



# Iowa Department of **REVENUE**

## **Tax Credits Contingent Liabilities Report**

December 12, 2013

The Tax Credits Contingent Liabilities Report was created by the Tax Research and Program Analysis Section of the Iowa Department of Revenue (IDR) for the benefit of the Revenue Estimating Conference (REC). This report is part of the Tax Credits Tracking and Analysis Program. The goal of the program is to provide a repository for information concerning the awarding, usage, and effectiveness of tax credits.

### **Summary**

- Tax credit awards in FY 2013 decreased 7 percent from FY 2012 to \$286.2 million. FY 2013 awards were 16.8 percent below FY 2007, when a record \$344.0 million was awarded. The decline in awards can be attributed to award caps being implemented in 2009 and 2010.
- Nonrefundable and refundable tax credit claims on the IA 148 Tax Credits Schedule against individual income, corporate income, insurance premium, franchise, replacement, and sales and use taxes for tax year 2010, the most recent year with complete data, were \$208.6 million, up from \$185.6 million in tax year 2009.
- Fiscal year 2013 sales and use tax refunds under EDA tax credit programs exceeded \$5.4 million. In FY 2011, refunds decreased by nearly 40 percent to \$5.5 million and decreased again in FY 2012 by over 60 percent, reflecting a construction slowdown during the recent recession. However, FY 2013 sales and use tax refunds under EDA tax credit programs returned to FY 2011 levels. An additional \$44.4 million in tax credit claims were made against individual income tax withholding in FY 2013.
- The estimated contingent liability of all tax credits excluding Film Program tax credits currently under review is \$431.0 million for FY 2014 and \$488.2 million for FY 2015 (see Table 8). Expected claims for all tax credits excluding Film Program tax credits currently under review are \$329.6 million for FY 2014 and \$360.5 million for FY 2015 (see Table 9).
- Contingent liability and expected claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. Because claims data are constantly updated, these forecasts will change based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

## ***Tax Credit Awards***

Iowa has two categories of tax credits: automatic and awarded. Awarded credits require application and a specific award in order for a taxpayer to claim the credit. The total amount of the awarded credits may also be capped. Automatic credits may be claimed by any eligible taxpayer and the amount of claims has no limit or cap. More information about each of Iowa's tax credit programs can be found in the Appendix at the end of this report and in the [Tax Credits User's Manual](#).

The amount of awarded tax credits reached a peak in FY 2007 due to higher utilization and rising caps for some of the existing programs as well as the addition of new tax credit programs (see Table 1). The substantial increase during FY 2007 was largely due to awards made to biofuel producers. In FY 2009, tax credit awards were at the lowest level since FY 2005. The decline was likely due to a combination of implemented tax credit caps and the recession.

Total FY 2013 awards decreased 7 percent compared to FY 2012 awards. FY 2013 was the first decline in the annual amount of awards made since FY 2009. The program with the largest increase in awards for FY 2013 was the Housing Enterprise Zone Program. The biggest decreases in awards were seen in the Enterprise Zone Program and 260E Program. Information on the amount of the awards was received from the agencies issuing the tax credits.

## ***Tax Credit Claims***

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed tax credit claim data has improved. A summary of claims data from the IA 148 for tax years 2006 through 2010 has been published separately and can be found in [Iowa's 2010 Tax Credit Claims Report](#).

After consistent growth in individual income tax credit claims between tax year 2002 and 2006, tax credit claims fell slightly in 2007. Between tax years 2008 and 2012 claims have averaged \$157 million per year (see Table 2). For tax year 2012, The Child & Dependent Care Tax Credit decreased almost 40 percent from tax year 2011 due to a rule change on eligibility. Total individual tax credit claims increased over 19 percent from claims made in 2011.

The majority of tax credits claims made against corporate income tax are for the Research Activities Tax Credit. In tax years 2001 through 2005, Research Activities Tax Credit claims accounted for over 80 percent of the dollars of all corporate income tax credit claims. Since 2006, the Research Activities Tax Credit has accounted for about 55 percent of the total credits. Recently, there has been tremendous growth in the amount of "Other Credits" claimed. "Other Credits" claims historically accounted for 5 to 10 percent of all corporate claims; in tax years 2006 through 2009 as new credits were introduced, those claims

accounted for over 40 percent of corporate tax credit claims. Due to the availability of IA 148 data, starting in 2006, “Other Credits” can be separated into nonrefundable and refundable credit claims and are presented as such in Table 2.

In tax years 2006 through 2010, on average, almost 74 percent of nonrefundable tax credit claims made on the IA 148 were claimed against individual income tax (see Table 3). In those years, nonrefundable tax credit claims were made against corporate income, franchise, individual income, insurance premium, replacement, and sales and use taxes. The majority of IA 148 refundable claims in all four years was claimed against corporate income tax, averaging 79 percent of all refundable tax credit claims (see Table 4). Since 2006, refundable tax credit claims made on the IA 148 have been claimed against corporate income, franchise, individual income, insurance premium, and replacement taxes.

### ***Sales and Use Tax Refunds for Tax Credit Programs***

As part of the Enterprise Zone (including the Housing component) and the High Quality Jobs Programs, taxpayers are allowed to file for refunds of sales and use taxes paid by contractors and subcontractors after construction is completed. The New Capital Investment and New Jobs and Income Programs, predecessors to the High Quality Jobs Program, also included sales and use tax refund awards. The first refunds were made during FY 2000 through the Enterprise Zone Program (see Table 5). Refunds continue to be issued through these programs and in FY 2010 the amount of refunds hit an all-time high of over \$9.1 million. This was a nearly 12 percent increase over the previous high of \$8.2 million in FY 2007. In FY 2011, refunds decreased by nearly 40 percent to \$5.5 million and decreased again in FY 2012 by over 60 percent, reflecting a construction slowdown during the recent recession. However, FY 2013 sales and use tax refunds under EDA tax credit programs returned to FY 2011 levels.

### ***Tax Credits from Withholding***

There are four tax credits that can be claimed against the withholding tax. The largest is the Iowa Industrial New Jobs Tax Credit (260E). There is also a supplemental New Jobs Credit, which is part of the 260E program. These two credits support employers’ training of new employees. The Accelerated Career Education (ACE) credit allows employers to sponsor training slots at community colleges. The Targeted Jobs Tax Credit is a withholding tax credit for jobs meeting certain requirements in targeted communities in the state of Iowa. These tax credit programs are funded with the credited withholding tax going to the appropriate program fund.

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the September 2008 quarter (see Table 6). Withholding tax credit claims have averaged \$54 million each fiscal year since FY 2007. It is apparent that total withholding credits are strongly driven by the Iowa Industrial New Jobs Tax Credit (260E) (see Figure 1). The “Credits Incorrectly Claimed on Return” in Table 6 are tax credits that were incorrectly claimed on the withholding tax return but do not include any credits that

were claimed incorrectly due to lack of eligibility. Beginning with the third quarter of 2012, IDR limits tax credit claims to only those companies with active tax credit awards and tracks credit claims by certificate number. The improved tracking explains the drop in New Jobs Tax Credit claims and increase in Supplemental New Jobs Tax Credit claims.

In the past, it appeared as though there was a lag between when 260E credits are approved and claimed, but with the recently implemented changes in the withholding tax credit claim process, the tracking of payments for all withholding tax credit programs has improved (see Table 7). In addition, the 260E program has an income tax credit component that is included in Table 7.

### ***Tax Credit Contingent Liabilities Projection***

Forecasts of the liability facing General Fund revenues due to tax credits show a slight upward trend in potential tax credit claims over the next five fiscal years (see Table 8). The contingent liability amounts were estimated using a number of methods, but in all cases it was assumed that 100 percent of awards under a cap would be made and 100 percent of awards issued would be claimed, with the timing of claims based on the observed timing of past claims. The methods used for forecasting each tax credit are listed in the table footnotes.

Based on the LSA report on the EDA tax credit obligations, the FY 2014 and later allocation of the \$170 million EDA cap is: Enterprise Zone Program - \$42.3 million, High Quality Jobs Program - \$81 million, Housing Enterprise Zone Program - \$26.7 million, Redevelopment Tax Credit - \$10 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualified Business or Community-Based Seed Capital Fund - \$2 million, and Assistive Device Tax Credit - \$0. However, the FY 2014 allocations were reduced by \$14.1 million to account for excess awards made in prior fiscal years.

