Tax Credits Users' Manual:

A Descriptive Guide to Iowa's State Tax Credits

Revised December 2014

Table of Contents

This manual does not include property tax credits.

Types of Taxes Against Which Credits Can Be Claimed

Tax Credits	Corporate Income	Franchise	Individual Income	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales & Use	Withholding
Accelerated Career Education Program (ACE) (260G)									X
Adoption Tax Credit			X						
Assistive Device Tax Credit	X								
Beginning Farmer Tax Credit Program									
Agricultural Assets Transfer Tax Credit	X		X						
Custom Farming Contract Tax Credit	X		X						
Biodiesel Blended Fuel Tax Credit	X		X						
Charitable Conservation Contribution Tax Credit	X		X						
Child and Dependent Care Tax Credit			X						
Claim of Right Tax Credit			X						
Custom Farming Contract Tax Credit	X		X						
E15 Gasoline Promotion Tax Credit	X		X						
E85 Gasoline Promotion Tax Credit	X		X						
Early Childhood Development Tax Credit			X						
Earned Income Tax Credit			X						
Endow Iowa Tax Credit	X	X	X	X	X				
Enterprise Zone Program (EZ)									
Supplemental Research Activities Tax Credit	X		X						
Investment Tax Credit*	X	X	X	X	X				
Local Property Tax Exemption						X			
Sales Tax Refund								X	
Supplemental New Jobs Credit (SJC)									X
Ethanol Promotion Tax Credit	X		X						
Farm to Food Donation Tax Credit	X		X						
Franchise Tax Credit	X		X						
Fuel Tax Credit	X		X						
Geothermal Heat Pump Tax Credit			X						
High Quality Jobs Program (HQJP)									
Supplemental Research Activities Tax Credit	X		X						
Investment Tax Credit	X	X	X	X	X				
Local Property Tax Exemption						X			
Sales Tax Refund								X	
Corporation Tax Credit for Third Party Sales Tax	X	X		X	X				
Historic Preservation and Cultural and Entertainment District Tax Credit	X	X	X	X					
Innovation Fund Tax Credit	X	X	X	X	X				

* Investment Tax Credits issued under the housing portion of the Enterprise Zone Program cannot be claimed against moneys and credits tax.

Types of Taxes Against Which Credits Can Be Claimed

Tax Credits	Corporate Income	Franchise	Individual Income	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales & Use	Withholding
Iowa New Jobs Training Program (260E)									
New Jobs Income Tax Credit	X		X						
Supplemental Withholding Tax Credit (SJC)									X
Tax Increment Financing						X			
Withholding Tax Credit (NJC)									X
Redevelopment Tax Credit	X	X	X	X	X				
Renewable Energy Tax Credit	X	X	X	X			X	X	
Research Activities Tax Credit	X		X						
S Corporation Apportionment Tax Credit			X						
School Tuition Organization (STO) Tax Credit	X		X						
Solar Energy System Tax Credit	X	X	X						
Targeted Jobs Tax Credit from Withholding (TJC)									X
Taxpayers Trust Fund Tax Credit			X						
Tuition and Textbook Tax Credit			X						
Venture Capital Tax Credit - Iowa Fund of Funds	X	X	X	X	X				
Venture Capital Tax Credit - Qualifying Business or Community-Based Seed Capital Fund	X	X	X	X	X				
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit			X						
Wind Energy Production Tax Credit	X	X	X	X			X	X	
Workforce Housing Tax Incentives Program	X	X	X	X	X			X	X

Current Tax Credits

This Page Intentionally Left Blank

Accelerated Career Education Program (ACE) (260G)

A. Code Citation(s):

Section 260G, Code of Iowa (program description)
Section 422.16, Code of Iowa (withholding tax)

B. Administrative Rules Citation(s):

261 IAC 20
701 IAC 46.7

C. Year Program was Enacted or Modified: The program went into effect on July 1, 2000. The program award cap was increased from $3 million to $4 million in fiscal year 2004 and to $6 million in fiscal year 2005. The cap was lowered to $5.4 million in fiscal year 2011.

D. Evaluation Study Year(s): Not yet determined.

E. Program Description Based on Code Language and Administrative Rules: The purpose of the Accelerated Career Education Program (ACE) is to assist Iowa's Community Colleges to either establish or expand programs that train individuals in the occupations most needed by Iowa businesses. The ACE program allows participating companies to divert a portion of the company's current Iowa individual income withholding tax, based on the number of seats in a training program sponsored by a business. Businesses participating in the program shall divert taxes equivalent to 10 percent of the hiring wage that a sponsoring business would pay to an individual that completes the programs' requirements (with a minimum wage level of no less than 200 percent of the federal poverty guideline for a family of two). The diversion goes to the community college over the life of the agreement (usually five years). The business also provides a 20 percent match of the program costs pro-rated by the percentage of seats sponsored.

To be eligible for the program a business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products; construction; conducting research and development; or providing services in interstate or intrastate commerce.

F. Credit Award Mechanism: Credits are awarded based on application to one of Iowa's 15 Community Colleges. The program is monitored by the Economic Development Authority (EDA).

G. Awarding Department Program Manager or Contact: See the appendix for a list of program contacts for Community College economic developers and EDA contacts.

H. **Taxes to which Credit Applies:** The Accelerated Career Education Program applies to withholding tax.

I. **Certification Requirements:** The Economic Development Authority issues tax credit certificate numbers to the taxpayer. Tax credit certificate numbers are required for awarded companies to claim withholding tax credits through the Iowa Department of Revenue's eFile & Pay system.

J. **Credit Limits:** The program is subject to the following limitations:

- FY 2001: $3 million
- FY 2002: $3 million
- FY 2003: $3 million
- FY 2004: $4 million
- FY 2005 through FY 2010: $6 million
- FY 2011 and thereafter: $5.4 million

Total credits available under the ACE program are divided among the 15 community colleges, based on allocations approved by the Economic Development Authority (specified in 261 IAC 20.14). There is also a procedure to reallocate unused credits from one college to other colleges that need additional capacity.

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are not refundable.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Not applicable to this credit.

N. **Claims Filing Requirements:** The company is required to file and pay its withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by the credit, but file claims for the Accelerated Career Education Credit from Withholding using their tax credit certificate number on the quarterly return.

O. **Performance Monitoring Requirements:** The Economic Development Authority is required to collect data and prepare an annual report on the activities of the program during the fiscal year, according to Section 260G.4C, Code of Iowa. Participants in ACE program-funded training programs are to be included in the customer tracking system implemented by Iowa Workforce Development, according to Section 260G.5, Code of Iowa.

Adoption Tax Credit

A. Code Citation(s):

Section 422.12A, Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 42.52

C. Year Program was Enacted or Modified: This credit is available for tax years beginning on or after January 1, 2014.

D. Evaluation Study Year(s): Not yet determined.

E. Program Description Based on Code Language and Administrative Rules: A tax credit is available to taxpayers equal to the amount of qualified adoption expenses paid or incurred by the taxpayer during the tax year associated with the adoption of a child by the taxpayer. The maximum amount allowed is $2,500 per adoption. An adoption means the permanent placement in Iowa of a child by a qualifying agency. The amount of the qualified adoption expenses, for which the tax credit is claimed, shall not be claimed as an itemized deduction for adoption expenses for Iowa income tax purposes.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Adoption Tax Credit applies to individual income taxes.

