuals and businesses economically  
2 impacted by the COVID-19 pandemic.

3 Under current law, financial assistance grants provided to  
4 small businesses by the economic development authority under  
5 the Iowa small business COVID-19 relief grant program are  
6 excluded from the calculation of Iowa individual and corporate  
7 income tax.

8 The COVID-19 grant income tax exclusion provided in the bill  
9 is repealed on January 1, 2024, and does not apply to tax years  
10 beginning on or after that date.

11 The bill takes effect upon enactment and applies  
12 retroactively to March 23, 2020, for tax years ending on or  
13 after that date.