The Contingent Liabilities Projection table is based in large part on claim data that has been collected from the IA 148 Tax Credits Schedule. The information collected from the IA 148 is used to estimate the timing of when awards are likely to be claimed. The timing may be adjusted in order to assure that 100 percent of credits are claimed. Due to the nature of this data it is likely that credit forecasts will vary between reports as the forecasted timing may change as more data is received.

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040, although FY 2013 numbers may change as tax credit claims continue to be verified. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are reviewed by Tax Research staff. The historical numbers for FY 2011 and FY 2012 may also change as the review of tax credit claims in these years continues.

The Film, Television, and Video Project Promotion Program is still being reviewed by State officials. As new information is received from other State departments the estimates are adjusted. Estimates of tax credit awards for the projects that are still being reviewed are

found at the bottom of Table 8. Estimated future claims of awards that have been issued are found on the Film Program – Awarded line of Table 8.

A line is also included at the bottom of Table 8, “Funds Recovered from Defaulted Awards.” EDA notifies IDR when companies that received tax credit awards under its programs did not meet the required investment or hiring levels established by the tax credit agreement. These amounts reflect tax credit claims that have been recovered by IDR from those companies or their shareholders.

### ***Tax Credit Expected Claims Projection***

Forecasts of expected tax credit claims are based on historical claims data and expected awards data and indicate that tax credit claims will likely continue to increase (see Table 9). This table presents the amounts of tax credits that are likely to be claimed versus the maximum amount of credits that can be claimed as shown in Table 8. The amounts of expected claims were estimated using a number of methods. The methods used for forecasting each tax credit are listed in the table footnotes.

The historical numbers provided are the same numbers presented in Table 8. The primary difference between the Contingent Liabilities Projection (Table 8) and the Expected Claims Projection is the amount of awarded credits that are actually expected to be awarded and claimed. For example, the amounts presented in Table 8 for the Accelerated Career Education Tax Credit are reduced from the full cap amount in Table 9 as historically less than 100 percent of the awards made are actually claimed. The difference between contingent liabilities and expected claims estimates can be seen in Figure 2.

The Expected Claims Projection table, like the Contingent Liabilities Projection table, is based in large part on claims data that has been collected from the IA 148 Tax Credits Schedule. The information collected from the IA 148 is used to estimate the timing of when awards are likely to be claimed. The IA 148 data is also used to estimate the percentage of awarded, nonrefundable credits that will be claimed before they expire. Unlike the Contingent Liabilities Projection, it is not assumed that 100 percent of credits will be claimed unless that is what is reflected by actual claims. Due to the nature of this data it is likely that credit forecasts will vary between reports as the timing and percentage claimed may change as more data is received.

**Table 1: Tax Credit Awards by Fiscal Year**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014*
Accelerated Career Education Program (ACE) <sup>†</sup>	\$5,814,485	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit <sup>†</sup>	n/a	n/a	\$0	\$1,358,604	\$2,212,946	\$2,605,826	\$3,593,111	\$5,273,928	\$5,771,429	\$0
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0
Endow Iowa Tax Credit <sup>††</sup>	\$1,003,773	\$2,000,000	\$2,000,000	\$1,999,997	\$3,776,854	\$2,394,446	\$3,657,633	\$4,523,265	\$5,779,592	\$6,000,000
Enterprise Zone Program <sup>†</sup>	\$51,660,769	\$76,334,678	\$73,044,083	\$25,941,194	\$11,488,992	\$14,323,497	\$26,855,792	\$12,544,684	\$6,228,007	\$2,977,070
Enterprise Zone Program - Housing Component <sup>†</sup>	\$9,934,520	\$13,193,311	\$6,616,974	\$9,148,473	\$12,946,731	\$14,486,032	\$7,374,408	\$15,055,031	\$32,908,290	\$4,295,239
Film, Television, And Video Project Promotion Program <sup>†</sup>	n/a	n/a	n/a	\$590,332	\$23,929,660	\$7,447,651	\$668,049	\$2,377,647	\$89,047	\$0
High Quality Jobs Program <sup>†</sup>	n/a	\$38,926,876	\$171,380,855	\$72,958,436	\$7,385,100	\$28,771,679	\$27,827,422	\$144,536,941	\$111,805,217	\$1,334,690
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>†</sup>	\$2,325,000	\$6,400,000	\$6,400,000	\$10,000,000	\$14,966,069	\$49,307,282	\$49,875,000	\$47,510,479	\$40,229,885	\$45,000,000
Iowa Industrial New Jobs Training Program (260E)	\$51,625,000	\$39,210,000	\$60,760,000	\$58,680,730	\$48,538,900	\$32,127,000	\$40,755,000	\$48,485,000	\$37,100,727	\$0
New Capital Investment Program	\$13,464,864	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Jobs and Income Program	\$40,402,878	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Redevelopment Tax Credit	n/a	n/a	n/a	n/a	\$0	\$646,510	n/a	\$4,999,257	\$5,000,000	\$10,000,000
Renewable Energy Tax Credit <sup>†</sup>	n/a	\$0	\$0	\$1,492,898	\$2,570,197	\$2,398,784	\$2,503,361	\$3,010,850	\$3,918,708	\$0
School Tuition Organization Tax Credit <sup>††</sup>	n/a	n/a	\$2,500,000	\$4,886,880	\$6,200,378	\$7,402,023	\$7,476,821	\$7,499,025	\$8,749,061	\$8,750,000
Solar Energy System Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$619,898	\$781,994
Soy-Based Transformer Fluid Tax Credit <sup>†</sup>	n/a	n/a	\$17,062	\$17,540	\$3,394	n/a	n/a	n/a	n/a	n/a
Targeted Jobs Tax Credit from Withholding	n/a	n/a	\$845,700	\$5,714,588	\$8,014,000	\$2,638,177	\$14,678,793	\$5,727,057	\$9,685,051	\$0
Venture Capital Tax Credit - Fund of Funds <sup>†</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,295,681	\$1,217,029
Venture Capital Tax Credit - Innovation Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Seed Capital Fund <sup>†</sup>	\$824,872	\$2,166,308	\$3,784,713	\$2,130,133	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Venture Capital Fund <sup>†</sup>	\$185,625	\$764,411	\$620,404	\$59,760	\$140,856	\$217,320	n/a	n/a	n/a	n/a
Wage Benefit Tax Credit <sup>†</sup>	n/a	n/a	\$10,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	n/a	n/a	n/a
Wind Energy Production Tax Credit <sup>†</sup>	n/a	\$0	\$0	\$0	\$0	\$516,821	\$726,025	\$763,797	\$1,582,498	\$0
Total Credits Awarded Each Fiscal Year	\$177,241,786	\$184,995,584	\$343,969,792	\$204,979,565	\$152,174,077	\$175,283,048	\$195,391,416	\$307,706,960	\$286,163,092	\$85,756,022

<sup>1</sup> Awards made on CY basis, but reflected in FY in which the credits can be claimed

Source: Awarding Agencies

n/a = program not yet created, or discontinued

<sup>†</sup>=tax credit programs that have capped awards

\*=partial award year

**Table 2: Tax Credit Claims by Tax Year**

	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Total Individual Income Tax Credits	\$84,959,270	\$105,116,138	\$131,317,111	\$130,845,078	\$143,041,995	\$137,831,623	\$146,876,222	\$161,476,568	\$192,527,559
Child & Dependent Care Tax Credit	\$8,120,963	\$8,241,622	\$8,918,055	\$8,800,473	\$8,209,472	\$7,934,918	\$7,797,680	\$7,494,943	\$4,483,066
Early Childhood Development Tax Credit	n/a	n/a	\$457,802	\$506,182	\$521,513	\$553,533	\$591,995	\$753,173	\$846,499
Earned Income Tax Credit	\$8,902,719	\$9,800,348	\$10,736,848	\$23,594,812	\$24,994,270	\$28,496,272	\$27,536,092	\$30,258,024	\$30,974,098
Tuition and Textbook Tax Credit	\$14,267,756	\$15,235,560	\$15,054,930	\$15,287,421	\$15,135,572	\$15,190,303	\$15,164,401	\$15,088,982	\$15,257,258
Other Nonrefundable Tax Credits	\$49,359,183	\$65,243,453	\$88,765,184	\$71,692,735	\$81,281,592	\$71,622,962	\$81,293,814	\$92,394,928	\$116,301,857
Other Refundable Tax Credits	\$4,308,649	\$6,595,155	\$7,384,292	\$10,963,455	\$12,899,576	\$14,033,635	\$14,492,240	\$15,486,518	\$24,664,781