I. Certification Requirements: None

J. Credit Limits: The maximum amount of the tax credit is $2,500 per adoption.

K. Transferability Provisions: Credits may not be sold or traded.

L. Refundability Provisions: Any credit in excess of the tax liability is refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit is only available to full year or part year Iowa residents.

N. **Claims Filing Requirements:** The amount of the qualified adoption expenses cannot be taken as an itemized deduction expenses for Iowa income tax purposes. For all taxpayers, Schedule IA148 must be included with the return in which the credit is claimed.

O. **Performance Monitoring Requirements:** None

Assistive Device Tax Credit

A. **Code Citation(s):**

Section 15.119, Code of Iowa (awards limitation)
Section 422.33 (9), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

261 IAC 66
701 IAC 42.45
701 IAC 52.17
701 IAC 52.41

C. **Year Program was Enacted or Modified:** This program went into effect January 1, 2000. Effective July 1, 2009 this credit can no longer be claimed against individual income tax. Also effective July 1, 2009 a $185 million cumulative tax credit cap, per fiscal year, was established for certain tax credits awarded by the Economic Development Authority (EDA) including this credit. The cap amount was lowered to $120 million effective July 1, 2010. Effective July 1, 2012, the EDA tax credit award cap was increased to $170 million per fiscal year.

D. **Evaluation Study Year(s):** 2015

E. **Program Description Based on Code Language and Administrative Rules:** A taxpayer who is a small business that purchases, rents, or modifies an assistive device or makes workplace modifications for an individual with a disability who is employed or will be employed by the small business is eligible for this credit. The credit is limited to 50 percent of the first $5,000 paid for the assistive device or workplace modification. In order to be eligible to receive the assistive device tax credit, a small business must:

- Be located in the state of Iowa.
- Employ no more than 14 full-time employees or have gross receipts of no more than $3 million during its preceding tax year.
- Purchase, rent, or modify an assistive device or make workplace modifications for an individual with a disability who is employed or will be employed by the business.

F. Credit Award Mechanism: Credits are awarded based on application to EDA.

G. Awarding Department Program Manager or Contact: Wynona Bohemann, Economic Development Authority

H. Taxes to which Credit Applies: The Assistive Device Tax Credit applies to corporation income tax.

I. Certification Requirements: The Economic Development Authority issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the credit. The certificate must contain the taxpayer's name, address, tax identification number, the amount of credit, and tax year for which the certificate can be claimed. The tax year is determined by the date of project completion.

J. Credit Limits: The credit is capped at $500,000 per fiscal year. Credits are awarded on a first-come, first-served basis. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA.

K. Transferability Provisions: Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. Refundability Provisions: Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year r.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: Schedule C1 must be completed and Schedule IA 148 must be included with the taxpayer's return.

O. Performance Monitoring Requirements: EDA reserves the right to monitor the recipient's records to ensure compliance with program requirements.

Beginning Farmer Tax Credit Program

A. Code Citation(s):

Section 175.36A through 175.39, Code of Iowa (program descriptions)
Section 175.36A, Code of Iowa (beginning farmer definition)
Section 422.11M, Code of Iowa (individual income tax)
Section 422.33 (22), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):
701 IAC 42.36
701 IAC 52.33
265 IAC 44.6
265 IAC 44.7
.

C. Year Program was Enacted or Modified: This program went into effect January 1, 2007. Effective July 1, 2009 a fiscal year cap of $6 million was imposed on this program. Beginning January 1, 2013, the tax credit cap was increased from $6 million to $12 million and the Custom Farming Contract Tax Credit was enacted effective for tax years 2013 through 2017. The Agricultural Assets Transfer Tax Credit percentage for cash rent agreements was increased from 5 percent to 7 percent and the percentage for crop share agreements was increased from 15 to 17 percent effective for tax years 2013 through 2017. If the beginning farmer is a veteran, the tax credit rates are 8 or 18 percent for the first year of the contract. During the 2014 Legislative Session, the carry forward period was extended to 10 years from 5 years for credits awarded in 2008 and later.

D. Evaluation Study Year(s): 2015

E. Program Description Based on Code Language and Administrative Rules: The Agricultural Assets Transfer Tax Credit is allowed for an owner of agricultural assets that are subject to a lease or rental agreement with a beginning farmer as defined in Code section 175.36A. The lease must be for a term of at least two years, but not more than five years. The tax credit equals 7 percent of the amount paid to the taxpayer under the rental agreement or 17 percent of the amount paid to the taxpayer from crops or animals sold under an agreement in which the payment is exclusively made from the sale of crops or animals. If the beginning farmer is also a veteran, landowners may claim an additional 1 percent of eligible rent or crop share payments, making the credit effectively 8 percent and 18 percent for the first year of the agreement.

The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the Iowa Agricultural Development Division (IADD) determines that the taxpayer is not at fault for the termination, IADD will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If IADD determines that the taxpayer is at fault for the termination, any prior tax credit certificates issued will be disallowed, and the tax credits can be recaptured by the Department of Revenue.

The Custom Farming Contract Tax Credit is available for landowners who hire a beginning farmer to do custom work and allows the landowner to claim 7 percent of the value of the contract as a tax credit. If the beginning farmer is a veteran, the credit is 8 percent for the first year.

An eligible applicant for the Beginning Farmer Tax Credit Program is defined as a state resident aged 18 or older with a net worth of less than $678,731 for 2014. The allowed maximum net worth is indexed annually based on the October 1 annual change in the U.S. Department of Agriculture's Prices Paid by Farmers Index. The applicant must materially participate in the farm and have sufficient education, training, or experience in farming.

For both the Agricultural Assets Transfer Tax Credit and the Custom Farming Contract Tax Credit, IADD will issue tax credit certificates, which cannot exceed $50,000 for an individual taxpayer. The certificate must be included with the Iowa tax return in order to claim the credit. Any credit in excess of the tax liability may be credited to the tax liability for the following five years or until depleted, whichever is the earlier.

$8 million of the $12 million tax credit program cap has been allocated to the Agricultural Assets Transfer Tax Credit with the remaining $4 million allocated to the Custom Farming Contract Tax Credit. The IADD may adjust the allocation of the $12 million of tax credits by adoption of a resolution.

The Custom Farming Contract Tax Credit is repealed effective December 31, 2017. The higher rates and cap for the Agricultural Assets Transfer Tax Credit also expire effective December 31, 2017.

F. **Credit Award Mechanism:** Credits are awarded based on application to the IADD.

G. **Awarding Department Program Manager or Contact:** Steve Ferguson, Iowa Agricultural Development Division

H. **Taxes to which Credit Applies:** The Agricultural Assets Transfer Tax Credit and the Custom Farming Tax Credit apply to corporation and individual income taxes.

I. **Certification Requirements:** The Iowa Agricultural Development Division issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number and the tax credit amount.