	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
Total Corporate Income Tax Credits	\$38,241,181	\$46,901,289	\$75,767,029	\$91,226,699	\$85,474,184	\$84,251,809	\$94,583,475	\$92,161,067	\$17,558,404
Other Credits (Nonrefundable)	\$3,500,982	\$2,300,731	\$17,870,340	\$21,692,140	\$20,364,400	\$25,205,835	\$14,859,002	#	#
Other Credits (Refundable)			\$15,059,244	\$14,459,565	\$15,127,800	\$12,399,881	\$28,094,165	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$1,513,298	\$5,226,650	\$2,254,630	\$2,318,304	\$1,492,978	\$781,726	\$2,661,570	#	#
Research Activities Credit	\$33,226,901	\$39,373,908	\$40,582,815	\$52,756,690	\$48,489,006	\$45,864,367	\$48,968,738	#	#

Source: IDR data

Note: Separate data for other nonrefundable and refundable credits was not available on corporate tax returns prior to the 2006 tax year.

\* = incomplete data for tax year

n/a = program not yet created, or discontinued

# = tax credit detail not yet available

**Table 3: Nonrefundable Tax Credit Claims from IA 148**

Tax Type	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
Corporate Income Tax	\$20,124,970	\$24,010,444	\$21,857,378	\$25,987,722	\$17,501,971
Franchise Tax	\$717,319	\$632,919	\$4,002,099	\$1,072,601	\$2,656,322
Individual Income Tax	\$88,765,184	\$71,692,735	\$81,281,592	\$71,622,962	\$81,326,711
Insurance Premium Tax	\$3,282,851	\$1,981,714	\$3,699,015	\$11,717,012	\$1,106,429
Replacement Tax	\$0	\$0	\$0	\$516,821	\$726,025
Sales & Use Tax	\$0	\$0	\$241,264	\$0	\$0
<b>Total</b>	<b>\$112,890,324</b>	<b>\$98,317,812</b>	<b>\$111,081,348</b>	<b>\$110,917,118</b>	<b>\$103,317,458</b>

Source: IDR data

**Table 4: Refundable Tax Credit Claims from IA 148**

Tax Type	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
Corporate Income Tax	\$55,642,059	\$67,216,255	\$63,316,806	\$58,264,248	\$77,039,453
Franchise Tax	\$0	\$3,762,902	\$4,358,006	\$2,347,810	\$9,633,062
Individual Income Tax	\$7,384,292	\$10,963,455	\$12,899,576	\$14,033,635	\$16,683,225
Insurance Premium Tax	\$0	\$3,833,435	\$2,170,074	\$0	\$1,895,419
Replacement Tax	\$0	\$23,090	\$0	\$0	\$0
<b>Total</b>	\$63,026,351	\$85,799,137	\$82,744,462	\$74,645,693	\$105,251,159

Source: IDR data

**Table 5: Sales and Use Tax Refunds by Tax Credit Program by Fiscal Year**

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Jobs Program	Total Refunds
FY 2000	\$104,215	\$36,527				\$140,742
FY 2001	\$370,922	\$209,927	\$893,857			\$1,474,706
FY 2002	\$875,824	\$221,315	\$545			\$1,097,684
FY 2003	\$1,546,062	\$304,471	\$447,793			\$2,298,326
FY 2004	\$979,526	\$428,709	\$753,322			\$2,161,557
FY 2005	\$747,109	\$612,061	\$432,916	\$70,059		\$1,862,145
FY 2006	\$482,531	\$856,435	\$404,974	\$924,309	\$0	\$2,668,249
FY 2007	\$438,370	\$1,956,763	\$1,656,558	\$4,096,721	\$4,258	\$8,152,670
FY 2008	\$1,511,690	\$1,095,621	\$1,139,050	\$237,571	\$2,402,170	\$6,386,102
FY 2009	\$2,544,518	\$1,628,914	\$0	\$0	\$2,470,306	\$6,643,738
FY 2010	\$1,641,058	\$1,248,869	\$20,497	\$0	\$6,191,474	\$9,101,898
FY 2011	\$452,019	\$2,745,872	\$0	\$0	\$2,316,456	\$5,514,347
FY 2012	\$509,821	\$821,271	\$0	\$0	\$695,577	\$2,026,669
FY 2013	\$868,804	\$1,680,077	\$0	\$0	\$2,935,645	\$5,484,526
FY 2014*	\$465,558	\$571,004	\$0	\$0	\$432,613	\$1,469,175

\*Fiscal Year-to-Date

Source: IDR data



**Table 6: Withholding Tax Credits Claimed by Quarter**

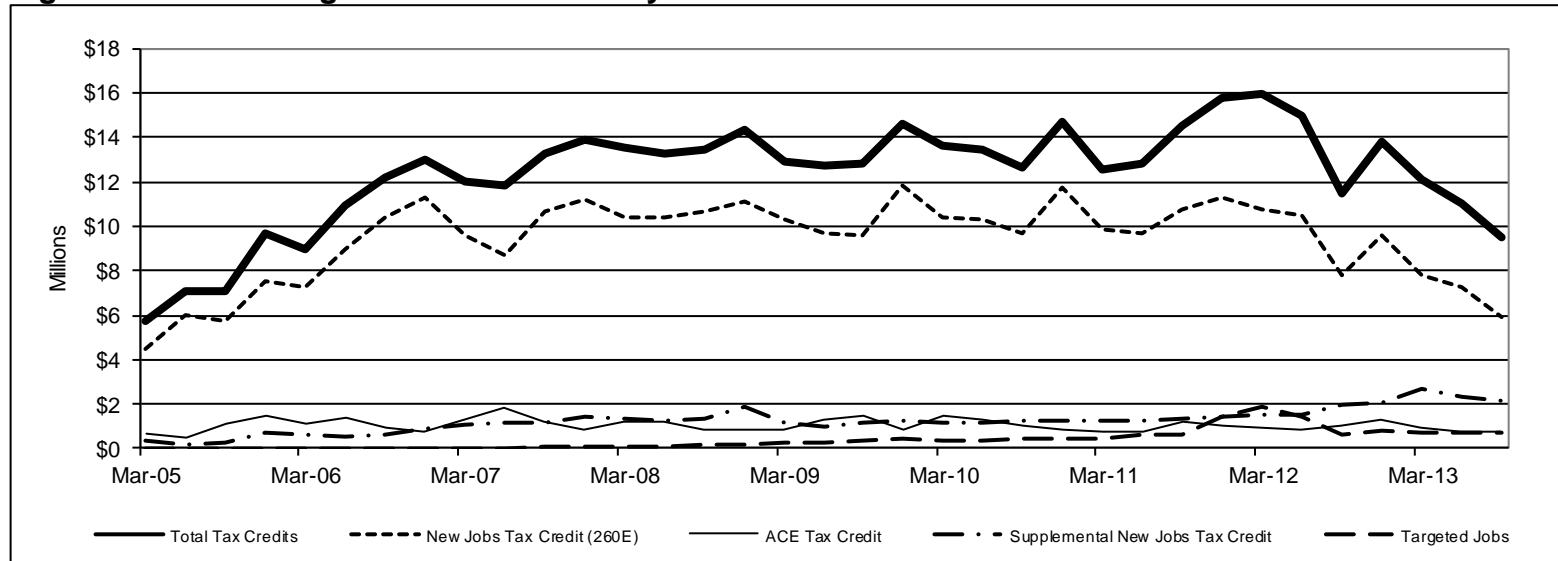
Quarter	Number	Total Tax Credits	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit	Credits Incorrectly Claimed on Return	Total of Paper Filed Returns Without Credit Detail
9/30/2008	798	\$13,411,554	\$10,667,756	\$1,358,518	\$156,221	\$879,916	\$347,146	\$1,997
12/31/2008	925	\$14,388,617	\$11,096,522	\$1,845,667	\$217,285	\$884,491	\$329,438	\$15,214
3/31/2009	776	\$12,869,197	\$10,313,663	\$1,144,638	\$276,789	\$801,923	\$319,525	\$12,660
6/30/2009	885	\$12,710,171	\$9,677,999	\$1,011,240	\$280,862	\$1,337,848	\$399,344	\$2,877
9/30/2009	830	\$12,806,879	\$9,564,471	\$1,156,985	\$309,255	\$1,442,589	\$331,743	\$1,837
12/31/2009	598	\$14,592,181	\$11,804,852	\$1,233,529	\$420,933	\$859,818	\$273,048	\$0
3/31/2010	594	\$13,633,363	\$10,393,850	\$1,153,919	\$357,867	\$1,461,423	\$266,305	\$0
6/30/2010	604	\$13,443,478	\$10,341,757	\$1,144,649	\$395,606	\$1,259,588	\$301,877	\$0
9/30/2010	627	\$12,614,384	\$9,671,503	\$1,228,152	\$407,566	\$1,024,446	\$282,718	\$0
12/31/2010	608	\$14,694,925	\$11,784,676	\$1,220,676	\$456,120	\$874,128	\$359,325	\$0
3/31/2011	604	\$12,592,820	\$9,838,890	\$1,211,701	\$447,945	\$753,981	\$340,184	\$118
6/30/2011	618	\$12,840,201	\$9,716,082	\$1,205,939	\$645,769	\$768,016	\$504,395	\$0
9/30/2011	634	\$14,484,743	\$10,742,072	\$1,377,006	\$639,611	\$1,223,025	\$503,029	\$0
12/31/2011	632	\$15,817,090	\$11,300,361	\$1,455,764	\$1,433,485	\$988,846	\$638,635	\$0
3/31/2012	639	\$15,930,884	\$10,734,773	\$1,521,877	\$1,882,960	\$913,642	\$877,633	\$0
6/30/2012	627	\$14,953,295	\$10,491,500	\$1,505,832	\$1,429,555	\$829,767	\$696,641	\$0
9/30/2012	644	\$11,449,525	\$7,798,229	\$2,001,985	\$657,637	\$991,674	\$0	\$0
12/31/2012	671	\$13,841,049	\$9,637,224	\$2,066,106	\$845,373	\$1,292,346	\$0	\$0
3/31/2013	653	\$12,126,163	\$7,780,711	\$2,640,975	\$754,943	\$949,534	\$0	\$0
6/30/2013	634	\$11,050,658	\$7,264,539	\$2,289,945	\$729,854	\$766,320	\$0	\$0
9/30/2013	556	\$9,469,938	\$5,906,812	\$2,106,857	\$686,616	\$769,653	\$0	\$0