J. **Credit Limits:** The program is subject to a $12 million fiscal year cap.

K. **Transferability Provisions:** Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

M. **Refundability Provisions:** Credits are not refundable. Credits in excess of tax liability issued in 2007 may be carried forward for up to five years. For credits issued in tax years beginning on or after January 1, 2008, any credits in excess of tax liability may be carried forward for up to ten years.

N. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

O. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 must be completed. For all taxpayers, the Schedule IA 148 must be included.

P. **Performance Monitoring Requirements:** The Iowa Agricultural Development Division must submit an annual report to the Governor and General Assembly no later than January 15 of each year.

Biodiesel Blended Fuel Tax Credit

A. **Code Citation(s):**

Section 422.11P, Code of Iowa (individual income tax)
Section 422.33 (11C), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

IAC 701 42.34
IAC 701 52.31

C. **Year Program was Enacted or Modified:** This program went into effect January 1, 2006. Effective in tax years 2009 through 2011, to be eligible for the credit, 50 percent of diesel sales must have been biodiesel sales. Effective for tax years beginning on or after January 1, 2012, the 50 percent biodiesel sales requirement was eliminated and the credit rate was lowered for biodiesel blends with 2 to 4 percent biodiesel and raised for biodiesel blends of 5 percent or higher affecting tax years 2012 and subsequent tax years. Blends below 5 percent were no longer eligible for the credit after January 1, 2013. The repeal date of the credit was extended from December 31, 2012 to December 31, 2017.

D. **Evaluation Study Year(s):** 2009 and 2014

E. **Program Description Based on Code Language and Administrative Rules:** An income tax credit is available to retail dealers who sell biodiesel blended fuel through motor fuel pumps during the tax year. In order for a retail location to qualify for the tax credit through calendar year 2011, 50 percent or more of the total gallons of diesel fuel sold at a retail location during the year must have been biodiesel. Beginning in 2012, the credit is computed on a companywide basis for all eligible gallons of biodiesel and the 50 percent threshold is no longer applicable.

Through tax year 2012, the tax credit applied to biodiesel blended fuel formulated with a minimum percentage of 2 percent by volume of biodiesel (B2), if the formulation meets the standards of Code section 214A.2. In tax year 2013 and subsequent tax years, the tax credit only applies to biodiesel blended fuel formulated with a minimum percentage of 5 percent by volume of biodiesel (B5), if the formulation meets the standards of Code section 214A.2.

Through calendar year 2011, the tax credit equaled three cents multiplied by the total number of gallons of biodiesel blended fuel gallons sold during the retail dealer's tax year. In calendar year 2012, the tax credit equaled two cents per gallon for blends between B2 and B4 and four and a half cents per gallon for blends classified as B5 or higher. In calendar years 2013 through 2017, the tax credit equals four and a half cents per gallon for blends classified as B5 or higher; lower blends are no longer eligible.

A retail dealer of biodiesel whose tax year ends prior to December 31, 2017, can continue to claim the tax credit in the following tax year for any biodiesel gallons sold through December 31, 2017. For a retail dealer whose tax year is not on a calendar year basis and who did not claim the Biodiesel Blended Fuel Tax Credit on the previous return, the dealer may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the current tax year.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Biodiesel Blended Fuel Tax Credit applies to corporation and individual income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. Credits earned by pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers filing credit claims for the Biodiesel Blended Fuel Tax Credit submit Form IA 8864 with the tax return on which the credit is claimed. For all taxpayers, the Schedule IA 148 must be included.

O. **Performance Monitoring Requirements:** None

Charitable Conservation Contribution Tax Credit

A. **Code Citation(s):**

Section 422.11W, Code of Iowa (individual income tax)
Section 422.33 (25), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.40
701 IAC 52.37

C. **Year Program was Enacted or Modified:** This program is effective for any tax year starting on or after January 1, 2008.

D. **Evaluation Study Year(s):** 2015

E. **Program Description Based on Code Language and Administrative Rules:** This credit is available to individual and corporation income 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. The definitions of "conservation purpose," "qualified organization," and "qualified real property interest" are the same as defined for the qualified conservation contribution under section 170 (h) of the Internal Revenue Code, except that a conveyance of land for open space for the purpose of fulfilling density requirements to obtain subdivision or building permits shall not be considered a conveyance for conservation purpose.

The tax credit is equal to fifty percent of the fair market value of the donated property. The maximum amount of the tax credit is $100,000 per taxpayer and the amount of the contribution for which the tax credit is claimed shall not be claimed as an itemized deduction for charitable contributions for Iowa income tax purposes. If the Charitable Conservation Contribution Tax Credit donation's fair market value is above $200,000, the excess can be claimed as an itemized deduction. For example, if a taxpayer donates a qualified charitable donation with a fair market value of $300,000, the taxpayer can claim $100,000 as a Charitable

Conservation Contribution Tax Credit (50% of the first $200,000) and $100,000 as an itemized deduction.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax returns.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Charitable Conservation Contribution Tax Credit applies to corporation income and individual income taxes.

I. Certification Requirements: None

J. Credit Limits: The maximum amount of tax credit is $100,000 per donation per year. Limited to one qualifying donation per year per return.

K. Transferability Provisions: Credits may not be sold or traded. For a donation made by a pass-through entity, credits shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. Refundability Provisions: Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to twenty years.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: Taxpayers filing credit claims for the Charitable Conservation Contribution Tax Credit are required to include with the Iowa return a copy of federal Form 8283 – Noncash Charitable Contribution. If a qualified appraisal of the property or other relevant information is required to be attached to the federal Form 8283 for federal tax purposes, the appraisal and other relevant information must also be included with the Iowa return. Taxpayers are also required to attach Schedule IA 148 to the tax return on which the tax credit is claimed.

O. Performance Monitoring Requirements: None

Child and Dependent Care Tax Credit

A. Code Citation(s):

Section 422.12C, Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 42.15

C. Year Program was Enacted or Modified: This program went into effect on January 1, 1977. A nonrefundable credit of 5 percent was available to all taxpayers with qualifying children and eligible expenses. The credit was raised to 10 percent in 1983 and 45 percent in 1986. Multiple credit rates were added in 1990 and the credit was made refundable. In 1993, a $40,000 income limit was introduced. The income eligibility limit was increased to $45,000 effective January 1, 2006. Effective in tax year 2012, the administrative rules were changed to clarify that the Iowa credit was based on only the federal tax credit that the taxpayer was eligible to claim. <u>During the 2014 Legislative Session, it was clarified that the Iowa credit is based on the federal tax credit for which the taxpayer is eligible regardless of whether the taxpayer was able to claim the full amount of the nonrefundable federal tax credit. The change is effective for tax year 2016 and later.</u>

D. Evaluation Study Year(s): 2013

E. Program Description Based on Code Language and Administrative Rules: This credit is available to individual taxpayers who have eligible child and dependent care expenses. Qualifying children must be under age 13; qualifying dependents can be any age but are physically or mentally incapable of self-care. Eligible taxpayers had net income less than $40,000 for tax years beginning on or after January 1, 1993, and before January 1, 2006. Starting with tax year January 1, 2006 the credit is available for taxpayers with income less than $45,000.

The credit is based on a percentage of the federal credit for child and dependent care expenses. The federal computation of Child and Dependent Care Expenses is contained in Publication 503 which is published by the Internal Revenue Service. For tax years 2012 through 2015, credits are calculated based on the nonrefundable federal credit that the taxpayer is eligible to claim which is often less than the calculated federal credit.

The percentages vary depending on the amount of Iowa net income.

- Net income less than $10,000: 75 percent
- Net income of $10,000 to $19,999: 65 percent
- Net income of $20,000 to $24,999: 55 percent
- Net income of $25,000 to $34,999: 50 percent
- Net income of $35,000 to $39,999: 40 percent
- Net income of $40,000 to $44,999: 30 percent

If the taxpayer claims the Child and Dependent Care Tax Credit, the taxpayer cannot claim the Early Childhood Development Tax Credit.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Child and Dependent Care Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. For credits claimed by married taxpayers who elect to file separately on a combined return, the child and dependent care tax credit shall be prorated to each spouse in the ratio of each spouse's net income to their combined net income.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Must be prorated based on the ratio of Iowa source income divided by total income.

N. **Claims Filing Requirements:** Taxpayers must include a copy of the federal Form 2441.

O. **Performance Monitoring Requirements:** None

Claim of Right Tax Credit

A. Code Citation(s):

Section 422.5 (10), Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 38.18

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 1996.

D. Evaluation Study Year(s): 2015

E. Program Description Based on Code Language and Administrative Rules: A credit may be taken if there was income repaid in the current tax year that was reported and taxed on a prior Iowa tax return. To calculate the credit, re-compute the tax in the prior year without the repaid income. The tax reduction that was calculated is the amount of the credit.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Claim of Right Tax Credit applies to individual income tax.

I. Certification Requirements: None

J. Credit Limits: None

K. Transferability Provisions: Credits may not be sold or traded.

L. Refundability Provisions: Credit is refundable.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: Schedule IA 148 must be included with individual income tax return.

O. Performance Monitoring Requirements: None

E15 Plus Gasoline Promotion Tax Credit

A. Code Citation(s):

Section 422.11Y, Code of Iowa (individual income tax)
Section 422.33 (11D), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 42.46
701 IAC 52.43

C. Year Program was Enacted or Modified: The tax credit is effective for gallons sold on or after July 1, 2011. During the 2014 Legislative Session, the tax credit rates were changed for tax years beginning on or after January 1, 2014. The new rates are found in Section E.

D. Evaluation Study Year(s): 2014

E. Program Description Based on Code Language and Administrative Rules: An income tax credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E15 or higher, but not classified as E85 gasoline, through motor fuel pumps during the tax year. For gallons sold during tax years 2012 and 2013 the amount of the credit is determined by multiplying the total number of eligible gallons sold companywide by 3 cents.

For tax years beginning on or after January 1, 2014, the amount of the credit is determined by multiplying the total number of eligible gallons sold by the following rates:

- Between January 1 and May 31: 3 cents
- Between June 1 and September 15: 10 cents
- Between September 16 and December 31: 3 cents

The credit applies to qualifying gallons sold on a companywide basis.

This credit is repealed on January 1, 2018. A retail dealer of gasoline whose tax year ends prior to December 31, 2017, can continue to claim the tax credit in the following tax year for any eligible gallons sold through December 31, 2017. For a retail dealer whose tax year is not on a calendar year basis and who did not claim the E15 Plus credit on the previous return, the dealer may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the current tax year.

A retail dealer of gasoline can claim the E15 Plus Gasoline Promotion Tax Credit even if the dealer claims an Ethanol Promotion Tax Credit for the same tax year for the same ethanol gallons sold.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The E15 Plus Gasoline Promotion Tax Credit applies to individual and corporation income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. Credits earned by pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers filing credit claims for the E15 Plus Gasoline Promotion Tax Credit submit Form IA 138 with the tax return on which the credit is claimed. For all taxpayers, Schedule IA 148 must be included.

O. **Performance Monitoring Requirements:** None

E85 Gasoline Promotion Tax Credit

A. **Code Citation(s):**

Section 422.11O, Code of Iowa (individual income tax)
Section 422.33 (11B), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.33
701 IAC 52.30

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2006 starting at 25 cents per gallon and falling to 1 cent per gallon in 2013. During the 2011 Legislative session, the phase-out of the credit was replaced with a 16 cent credit for calendar year 2012 and subsequent calendar years. The expiration of the credit was also changed from January 1, 2021 to January 1, 2018.

D. **Evaluation Study Year(s):** 2009 and 2014

E. **Program Description Based on Code Language and Administrative Rules:** An income tax credit is available to retail dealers of gasoline who sell E85 gasoline through motor fuel pumps during the tax year. The amount of the credit is determined by multiplying the total number of E85 gallons sold by the following rate:

- Calendar years 2006, 2007 and 2008: 25 cents
- Calendar years 2009 and 2010: 20 cents
- Calendar year 2011: 10 cents
- Calendar years 2012 through 2017: 16 cents

This credit is repealed on January 1, 2018. For retail dealers of gasoline whose tax year is not on a calendar year basis, the retail dealer may compute the tax credit on the gallons of E85 gallons sold during the year using the applicable credit amounts as shown above. A retail dealer of gasoline whose tax year ends prior to December 31, 2017, can continue to claim the tax credit in the following tax year for any E85 gallons sold through December 31, 2017. For a retail dealer whose tax year is not on a calendar year basis and who did not claim the E85 credit on the previous return, the dealer may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the previous tax year.

A retail dealer of gasoline can claim the E85 Gasoline Promotion Tax Credit even if the dealer claims an Ethanol Promotion Tax Credit for the same tax year for the same ethanol gallons sold.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The E85 Gasoline Promotion Tax Credit applies to individual and corporation income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. Transferability Provisions: Credits may not be sold or traded. Credits earned by pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. Refundability Provisions: Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: Taxpayers filing credit claims for the E85 Promotion Credit submit Form IA 135 with the tax return on which the credit is claimed. For all taxpayers, Schedule IA 148 must be included.

O. Performance Monitoring Requirements: None

Early Childhood Development Tax Credit

A. Code Citation(s):

Section 422.12C (1A), Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 42.31

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 2006.

D. Evaluation Study Year(s): 2013

E. Program Description Based on Code Language and Administrative Rules: The Early Childhood Development Tax Credit is equal to 25 percent of the first $1,000 of qualifying early childhood development expenses paid for each dependent from the ages of three through five. The credit is only available to taxpayers whose net income is less than $45,000. If the taxpayer claims the Early Childhood Development Tax Credit, the taxpayer cannot claim the state Child and Dependent Care Tax Credit.