FY 2009	3,384	\$53,379,539	\$41,755,940	\$5,360,063	\$931,157	\$3,904,178	\$1,395,453	\$32,748
FY 2010	2,626	\$54,475,901	\$42,104,930	\$4,689,082	\$1,483,661	\$5,023,418	\$1,172,973	\$1,837
FY 2011	2,457	\$52,742,330	\$41,011,151	\$4,866,468	\$1,957,400	\$3,420,571	\$1,486,622	\$118
FY 2012	2,532	\$61,186,012	\$43,268,706	\$5,860,479	\$5,385,611	\$3,955,280	\$2,715,938	\$0
FY 2013	2,602	\$48,467,395	\$32,480,703	\$8,999,011	\$2,987,807	\$3,999,874	\$0	\$0
FY 2014 YTD	556	\$9,469,938	\$5,906,812	\$2,106,857	\$686,616	\$769,653	\$0	\$0

CY 2009	3,089	\$52,978,428	\$41,360,985	\$4,546,392	\$1,287,839	\$4,442,178	\$1,323,660	\$17,374
CY 2010	2,433	\$54,386,150	\$42,191,786	\$4,747,396	\$1,617,159	\$4,619,585	\$1,210,225	\$0
CY 2011	2,488	\$55,734,854	\$41,597,405	\$5,250,410	\$3,166,810	\$3,733,868	\$1,986,243	\$118
CY 2012	2,581	\$56,174,753	\$38,661,726	\$7,095,800	\$4,815,525	\$4,027,429	\$1,574,274	\$0
CY 2013 YTD	1,843	\$32,646,759	\$20,952,062	\$7,037,777	\$2,171,413	\$2,485,507	\$0	\$0

Source: IDR data

**Figure 1: Withholding Tax Credit Claims by Quarter**



**Table 7: Iowa Industrial New Jobs Training Program (260E) Award and Claim Information**

	Amount of 260E Credits Awarded	Payments Received by the Community Colleges	Amount of 260E and Supplemental Credit Claimed on Withholding Returns	Amount of 260E Income Tax Credit Claims	Total 260E Claims
FY 2001	\$38,567,500	n/a	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	n/a	
FY 2004	\$26,746,500	\$40,667,329	n/a	n/a	
FY 2005	\$51,445,000	\$42,218,828	n/a	n/a	
FY 2006	\$39,210,000	\$42,763,460	\$31,493,575	n/a	
FY 2007	\$60,760,000	\$46,110,828	\$43,678,031	\$4,422,643	\$48,100,674
FY 2008	\$58,680,730	\$43,088,634	\$48,002,632	\$4,609,658	\$52,612,290
FY 2009	\$48,925,000	\$52,783,363	\$47,116,003	\$4,510,290	\$51,626,293
FY 2010	\$32,127,000	\$46,848,545	\$46,794,012	\$2,959,299	\$49,753,311
FY 2011	\$40,755,000	\$49,581,137	\$45,877,619	\$2,311,438	\$48,189,057
FY 2012	\$48,485,000	\$49,411,803	\$49,129,185	\$2,947,754	\$52,076,939
FY 2013	\$37,100,727	\$39,766,087	\$41,479,714	\$2,941,175	\$44,420,889
FY 2014*	\$0	\$0	\$8,013,669	\$153,875	\$8,167,544

\*Fiscal Year-to-Date

Source: IDR data and data reported by the Economic Development Authority and Community Colleges

**Table 8: Tax Credit Contingent Liabilities Projection**

Capped Programs	History*			Forecast				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Accelerated Career Education Tax Credit <sup>2</sup>	\$3,420,571	\$3,955,280	\$3,999,874	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit <sup>3</sup>	\$1,822,851	\$2,182,471	\$2,562,549	\$6,842,975	\$7,860,036	\$7,557,067	\$7,813,020	\$7,935,820
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>5</sup>	\$0	\$0	\$0	\$1,850,904	\$2,904,446	\$3,361,052	\$3,690,111	\$3,884,805
Endow Iowa Tax Credit <sup>3</sup>	\$2,590,256	\$3,234,562	\$3,830,357	\$6,178,383	\$6,172,176	\$6,095,260	\$6,751,777	\$6,643,114
Enterprise Zone Program <sup>4</sup>	\$8,118,114	\$8,914,516	\$7,691,796	\$32,876,543	\$35,747,004	\$47,860,820	\$51,785,554	\$48,875,463
Enterprise Zone Program - Housing Component <sup>6</sup>	\$7,164,317	\$7,226,685	\$5,497,417	\$23,289,865	\$24,501,872	\$28,311,308	\$27,929,694	\$26,829,766
Film, Television, and Video Project Promotion Program - Awarded <sup>7</sup>	\$3,629,914	\$278,198	\$1,259,883	\$433,828	\$244,396	\$97,991	\$26,370	\$19,388
High Quality Jobs Program <sup>4</sup>	\$7,982,423	\$8,073,477	\$15,243,253	\$72,552,498	\$97,191,302	\$91,221,555	\$89,881,283	\$93,364,713
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>3</sup>	\$23,248,495	\$29,420,382	\$26,036,006	\$37,701,521	\$39,513,982	\$40,879,171	\$41,176,357	\$44,002,880
Redevelopment Tax Credit <sup>8</sup>	\$0	\$317,847	\$162,902	\$2,490,962	\$3,750,997	\$6,465,715	\$7,981,966	\$8,494,753
Renewable Energy Tax Credit <sup>3</sup>	\$2,653,393	\$3,404,611	\$3,576,836	\$4,842,749	\$9,288,528	\$14,906,241	\$18,506,268	\$18,954,079
School Tuition Organization Tax Credit <sup>3</sup>	\$6,858,097	\$7,070,099	\$7,147,178	\$9,065,780	\$11,587,753	\$12,157,045	\$12,758,740	\$12,952,063
Solar Energy System Tax Credit <sup>9</sup>	\$0	\$0	\$236,290	\$817,403	\$1,278,137	\$1,436,061	\$1,500,000	\$939,603
Venture Capital Tax Credit - Innovation Fund <sup>10</sup>	\$0	\$0	\$0	\$0	\$4,667,984	\$6,521,749	\$7,101,237	\$7,325,754
Venture Capital Tax Credit - Iowa Fund of Funds <sup>11</sup>	\$826	\$185	\$11,295,681	\$4,000,000	\$4,000,000	\$4,000,000	\$2,304,319	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund <sup>3</sup>	\$1,272,888	\$605,508	\$187,333	\$1,300,509	\$2,704,019	\$1,010,436	\$961,918	\$0
Venture Capital Tax Credit - Venture Capital Funds <sup>3</sup>	\$121,688	\$111,915	\$229,980	\$239,811	\$190,919	\$84,100	\$21,626	\$17,991
Wage-Benefits Tax Credit <sup>12</sup>	\$3,455,616	\$3,635,584	\$1,415,839	\$794,529	\$0	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$726,025	\$763,797	\$792,677	\$2,066,373	\$1,458,540	\$1,458,540	\$1,458,540	\$1,458,540
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$73,065,474</b>	<b>\$79,195,117</b>	<b>\$91,165,850</b>	<b>\$212,744,633</b>	<b>\$258,462,093</b>	<b>\$278,824,113</b>	<b>\$287,048,779</b>	<b>\$287,098,734</b>