Early childhood development expenses that qualify for the credit include the following:

- Services provided to the dependent by a preschool, as defined in Section 237A.1, Code of Iowa
- Books that improve child development, such as textbooks, music and art books, teacher's editions and reading books
- Instructional materials required to be used in a lesson activity, such as paper, notebooks, pencils and art supplies
- Lesson plans and curricula
- Child development and educational activities outside the home, such as drama, art, music and museum activities and the entrance fees for such activities

Early childhood development expenses that do not qualify for the credit include:

- Food, lodging, or membership fees relating to child development and educational activities outside the home
- Services, materials, or activities for the teaching of religious tenets, doctrines, or worship, if the purpose of these expenses is to instill those tenants, doctrines, or worship

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Early Childhood Development Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. For credits claimed by married taxpayers who elect to file separately on a combined return, the Early Childhood Development Tax Credit shall be prorated to each spouse in the ratio of each spouse's net income to their combined net income.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** No additional requirements

O. **Performance Monitoring Requirements:** None

Earned Income Tax Credit

A. Code Citation(s):

Section 422.12B, Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 42.13

C. Year Program was Enacted and Modified: This credit went into effect January 1, 1990. On January 1, 1991, the amount of the credit was increased from 5.0 percent to 6.5 percent of the federal Earned Income Tax Credit. On January 1, 2007, the amount of the credit was increased from 6.5 percent to 7.0 percent and the existing nonrefundable credit was made refundable. This credit was not coupled with the federal Earned Income Tax Credit changes in tax year 2009, but was coupled for tax years 2010 through 2012 during the 2011 Legislative session. Tax years beginning on or after January 1, 2014, the credit was coupled with the permanent increases in the federal Earned Income Tax Credit. The tax credit rate was increased to 14 percent of the federal credit for the 2013 tax year and to 15 percent for tax years beginning on or after January 1, 2014.

D. Evaluation Study Year(s): 2007 and 2011

E. Program Description Based on Code Language and Administrative Rules: This credit is available to individual taxpayers who qualify for the federal Earned Income Tax Credit. The credit equals 14.0 percent of the federal Earned Income Tax Credit in tax year 2013 and 15.0 percent in tax years 2014 and later.
The federal Earned Income Tax Credit tables are contained in the appendix of Publication 596 which is published by the Internal Revenue Service.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Earned Income Tax Credit applies to individual income tax.

I. Certification Requirements: None

J. Credit Limits: None

L. Transferability Provisions: Credits may not be sold or traded. For credits claimed by married taxpayers who elect to file separately on a combined return, the Earned Income Tax Credit shall be prorated to each spouse in the ratio of each spouse's earned income to the total earned income of both spouses. Earned income includes wages, salaries, tips, or other compensation and net earnings from self-employment.

M. Refundability Provisions: Credits are refundable.

N. Treatment of Credit for Non-Resident and Part-Year Residents: Must be prorated based on the ratio of Iowa source income divided by total income.

O. Claims Filing Requirements: No additional requirements

P. Performance Monitoring Requirements: None

Endow Iowa Tax Credit

A. Code Citation(s):

Section 15E.305, Code of Iowa (program description)
Section 422.11H, Code of Iowa (individual income tax)
Section 422.33 (14), Code of Iowa (corporation income tax)
Section 422.60 (7), Code of Iowa (franchise tax)
Section 432.12D, Code of Iowa (insurance premium tax)
Section 533.329 (l), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 47
701 IAC 42.24
701 IAC 52.23
701 IAC 58.13

C. Year Program was Enacted or Modified: This program went into effect on January 1, 2003. Effective January 1, 2010 the amount of the credit increased from 20 percent to 25 percent of the endowment gift, but the contribution is no longer able to be taken as an itemized deduction on the Iowa return. Effective for calendar year 2011, the credit cap was increased from $2.7 million to $3.5 million plus a percentage of gaming revenues. Effective for calendar year 2012, the program tax credit cap was increased to $6 million but the additional funds available from the tax imposed on gambling games were eliminated.

D. Evaluation Study Year(s): 2013

E. **Program Description Based on Code Language and Administrative Rules:** A tax credit equal to 25 percent of a taxpayer's endowment gift (up to 5 percent of the aggregate annual award limit, or $300,000, for a single taxpayer) to a qualified community foundation is available. Ten percent of the aggregate annual award limit each year is reserved for gifts in amounts of thirty thousand dollars or less. After September 1, if the entire ten percent is not awarded, the remaining tax credits are available to any size gift. The gift must be for a permanent endowment fund established to benefit a charitable cause in Iowa.

F. **Credit Award Mechanism:** Credits are awarded based on application to the Economic Development Authority (EDA).

G. **Awarding Department Program Manager or Contact:** Peggy Russell, Economic Development Authority

H. **Taxes to which Credit Applies:** The Endow Iowa Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

I. **Certification Requirements:** The Economic Development Authority issues tax credit letters, with a unique certificate number, to the taxpayer. The tax credit letter must be included with the taxpayer's tax return for the year in which it is used to claim the credit. The letter must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

J. **Credit Limits:** The credit was limited to $2 million over both 2003 and 2004 tax years and $2 million each year 2005 through 2007. The aggregate credit cap for 2008 and 2009 was $2 million plus a percentage of the tax imposed on the adjusted gross receipts from gambling games in accordance with Section 99F.11 (3) Code of Iowa. The aggregate credit for 2010 was $2.7 million plus the same percentage of the tax imposed on the adjusted gross receipts from gambling games. The aggregate credit for 2011 was raised to $3.5 million plus the same percentage of the tax imposed on the adjusted gross receipts from gambling games. The available tax credit cap for 2012 and beyond is $6 million. Credits are awarded on a first-come, first-served basis.

K. **Transferability Provisions:** Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity's owners based on share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to five years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1. For all taxpayers Schedule IA 148 must be included.

O. **Performance Monitoring Requirements:** By January 31 of each calendar year, EDA is required to publish an annual report of program activities during the previous calendar year. The annual report shall include a detailed listing of Endow Iowa Tax Credits authorized by the Authority.

Ethanol Promotion Tax Credit

A. **Code Citation(s):**

Section 422.11N, Code of Iowa (individual income tax)
Section 422.33(11A), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.39
701 IAC 52.36

C. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 2009. Effective January 1, 2011, companies must elect whether they are going to calculate the credit on a company-wide basis or on a site-by-site basis. Once this election is made, the company cannot change the election without written consent from the Department of Revenue. The credit rates were also increased during the 2011 Legislative session effective for gallons sold in 2011, with an additional increase in the lowest rate for gallons sold in 2012 and later.

D. **Evaluation Study Year(s):** 2014

E. **Program Description Based on Code Language and Administrative Rules:** A tax credit is available to retail dealers of ethanol blended gasoline. The amount of the tax credit is based on the pure amount of ethanol gallons sold. For example, 10 gallons of E10 equals one gallon of pure ethanol. The credit is repealed on January 1, 2021.

The amount of the tax credit depends on whether the retail dealer attains a biofuel threshold percentage, and how many gallons of motor fuel are sold in a calendar year. For fiscal year filers, gallons sold must be annualized for each calendar year that comprise the tax year. The biofuel threshold percentage for retail dealers who sell more than 200,000 gallons in a calendar year, and dealers who sell 200,000 gallons or less in a year, are set forth below where the number of gallons sold by a taxpayer includes gallons sold at all retail locations operated by the retail dealer at all locations regardless of whether the taxpayers chooses to calculate the credit on a site-by-site basis:

Calendar Year	Biofuel Threshold Percentage - More than 200,000 gallons per year	Biofuel Threshold Percentage - 200,000 gallons or less per year
2009	10%	6%
2010	11%	6%
2011	12%	10%
2012	13%	11%
2013	14%	12%
2014	15%	13%
2015	17%	14%
2016	19%	15%
2017	21%	17%
2018	23%	19%
2019	25%	21%
2020	25%	25%

For fiscal year filers, gallons sold during each calendar year must be annualized to determine the applicable biofuels threshold percentage which the retailer must meet in order to qualify for the credit. For any year in which the retail dealer has met the threshold, the credit is 8 cents for each gallon of pure ethanol sold in calendar year 2011 and later. If the retail dealer misses the threshold by 2 percentage points or less, the credit is 6 cents for each gallon of pure ethanol sold in calendar year 2011 and later. If the retail dealer misses the threshold by more than 2 percentage points but not more than 4 percentage points, the credit is 2.5 cents for each gallon of pure ethanol sold in calendar year 2011 and 4 cents for each gallon of pure ethanol sold in calendar year 2012 and later. If the retail dealer misses the threshold by 4 percentage points or more, then no credit is allowed.

If the company-wide method is elected, the retail dealer determines its biofuel distribution percentage by summing the pure ethanol gallons and the pure biodiesel gallons sold during the calendar year at all retail motor fuel sites, and dividing this sum by the total gasoline gallons sold during the calendar year. If the site-by-site method is elected, the retail dealer determines its biofuels distribution at each retail motor fuel site separately. While the pure biodiesel gallons are included in the computation of the biofuel distribution percentage to determine if the threshold is met, only the pure ethanol gallons sold are used in determining the amount of the credit.

EXAMPLE: A retail dealer only operates one retail site. The number of gallons of gasoline sold at this site in calendar year 2014 equals 100,000 gallons. This consisted of 5,000 gallons of E85, 80,000 gallons of E10 and 15,000 gallons not containing ethanol. The dealer also sold 15,000 gallons of diesel fuel at this site during 2014, of which 5,000 gallons was B2 (2 percent biodiesel). The pure ethanol gallons is 11,950 (5,000 times 79 percent equals 3,950; 80,000 times 10 percent equals 8,000; 3,950 plus 8,000 equals 11,950). The pure biodiesel gallons sold is 100, or 5,000 times 2 percent. The total of 11,950 and 100, or 12,050, is divided by the total gasoline gallons sold of 100,000 to arrive at a biofuel percentage of 12.05 percent.

A retail dealer of gasoline can claim the Ethanol Promotion Tax Credit even if the dealer claims an E15 Plus Gasoline Promotion Tax Credit and/or E85 Gasoline Promotion Tax Credit for the same tax year for the same ethanol gallons sold.

For retail dealers of gasoline whose tax year is not on a calendar year basis, the retail dealer must compute the biofuel distribution percentage and tax credit separately for gallons sold during each calendar year which comprises the dealer's tax year using the applicable credit amounts as shown above. A retail dealer of gasoline whose tax year ends prior to December 31, 2020, can continue to claim the tax credit in the following tax year for any pure ethanol gallons sold through December 31, 2020. For a retail dealer whose tax year is not on a calendar year basis and who did not claim the Ethanol Promotion Tax Credit on the previous return, the dealer may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the previous tax year.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation income or individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Ethanol Promotion Tax Credit applies to individual and corporation income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. Credits earned by pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers filing credit claims for the Ethanol Promotion Tax Credit must submit Form IA 137 in addition to Schedule IA 148 with the tax return on which the credit is claimed.

O. **Performance Monitoring Requirements:** None

Farm to Food Donation Tax Credit

A. **Code Citation(s):**

Section 190B.301 through 190B.306, Code of Iowa (program description)
Section 422.11R, Code of Iowa (individual income tax)
Section 422.33 (30), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.51

C. **Year Program was Enacted or Modified:** This credit, is available for tax years beginning on or after January 1, 2014.

D. **Evaluation Study Year(s):** Not yet determined.

E. **Program Description Based on Code Language and Administrative Rules:** A tax credit is available to taxpayers that produce a food commodity and donate it to an Iowa food bank or an Iowa emergency feeding organization. The donated food may not be damaged, out-of condition, or unfit for human consumption. A food commodity that meets the requirements for donated foods pursuant to the Federal Emergency Food Assistance Program satisfies this requirement. The amount of the tax credit is equal to 15 percent of the value of the food commodities donated in the tax year, when valued according to the federal guidelines for charitable contribution of food under the Internal Revenue Code section 170(e)(3)(c), or $5,000, whichever is less. The amount of the contribution for which the tax credit is claimed is not allowed as an itemized deduction for Iowa income tax.

Individual members of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual shall claim the credit based upon the pro rata share of their earnings from the business entity.

Food organizations that want to issue authorized food donation receipts must register with the Department of Revenue.

F. **Credit Award Mechanism:** Taxpayers who receive an Authorized Food Organization Receipt must submit all receipts to the Department of Revenue. All authorized receipts should be sent together if multiple donations are made throughout the year and must be postmarked by January 15 of the year following the tax year in which the donation was made. Only one tax credit certificate will be issued per taxpayer per year.

G. **Awarding Department Program Manager or Contact:** John Good, Department of Revenue

H. **Taxes to which Credit Applies:** The Farm to Food Donation Tax Credit applies to corporation income and individual income taxes.

I. **Certification Requirements:** The Department of Revenue issues a tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the Farm to Food Donation Tax Credit. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits.

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to five years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers are required to include the tax credit certificate and the Schedule IA 148 with the tax return on which the Farm to Food Donation Tax Credit is claimed.

O. **Performance Monitoring Requirements:** None

Franchise Tax Credit

A. Code Citation(s):

Section 422.11, Code of Iowa (individual income tax)
Section 422.33 (8), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 42.16
701 IAC 52.16

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 1997.

D. Evaluation Study Year(s): 2011

E. Program Description Based on Code Language and Administrative Rules: If a financial institution as defined in Section 581 of the Internal Revenue Code elects to file as an S corporation or a limited liability company for federal income tax purposes and therefore have its income taxed directly to the shareholders, those shareholders qualify for a Franchise Tax Credit equal to the shareholder's pro-rata share of the Iowa franchise tax paid by the financial institution.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation or individual income tax return.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Franchise Tax Credit applies to corporation income and individual income taxes.

I. Certification Requirements: None

J. Credit Limits: None

K. Transferability Provisions: Credits may not be sold or traded.

L. Refundability Provisions: Credits are not refundable. Unused credits do not carry forward to the following year.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers are required to include the Form IA 147 in addition to the Schedule IA 148 with the tax return on which the Franchise Tax Credit is claimed.

O. **Performance Monitoring Requirements:** None

Fuel Tax Credit

A. **Code Citation(s):**

Sections 422.110 and 422.111, Code of Iowa (program description)

B. **Administrative Rules Citation(s):**

701 IAC 42.9
701 IAC 52.6

C. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 1975.