<sup>2</sup> Estimates are based on the assumption that the full amount of the cap will be awarded and claimed.

<sup>3</sup> Estimates are based on claim information collected from the IA 148 assuming full utilization of awards.

<sup>4</sup> Estimates are based on information from the awarding agency and include sales and use tax refunds, investment tax credits, and third party sales tax credits. Supplemental Research Activities Tax Credit (RAC) awards are accounted for under the Supplemental RAC estimates. This program is included in the \$170 million EDA tax credit cap.

<sup>5</sup> Estimates are based on Fiscal Note for HF 599, 2013 Legislative Session, timing from the Agricultural Assets Transfer Tax Credit, and information from the Iowa Agricultural Development Division.

<sup>6</sup> Estimates are based on information from the awarding agency and include sales and use tax refunds and investment tax credits. This program is included in the \$170 million EDA tax credit cap.

<sup>7</sup> Estimates are based on claim information collected from the IA 148, recent awards issued after full review, and the elimination of the program.

<sup>8</sup> Estimates are based on information from the Fiscal Note for HF 2687, 2008 Legislative Session, and the amounts awarded. The program cap is \$10 million and is included in the \$170 million EDA tax credit cap. Due to a delay in issuing credits the fiscal impact has been lagged by two fiscal years.

<sup>9</sup> Estimates are based actual awards and on timing information from the Fiscal Note for SF 2342, 2012 Legislative Session.

<sup>10</sup> Estimates are based on the assumption that the full amount of the cap will be awarded and that the timing of claims will be similar to the Venture Capital Tax Credit – Qualified Business or Community-Based Seed Capital Fund.

<sup>11</sup> Estimates are based on amounts verified by ICIB.

<sup>12</sup> This tax credit has expired; therefore, no future claims are expected after FY 2014.

**Table 8 Continued: Tax Credit Contingent Liabilities Projection**

Uncapped Programs	History*			Forecast				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Biodiesel Blended Fuel Tax Credit <sup>13</sup>	\$6,182,429	\$5,898,385	\$6,558,606	\$11,242,091	\$12,541,900	\$12,296,524	\$12,435,251	\$12,611,762
Charitable Conservation Contribution Tax Credit <sup>14</sup>	\$625,861	\$658,526	\$725,982	\$1,052,005	\$1,157,731	\$1,217,469	\$1,263,734	\$1,303,771
Child & Dependent Care Tax Credit <sup>15</sup>	\$7,797,680	\$7,494,943	\$4,483,066	\$3,291,395	\$3,042,965	\$2,728,080	\$2,451,528	\$2,265,943
E15 Gasoline Promotion Tax Credit <sup>13</sup>	\$0	\$5,310	\$9,421	\$71,889	\$106,294	\$129,058	\$122,433	\$140,595
E85 Gasoline Promotion Tax Credit <sup>13</sup>	\$1,343,777	\$1,416,970	\$1,117,047	\$1,443,522	\$1,597,044	\$1,744,269	\$1,883,593	\$2,013,921
Early Childhood Development Tax Credit <sup>15</sup>	\$591,995	\$753,173	\$846,499	\$937,816.59	\$1,038,985	\$1,151,068	\$1,275,241	\$1,412,810
Earned Income Tax Credit <sup>15</sup>	\$27,536,092	\$30,258,024	\$30,974,098	\$59,590,090	\$62,373,889	\$61,345,900	\$60,349,364	\$60,478,950
Ethanol Blended Gasoline Tax Credit <sup>13</sup>	\$99,811	\$2,954	\$0	\$0	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit <sup>13</sup>	\$4,366,678	\$3,598,483	\$2,888,014	\$1,992,384	\$1,633,810	\$823,478	\$629,686	\$523,884
Farm to Food Donation Tax Credit <sup>16</sup>	\$0	\$0	\$0	\$0	\$130,000	\$193,000	\$221,000	\$243,000
Geothermal Heat Pump Tax Credit <sup>9</sup>	\$0	\$0	\$990,658	\$1,863,914	\$2,022,079	\$2,081,348	\$2,100,000	\$390,263
Iowa Industrial New Job Training Program (260E) <sup>17</sup>	\$48,189,057	\$52,076,939	\$44,420,889	\$49,754,755	\$47,395,707	\$45,316,312	\$44,549,018	\$46,040,980
New Capital Investment Program <sup>18</sup>	\$330,111	\$367,239	\$470,940	\$1,591,781	\$1,591,781	\$1,591,781	\$618,892	\$0
New Jobs and Income Program <sup>18</sup>	\$7,401,674	\$12,652,724	\$3,891,234	\$10,563,986	\$8,864,024	\$5,519,348	\$3,416,046	\$0
Research Activities Tax Credit <sup>19</sup>	\$44,834,689	\$37,096,269	\$38,376,303	\$40,807,331	\$47,916,952	\$51,145,580	\$55,352,891	\$59,906,303
Supplemental Research Activities Tax Credit <sup>20</sup>	\$21,955,191	\$14,398,027	\$14,021,452	\$14,460,463	\$15,630,610	\$16,441,324	\$17,783,961	\$21,775,090
Targeted Jobs Tax Credit from Withholding <sup>21</sup>	\$1,957,400	\$5,385,611	\$2,987,807	\$5,523,865	\$7,779,490	\$10,318,240	\$12,963,456	\$15,487,100
Tuition and Textbook Tax Credit <sup>16</sup>	\$15,164,401	\$15,088,982	\$15,257,258	\$14,950,024	\$14,926,050	\$14,852,311	\$14,757,819	\$14,664,748
Volunteer Firefighter and Emergency Medical Services Personnel Tax Credit <sup>22</sup>	\$0	\$0	\$0	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$188,376,846</b>	<b>\$187,152,559</b>	<b>\$168,019,274</b>	<b>\$219,137,313</b>	<b>\$229,749,310</b>	<b>\$228,895,089</b>	<b>\$232,173,915</b>	<b>\$239,259,121</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$261,442,320</b>	<b>\$266,347,676</b>	<b>\$259,185,124</b>	<b>\$431,881,945</b>	<b>\$488,211,402</b>	<b>\$507,719,202</b>	<b>\$519,222,694</b>	<b>\$526,357,855</b>
Film Program - Under Review <sup>23</sup>	\$0	\$0	\$0	\$14,876	\$31,099	\$19,601	\$3,627	\$254
<b>TOTAL OF ALL PROGRAMS w All Film Program</b>	<b>\$261,442,320</b>	<b>\$266,347,676</b>	<b>\$259,185,124</b>	<b>\$431,896,821</b>	<b>\$488,242,502</b>	<b>\$507,738,803</b>	<b>\$519,226,321</b>	<b>\$526,358,109</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$3,001,273</b>	<b>\$307,747</b>	<b>\$247,236</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$258,441,047</b>	<b>\$266,039,929</b>	<b>\$258,937,888</b>					

\* The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2013 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

<sup>13</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Annual Fuel Retailers Report for 2012.