D. **Evaluation Study Year(s):** 2015

E. **Program Description Based on Code Language and Administrative Rules:** An income tax credit is allowed for the amount of Iowa fuel tax paid relating to purchases for off-road use made by individuals and corporations. This credit is allowed for taxpayers who do not have a motor fuel refund permit.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation or individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Fuel Tax Credit applies to corporation and individual income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. Credits eligible to be claimed by pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers filing credit claims for the Fuel Tax Credit submit Form IA 4136 with the tax return on which the credit is claimed. Corporation income tax claims must complete the Schedule C1; individual income tax claims are made on the IA 1040.

O. **Performance Monitoring Requirements:** None

Geothermal Heat Pump Tax Credit

A. **Code Citation(s):**

Section 422.11I, Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.47

C. **Year Program was Enacted or Modified:** This credit is available for tax years beginning on or after January 1, 2012.

D. **Evaluation Study Year(s):** Not yet determined.

E. **Program Description Based on Code Language and Administrative Rules:** A Geothermal Heat Pump Tax Credit is available for individual income tax equal to 20% of the federal residential energy efficient property tax credit allowed for geothermal heat pumps provided in section 25D(a)(5) of the Internal Revenue Code for residential property located in Iowa.

The federal credit is available for property placed in service before January 1, 2017, so the Iowa credit will be available for the 2012-2016 tax years. The federal credit is claimed on federal form 5695, Residential Energy Credits.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Geothermal Heat Pump Tax Credit applies to individual income taxes.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to ten years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** Taxpayers are required to include federal form 5695, Residential Energy Credits, in addition to the Schedule IA 148 with the tax return on which the Geothermal Heat Pump Tax Credit is claimed.

O. **Performance Monitoring Requirements:** None

High Quality Jobs Program (HQJP)

A. **Code Citation(s):**

Section 15.119, Code of Iowa (awards limitation)
Section 15.326 through 15.337, Code of Iowa (program description)
(The Code citation is the same as the New Jobs and Income Program, which HQJP replaces.)

B. **Administrative Rules Citation(s):**
261 IAC 68
701 IAC 42.42
701 IAC 42.45
701 IAC 52.28
701 IAC 52.41
701 IAC 58.17

C. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2005. Effective July 1, 2009 a $185 million cumulative tax credit cap was established for certain tax credits awarded by the Economic Development Authority (EDA). This credit falls under that cap. Effective July 1, 2010 the cumulative cap was reduced to $120 million. Effective July 1, 2009 the name of the program changed from High Quality Job Creation Program to High Quality Jobs Program because retained jobs were included as qualifying toward job requirements. Effective April 15, 2010 the provision allowing up to $4 million in refundable investment tax credits awards per fiscal year for projects involving value-added agricultural products or biotechnology-related processes was repealed. Effective July 1, 2012, the EDA tax credit award cap was increased to $170 million per fiscal year. The Authority may authorize tax credits in excess of

$170 million in a fiscal year, but such excess shall not exceed 20% of $170 million, or $34 million, and this continues to be counted against the total amount of tax credits that can be authorized for a subsequent fiscal year. Any tax credits authorized and awarded by the Authority during a fiscal year that are irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the decline occurs. <u>During the 2014 Legislative Session, the Enterprise Zone Program was eliminated, expanding the future usage of this program.</u>

D. **Evaluation Study Year(s):** 2016

E. **Program Description Based on Code Language and Administrative Rules:** The High Quality Job Program replaced the New Jobs and Income Program (NJIP) and the New Capital Investment Programs (NCIP). The amount of tax incentives awarded is dependent on the number of jobs created or retained and the qualifying investment made. Actual award amounts will be based on the business's level of need, the quality of the jobs, the percentage of created jobs defined as high-quality, and the economic impact of the project. The new and retained jobs must have a wage which is at least 130 percent of the average county wage and provide sufficient benefits to be eligible for these tax credits.

To be eligible to receive incentives a business shall meet all of the following requirements:

- If the qualifying investment is over $10 million, the community has approved by ordinance or resolution project.
- The business has not closed or substantially reduced operations in one area of this state and relocated substantially the same operations in a community in another area of this state. This requirement does not prohibit a business from expanding its operation in a community if existing operations of a similar nature in this state are not closed or substantially reduced.
- The business shall meet the qualifying wage thresholds.
- The business shall provide a sufficient package of benefits to each employee holding a created or retained job.
- The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues.
- The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.
- If a business is also the recipient of financial assistance under another program administered by EDA and the other program requires the payment of

higher wages than the wages required under this program the business shall be required to pay the higher wages.

The maximum tax credit awards available to a business are as follows:

Amount of Qualifying Investment	Number of Jobs Created or Retained with a Wage equal to 130% of the Average County Wage plus Sufficient Benefits				
	No Jobs*	1-5	6-10	11-15	16 or more
Less than $100,000	Up to 1% ITC	Up to 2% ITC	Up to 3% ITC	Up to 4% ITC	Up to 5% ITC
$100,000 - $499,999	Up to 1% ITC Sales Tax Refund	Up to 2% ITC Sales Tax Refund	Up to 3% ITC Sales Tax Refund	Up to 4% ITC Sales Tax Refund	Up to 5% ITC Sales Tax Refund
$500,000 +	Up to 1% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 2% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 3% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 4% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 5% ITC Sales Tax Refund Supplemental Research Activities Tax Credit

* Modernization or Retention Projects Only

Amount of Qualifying Investment	Number of Jobs Created or Retained with a Wage equal to 130% of the Average County Wage plus Sufficient Benefits				
	31-40	41-60	61-80	81-100	101+
$10,000,000 or More	Up to 6% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 7% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 8% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 9% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 10% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption

"*Amount of Qualifying Investment*" means a capital investment in real property including the purchase price of land, existing buildings and structures, site preparation, improvements to real property, building construction, and long-term lease costs. It also includes capital investment in depreciable assets. "*ITC*" means Investment Tax Credit. "*Sales Tax Refund*" means Sales and Use Tax Refund or refundable Corporation Tax Credit for Third Party Sales Taxes.

Investment Tax Credit is amortized equally over a 5-year period instead of the entire credit being available when the asset is placed in service. An Investment

Tax Credit in excess of the tax liability can be credited to the tax liability for the following seven years.

A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. For awards made on or after July 1, 2010, the Supplemental Research Activities Tax Credit available is a function of the gross receipts of the company and can be claimed up to five years up to the total amount of the award.

The property tax exemption may be offered for up to 20 years.

F. **Credit Award Mechanism:** Credits are awarded based on application to the EDA.

G. **Awarding Department Program Manager or Contact:** Paul Stueckradt**,** Economic Development Authority

H. **Taxes to which Credit Applies:**

- Local Property Tax Exemption applies to the property tax.
- Sales Tax Refund applies to the sales and use tax.
- Corporation Tax Credit for Third Party Sales Tax applies to corporation income, franchise, insurance premium, and moneys and credits taxes.
- Investment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applies to corporation income and individual income taxes.

I. **Certification Requirements:** The Economic Development Authority issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim either the Investment Tax Credit or the Supplemental Research Activities Tax Credit. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits.