<sup>14</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Fiscal Note for HF 2080, 2008 Legislative Session.

<sup>15</sup> Estimates are based on the IDR individual income tax micro model.

<sup>16</sup> Estimates are based on the Fiscal Note for SF 367, 2013 Legislative Session.

<sup>17</sup> Estimates are based on the assumption that awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims.

<sup>18</sup> Estimates are based on information from the awarding agency and claim information from the IA 148. This program ended July 1, 2005.

<sup>19</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the annual growth rate from past claims.

<sup>20</sup> Estimates account for EDA capping the amount of Supplemental RAC that can be claimed and changes to the credit calculation based on corporate gross revenues. The credit is included in the \$170 million EDA tax credit cap.

<sup>21</sup> Estimates are based on historical claim data and information from the Fiscal Note for SF 433, 2013 Legislative Session.

<sup>22</sup> Estimates are based on information from the Fiscal Note for SF 2322, 2012 Legislative Session.

<sup>23</sup> Estimates are based on Film Program projects that are still under review by the State of Iowa and the potential awards that may still be issued to those projects.

**Table 9: Tax Credit Expected Claims Projection**

Capped Programs	History*			Forecast				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Accelerated Career Education Tax Credit <sup>24</sup>	\$3,420,571	\$3,955,280	\$3,999,874	\$4,105,373	\$4,105,373	\$4,105,373	\$4,105,373	\$4,105,373
Agricultural Assets Transfer Tax Credit <sup>25</sup>	\$1,822,851	\$2,182,471	\$2,562,549	\$4,621,647	\$5,083,266	\$5,297,088	\$5,420,987	\$5,488,443
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>26</sup>	\$0	\$0	\$0	\$1,277,586	\$2,004,792	\$2,319,964	\$2,547,097	\$2,681,484
Endow Iowa Tax Credit <sup>27</sup>	\$2,590,256	\$3,234,562	\$3,830,357	\$4,837,699	\$4,957,332	\$5,039,783	\$5,092,859	\$5,103,637
Enterprise Zone Program <sup>27</sup>	\$8,118,114	\$8,914,516	\$7,691,796	\$8,132,704	\$6,468,604	\$8,430,447	\$9,784,490	\$10,619,391
Enterprise Zone Program - Housing Component <sup>27</sup>	\$7,164,317	\$7,226,685	\$5,497,417	\$7,918,103	\$11,487,403	\$13,731,251	\$13,803,707	\$14,431,336
Film, Television, and Video Project Promotion Program - Awarded <sup>27</sup>	\$3,629,914	\$278,198	\$1,259,883	\$433,828	\$244,396	\$97,991	\$26,370	\$19,388
High Quality Jobs Program <sup>27</sup>	\$7,982,423	\$8,073,477	\$15,243,253	\$20,338,148	\$23,972,077	\$24,636,173	\$24,116,793	\$24,542,166
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>3</sup>	\$23,248,495	\$29,420,382	\$26,036,006	\$37,701,521	\$39,513,982	\$40,879,171	\$41,176,357	\$44,002,880
Redevelopment Tax Credit <sup>8</sup>	\$0	\$317,847	\$162,902	\$2,490,962	\$3,750,997	\$6,465,715	\$7,981,966	\$8,494,753
Renewable Energy Tax Credit <sup>25</sup>	\$2,653,393	\$3,404,611	\$3,576,836	\$4,481,704	\$8,922,778	\$14,543,021	\$18,213,209	\$18,954,079
School Tuition Organization Tax Credit <sup>3</sup>	\$6,858,097	\$7,070,099	\$7,147,178	\$9,065,780	\$11,587,753	\$12,157,045	\$12,758,740	\$12,952,063
Solar Energy System Tax Credit <sup>9</sup>	\$0	\$0	\$236,290	\$817,403	\$1,278,137	\$1,436,061	\$1,500,000	\$939,603
Venture Capital Tax Credit - Innovation Fund <sup>10</sup>	\$0	\$0	\$0	\$0	\$2,529,260	\$3,533,689	\$3,847,673	\$3,969,324
Venture Capital Tax Credit - Iowa Fund of Funds <sup>11</sup>	\$826	\$185	\$11,295,681	\$4,000,000	\$4,000,000	\$4,000,000	\$2,304,319	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund <sup>3</sup>	\$1,272,888	\$605,508	\$187,333	\$1,300,509	\$2,704,019	\$1,010,436	\$961,918	\$0
Venture Capital Tax Credit - Venture Capital Funds <sup>3</sup>	\$121,688	\$111,915	\$229,980	\$239,811	\$190,919	\$84,100	\$21,626	\$17,991
Wage-Benefits Tax Credit <sup>3</sup>	\$3,455,616	\$3,635,584	\$1,415,839	\$794,529	\$0	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>25</sup>	\$726,025	\$763,797	\$792,677	\$2,066,373	\$1,458,540	\$1,458,540	\$1,458,540	\$1,458,540
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$73,065,474</b>	<b>\$79,195,117</b>	<b>\$91,165,850</b>	<b>\$114,623,680</b>	<b>\$134,259,630</b>	<b>\$149,225,849</b>	<b>\$155,122,023</b>	<b>\$157,780,451</b>

<sup>24</sup> Estimates are based on the average of historical claims.

<sup>25</sup> Estimates are based on claim information from the IA 148 and estimated future awards based on historical awards.

<sup>26</sup> Estimates are based on claim information from the IA 148 for the Agricultural Assets Transfer Tax Credit which indicates that less than 100 percent of awards will be claimed.

<sup>27</sup> It is expected that less than 100 percent of awards will be claimed before expiration based on historical claims.

**Table 9 Continued: Tax Credit Expected Claims Projection**

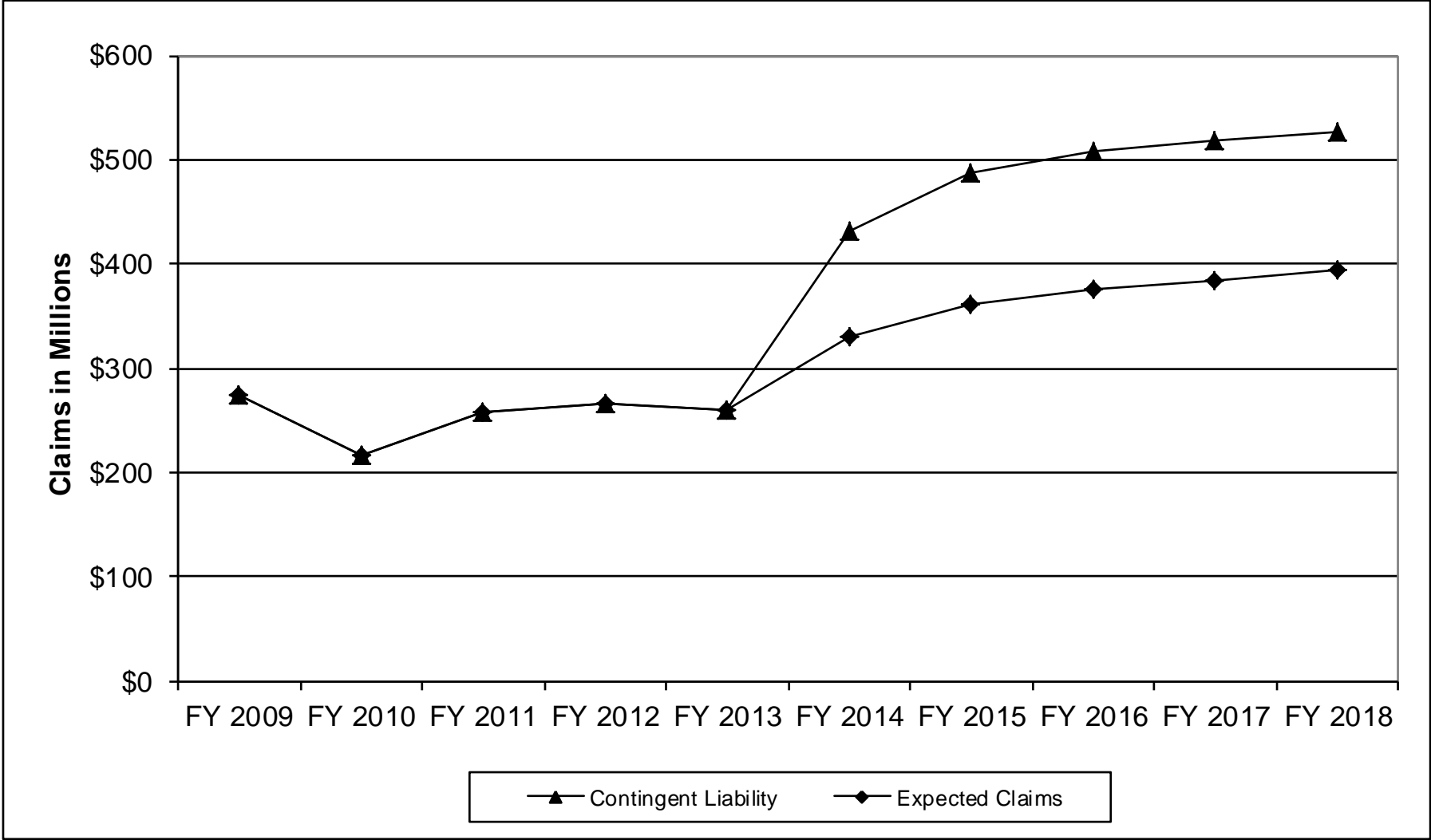
Uncapped Programs	History*			Forecast				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Biodiesel Blended Fuel Tax Credit <sup>13</sup>	\$6,182,429	\$5,898,385	\$6,558,606	\$11,242,091	\$12,541,900	\$12,296,524	\$12,435,251	\$12,611,762
Charitable Conservation Contribution Tax Credit <sup>14</sup>	\$625,861	\$658,526	\$725,982	\$1,052,005	\$1,157,731	\$1,217,469	\$1,263,734	\$1,303,771
Child & Dependent Care Tax Credit <sup>15</sup>	\$7,797,680	\$7,494,943	\$4,483,066	\$3,291,395	\$3,042,965	\$2,728,080	\$2,451,528	\$2,265,943
E15 Gasoline Promotion Tax Credit <sup>13</sup>	\$0	\$5,310	\$9,421	\$71,889	\$106,294	\$129,058	\$122,433	\$140,595
E85 Gasoline Promotion Tax Credit <sup>13</sup>	\$1,343,777	\$1,416,970	\$1,117,047	\$1,443,522	\$1,597,044	\$1,744,269	\$1,883,593	\$2,013,921
Early Childhood Development Tax Credit <sup>15</sup>	\$591,995	\$753,173	\$846,499	\$945,122	\$1,048,240	\$1,162,609	\$1,289,456	\$1,430,143
Earned Income Tax Credit <sup>15</sup>	\$27,536,092	\$30,258,024	\$30,974,098	\$59,590,090	\$62,373,889	\$61,345,900	\$60,349,364	\$60,478,950
Ethanol Blended Gasoline Tax Credit <sup>13</sup>	\$99,811	\$2,954	\$0	\$0	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit <sup>13</sup>	\$4,366,678	\$3,598,483	\$2,888,014	\$1,992,384	\$1,633,810	\$823,478	\$629,686	\$523,884
Farm to Food Donation Tax Credit <sup>16</sup>	\$0	\$0	\$0	\$0	\$130,000	\$193,000	\$221,000	\$243,000
Geothermal Heat Pump Tax Credit <sup>9</sup>	\$0	\$0	\$990,658	\$1,863,914	\$2,022,079	\$2,081,348	\$2,100,000	\$390,263
Iowa Industrial New Job Training Program (260E) <sup>17</sup>	\$48,189,057	\$52,076,939	\$44,420,889	\$49,754,755	\$47,395,707	\$45,316,312	\$44,549,018	\$46,040,980
New Capital Investment Program <sup>18</sup>	\$330,111	\$367,239	\$470,940	\$707,928	\$707,928	\$707,928	\$275,246	\$0
New Jobs and Income Program <sup>18</sup>	\$7,401,674	\$12,652,724	\$3,891,234	\$8,874,812	\$7,457,154	\$4,647,134	\$2,879,649	\$0
Research Activities Tax Credit <sup>19</sup>	\$44,834,689	\$37,096,269	\$38,376,303	\$40,807,331	\$47,916,952	\$51,145,580	\$55,352,891	\$59,906,303
Supplemental Research Activities Tax Credit <sup>20</sup>	\$21,955,191	\$14,398,027	\$14,021,452	\$14,042,174	\$15,057,181	\$15,750,371	\$16,909,541	\$20,388,061
Targeted Jobs Tax Credit from Withholding <sup>28</sup>	\$1,957,400	\$5,385,611	\$2,987,807	\$4,419,092	\$6,223,592	\$8,254,592	\$10,370,765	\$12,389,680
Tuition and Textbook Tax Credit <sup>16</sup>	\$15,164,401	\$15,088,982	\$15,257,258	\$14,950,024	\$14,926,050	\$14,852,311	\$14,757,819	\$14,664,748
Volunteer Firefighter and Emergency Medical Services Personnel Tax Credit <sup>22</sup>	\$0	\$0	\$0	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$188,376,846</b>	<b>\$187,152,559</b>	<b>\$168,019,274</b>	<b>\$215,948,529</b>	<b>\$226,238,515</b>	<b>\$225,295,963</b>	<b>\$228,740,976</b>	<b>\$235,692,005</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$261,442,320</b>	<b>\$266,347,676</b>	<b>\$259,185,124</b>	<b>\$330,572,209</b>	<b>\$360,498,146</b>	<b>\$374,521,812</b>	<b>\$383,862,999</b>	<b>\$393,472,456</b>
Film Program - Under Review <sup>29</sup>	\$0	\$0	\$0	\$7,438	\$15,550	\$9,801	\$1,814	\$127
<b>TOTAL OF ALL PROGRAMS w All Film Program</b>	<b>\$261,442,320</b>	<b>\$266,347,676</b>	<b>\$259,185,124</b>	<b>\$330,579,647</b>	<b>\$360,513,695</b>	<b>\$374,531,613</b>	<b>\$383,864,813</b>	<b>\$393,472,583</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$3,001,273</b>	<b>\$307,747</b>	<b>\$247,236</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$258,441,047</b>	<b>\$266,039,929</b>	<b>\$258,937,888</b>					

\*The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2013 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

<sup>28</sup> Based on an analysis of the program, it is assumed that only 80 percent of awards will be claimed.

<sup>29</sup> It is expected that only half of the credits estimated for Contingent Liabilities will be awarded and claimed.

Figure 2: Contingent Liability and Expected Claims of Tax Credits in Iowa



## ***Appendix: Description of Iowa's Tax Credit Programs***

**Accelerated Career Education Program (ACE) (260G):** This withholding credit is administered by Iowa's Community Colleges and provides credits for employers that sponsor training slots at community colleges. Section 260G, Code of Iowa.

**Agricultural Assets Transfer Tax Credit:** This credit is awarded by the Iowa Agricultural Development Division to taxpayers that lease agricultural assets to qualified beginning farmers. Section 175.37, Code of Iowa.

**Assistive Device Tax Credit:** This credit is awarded by the Economic Development Authority (EDA) to taxpayers who make investments in assistive devices that allow for disability workplace accommodation. Section 422.11E, Code of Iowa.

**Biodiesel Blended Fuel Tax Credit:** This per gallon credit is available to retail dealers who sell biodiesel blended fuel. Section 422.11P, Code of Iowa.

**Charitable Conservation Contribution Tax Credit:** This credit is available to taxpayers who make an unconditional charitable donation of a qualified real property interest located in the State of Iowa to a qualified organization exclusively for conservation purposes. Section 422.11V, Code of Iowa.

**Child & Dependent Care Tax Credit:** This credit is available to individual taxpayers who have eligible child and dependent care expenses. Section 422.12C, Code of Iowa.

**Custom Farming Contract Tax Credit:** This credit is awarded by the Iowa Agricultural Development Division to taxpayers that hire qualified beginning farmers to perform custom contract farm work. Section 175.37, Code of Iowa.

**E15 Gasoline Promotion Tax Credit:** This per gallon credit is available to retail dealers of gasoline who sell E15 or higher gasoline, but not classified as E85. Section 422.11Y, Code of Iowa.

**E85 Gasoline Promotion Tax Credit:** This per gallon credit is available to retail dealers of gasoline who sell E85 gasoline. Section 422.11O, Code of Iowa.

**Early Childhood Development Tax Credit:** This credit is equal to 25 percent of the first \$1,000 of expenses paid for early childhood development expenses for each dependent from the ages of three to five. Section 422.12C(1A), Code of Iowa.

**Earned Income Tax Credit:** This credit is available to individual taxpayers who qualify for the federal earned income tax credit. The credit is equal to 14 percent of the federal earned income credit for tax year 2013 and 15 percent of the federal earned income tax credit for tax years 2014 and beyond. Section 422.12B, Code of Iowa.



**Endow Iowa Tax Credit:** This credit is awarded by EDA and is equal to 25 percent of a taxpayer's endowment gift (up to \$100,000 for a single taxpayer) to a qualified community foundation. Section 15E.305, Code of Iowa.

**Enterprise Zone Program (EZ):** This program, administered by EDA, encourages investment in Iowa's economically distressed areas by providing local and state tax credits, refunds and exemptions to qualifying companies that expand or locate in designated Enterprise Zones. Section 15E.191 through 15E.196, Code of Iowa.

**Ethanol Blended Gasoline Tax Credit:** A tax credit was available to service stations at which more than 60 percent of the total gasoline sold was ethanol blended gasoline. The credit was equal to two and a half cents for each gallon sold in excess of 60 percent. This credit was replaced in 2009 by the Ethanol Promotion Tax Credit. Section 422.11C (2), Code of Iowa.

**Ethanol Promotion Tax Credit:** This credit replaced the Ethanol Blended Gasoline Tax Credit beginning in 2009. To be eligible, retail dealers must meet a rising biofuel threshold based on the annual sales of the dealer. If eligible the credit is based on the amount of pure ethanol gallons sold. Section 422.11N, Code of Iowa.

**Farm to Food Donation Tax Credit:** A tax credit is available to taxpayers who donate a food commodity to an Iowa food bank or an Iowa emergency feeding organization. The amount of the tax credit is equal to 15 percent of the value of the donated food. Section 422.11E, Code of Iowa.

**Film, Television, and Video Project Promotion Program:** This program, administered by EDA, provides a 25 percent tax credit for investments and a 25 percent tax credit for qualified expenditures in film projects produced in the State of Iowa. This program was repealed effective January 1, 2012. Section 15.391 through 15.393, Code of Iowa.

**Geothermal Heat Pump Tax Credit:** This credit is equal to 20 percent of the federal residential energy efficient property tax credit allowed for geothermal thermal heat pumps. Section 422.11I, Code of Iowa.

**High Quality Jobs Program (HQJP):** This program, administered by EDA, provides tax benefits to eligible companies that create high-paying jobs and make capital investments. The program was created in 2005 and replaced the New Jobs and Income Program (NJIP) and the New Capital Investment Program (NCIP) beginning in FY 2006. Section 15.326 through 15.337, Code of Iowa.

**Historic Preservation and Cultural and Entertainment District Tax Credit:** This tax credit, administered by the Iowa Department of Cultural Affairs, provides a 25 percent tax credit for investments made in the rehabilitation of eligible historic properties. Section 404A, Code of Iowa.

**Iowa Industrial New Jobs Training Program (260E):** This program, administered by Iowa's Community Colleges, assists businesses that are creating new positions with new employee training. Participating companies divert withholding taxes that would be remitted to the Department of Revenue to a community college to pay for training for company employees. Section 260E, Code of Iowa.

**New Capital Investment Program (NCIP):** This program, administered by EDA, was replaced by the High Quality Job Program, beginning in FY 2006. Section 15.381 through 15.387, Code of Iowa.

**New Jobs and Income Program (NJIP):** This program, administered by EDA, was replaced by the High Quality Job Program, beginning in FY 2006. Section 15.326 through 15.337, Code of Iowa.

**Redevelopment Tax Credit:** This credit is available to taxpayers that invest in redeveloping a brownfield or grayfield site. Section 15.291 and 15.293, Code of Iowa.

**Renewable Energy Tax Credit:** This credit is available for a producer or purchaser of energy from a renewable energy facility approved as eligible by the Iowa Utilities Board (IUB). The Department of Revenue (IDR) determines the amount of the tax credits and issues tax credit certificates, which authorize credits to be claimed, to eligible applicants. Section 476C, Code of Iowa.

**Research Activities Tax Credit:** This credit is 6.5 percent of Iowa's apportioned share of qualifying expenditures for increasing research activities. An alternative simplified research credit calculation method is also available. The Iowa research credit relies on the federal definition of qualified research expenditures, with the Iowa credit based on the ratio of Iowa research expenditures over total research expenditures. Section 15.335, 422.10 and 422.33(5), Code of Iowa.

**School Tuition Organization Tax Credit:** This credit, administered by IDR, is for 65 percent of the amount of a voluntary cash contribution made by a taxpayer to a school tuition organization. Section 422.11S, Code of Iowa.

**Solar Energy System Tax Credit:** This credit is for energy systems located in Iowa. For individuals, the credit is equal to 50 percent of the federal residential energy efficient property tax credit related to solar systems. The credit for an individual cannot exceed \$3,000. For businesses, the credit is equal to 50 percent of the federal energy credit for solar electric, heating and cooling property, and for equipment using solar energy to illuminate structures using fiber-optic distributed sunlight. The credit for a business cannot exceed \$15,000. Sections 422.11L and 422.33, Code of Iowa.

**Targeted Jobs Tax Credit from Withholding:** This pilot program, administered by EDA and four pilot project cities, provides for a withholding credit equal to 3 percent of the gross wages paid by the employer to each employee under the withholding agreement. These funds are to be used by the pilot city for an urban renewal project related to the employer. Section 403.19A, Code of Iowa.

**Tuition and Textbook Tax Credit:** This credit is available to individual taxpayers who have one or more dependents attending grades K-12 in an Iowa school. The credit percentage is 25 percent of the first \$1,000 paid for each dependent for tuition and textbooks. Section 422.12 (2), Code of Iowa.

**Venture Capital Tax Credit – Innovation Fund:** This credit, administered by EDA, is allowed for investments in businesses applying novel or original methods to manufacture a product or the delivery of a service. Section 15E.52, Code of Iowa.

**Venture Capital Tax Credit – Iowa Fund of Funds:** This contingent tax credit, administered by the Iowa Capital Investment Board (ICIB), is allowed for investments made into the Iowa fund of funds. The tax credit is only allowed to the extent that the actual rate of return on these investments does not meet the rate of return guaranteed to investors. Section 15E.61 through 15E.69, Code of Iowa.

**Venture Capital Tax Credit – Qualified Business or Community-Based Seed Capital Fund:** This credit, administered by EDA, is 20 percent of the equity investment made into a qualifying business or community-based seed capital fund. Section 15E.41 through 15E.46, Code of Iowa.

**Venture Capital Tax Credit – Venture Capital Funds:** This credit, administered by ICIB, was 6 percent of the equity investment made in a venture capital fund. This credit was repealed effective July 1, 2010. Section 15E.51, Code of Iowa.

**Volunteer Firefighter and Volunteer Emergency Medical Services Personnel Tax Credit:** This credit is available for volunteer firefighters and volunteer emergency medical services personnel. The tax credit equals \$50 if the volunteer served for the entire year, otherwise it is prorated based on the number of months that the volunteer served. Section 422.12, Code of Iowa.

**Wage-Benefit Tax Credit:** This credit, administered by IDR, was based on creating new jobs with good wages and benefits. The credit was either 5 percent or 10 percent of wages (depending on total wages and benefits relative to county average wage) for up to five years, as long as the job was retained. This credit was repealed effective June 30, 2008. Section 15I.1 through 15I.5, Code of Iowa.

**Wind Energy Production Tax Credit:** This credit is for electrical production facilities that produce electricity from wind and are approved as eligible by the local board of supervisors and the IUB. IDR determines the amount of the tax credits and issues tax credit certificates to eligible applicants. Section 476B, Code of Iowa.