The Corporation Tax Credit for Third Party Sales Tax is awarded by EDA prior to construction. To claim the credit after construction, the business must submit an application to the Department of Revenue, which then issues another tax credit certificate with the final amount of credit that can be claimed, up to the initial award amount. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Prior to April 15, 2010, companies with value-added agricultural and biotechnology projects, upon successful completion of the project, could receive a portion of the Investment Tax Credit in the form of a refund. EDA issued the tax credit certificates, with a unique certificate number, to the taxpayer. These previously issued tax credit certificates must be included with the taxpayer’s tax return for the year in which it is used. The certificate must contain the taxpayer’s name, address, tax identification number, and the amount of tax credits.

J. **Credit Limits:** This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA. During a fiscal year, EDA can award as much as 20 percent above the annual cap, which reduces the award cap available for the following fiscal year.

Each calendar year, EDA cannot approve more than $3.6 million worth of Investment Tax Credits for projects with qualifying investments of less than $1 million. Tax credits subject to this limitation will be awarded on a first-come, first-served basis.

Warehouse and distribution center projects may receive a refund of sales taxes paid on racks, shelving and conveyor equipment. The Department of Revenue cannot issue more than $500,000 of these refunds during a fiscal year. The refunds will be issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit will have their requests considered in the succeeding fiscal year.

K. **Transferability Provisions:** Credits may not be sold or traded. For the Investment Tax Credit and Supplemental Research Activities Tax Credit, credits awarded to pass-through entities shall be claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

L. **Refundability Provisions:**

- Local Property Tax Exemption is not refundable.
- Sales Tax Refund is refundable.
- Corporation Tax Credit for Third Party Sales Tax is refundable or may be carried forward for up to seven years.
- Investment Tax Credit is not refundable. Any nonrefundable credit in excess of tax liability may be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit is refundable.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** The Sales Tax Refund requires filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included with the Investment Tax Credit and Supplemental Research Activities Tax Credit. The Supplemental Research Activities Tax Credit requires filing Form IA 128 or Form IA 128S with the taxpayer’s return, regardless of taxpayer type. All taxpayers must also attach Schedule IA 148 with the return on which any of the credits is being claimed.

O. Performance Monitoring Requirements: Companies awarded tax incentives under this program agree to job creation, job retention, wage, and investment goals. The Business Services unit of the Economic Development Authority surveys companies every six months to assess progress toward meeting these goals.

Historic Preservation and Cultural and Entertainment District Tax Credit

A. Code Citation(s):

Section 404A, Code of Iowa (program description)
Section 422.11D, Code of Iowa (individual income tax)
Section 422.33(10), Code of Iowa (corporation income tax)
Section 422.60(4), Code of Iowa (franchise tax)
Section 432.12A, Code of Iowa (insurance premium tax)

B. Administrative Rules Citation(s):

223 IAC 48
701 IAC 42.19
701 IAC 52.18
701 IAC 58.10
Rules for the 2014 changes have yet to be promulgated.

C. Year Program was Enacted or Modified: This program went into effect on July 1, 2000, with a program cap of $2.4 million and was originally named the "Property Rehabilitation Tax Credit." In 2003, funding for fiscal years 2005 and 2006 was increased $500,000 for projects located in Cultural and Entertainment Districts (CED). Effective July 1, 2005, the amount of funding for CEDs increased to $6.4 million per fiscal year and the program was renamed the Historic Preservation and Cultural and Entertainment District Tax Credit (HPCED). On July 1, 2007, the amount of funding was increased to $10 million for fiscal year 2008, $15 million for fiscal year 2009, and $20 million for fiscal year 2010 and each year thereafter. Ten percent of the awarded credits each fiscal year was designated for projects with a cost of less than $500,000, 40 percent was designated for projects located in a CED or a location that has entered an Iowa Great Places agreement. The tax credit was also made fully refundable.

Effective July 1, 2009, the amount of funding was increased to $50 million for fiscal year 2010 and subsequent fiscal years. New funding streams for disaster recovery projects and projects involving the creation of more than 500 new permanent jobs were also added. During the 2010 Legislative session the maximum amount of tax credits that may be awarded for fiscal years beginning July 1, 2012 was reduced to $45 million. During the 2011 Legislative session, several of the definitions pertaining to the credit were redefined. For fiscal years beginning on or after July 1, 2012, all HPCED Tax Credits earned by a partnership, LLC or S corporation will be claimed by individuals based on the amounts designated by the partnership, LLC, or S corporation. During the 2013 Legislative session, the definition of substantial rehabilitation of commercial property was changed to include rehabilitation costs equal to $50,000 or 50 percent of the assessed value, whichever is less. The category of property that previously included residential property and barns was expanded to include any “property other than commercial property.” The date by which property must be placed into service was extended from within 60 months to within 72 months of the date of approval if more than 50 percent of the qualified rehabilitation costs are incurred within 60 months of the date on which the project application was approved. The definition of a small project for which 10 percent of the dollar amount of the annual tax credit awards must be reserved was expanded from qualified rehabilitation costs of $500,000 to $750,000.

<u>During the 2014 Legislative Session, the program was largely rewritten. All separate funds were eliminated except for small projects. If during the fiscal year beginning July 1, 2016, or any fiscal year thereafter, the Department of Cultural Affairs awards an amount of tax credits that is less than the maximum aggregate tax credit award limit up to 10 percent of the total cap may be carried forward to the succeeding fiscal year and awarded that fiscal year. The completion period was reduced to 36 months, and a step was added to the application process that ranks projects for selection based on readiness and preservation characteristics, eliminating the lottery system used previously.</u>

D. Evaluation Study Year(s): 2009 and 2014

E. Program Description Based on Code Language and Administrative Rules: A tax credit is available for 25 percent of the “qualified rehabilitation expenditures incurred for the substantial rehabilitation of eligible property in Iowa.

To qualify, the property or district must meet any of the following criteria:

- The property must be listed on the National Register of Historic Places or be eligible for such a listing.
- The property is designated as having historic significance to a district listed in the National Register of Historic Places or be eligible for such a listing.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

Qualified rehabilitation expenditures do not include those expenditures financed by federal, state, or local government grants of forgivable loans unless otherwise allowed under section 47 of the Internal Revenue Code. Expenditures incurred by an eligible taxpayer that is a nonprofit organization shall be considered qualified rehabilitation expenditures if they are expenditures made for structural components or expenditures made for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

Substantial rehabilitation for commercial property means rehabilitation costs must equal at least $50,000 or 50 percent of the assessed value of the property, prior to rehabilitation, excluding the land, whichever is less. For residential property or barns, in order to meet the standard of substantial rehabilitation, rehabilitation costs must equal at least $25,000 or 25 percent of the property's assessed value, prior to rehabilitation, excluding the land, whichever is less.

In fiscal years beginning on or after July 1, 2010 but before July 1, 2014, the total credit cap was divided into multiple funding streams for tax credit awards: 10 percent of the dollar amount of tax credits was to be awarded to small projects ($750,000 or less), 30 percent of the dollar amount of tax credits was to be awarded to projects in cultural and entertainment districts, 20 percent of the dollar amount of tax credits was to be awarded to disaster recovery projects, 20 percent of the dollar amount of tax credits was to be awarded to projects involving the creation of more than 500 new permanent jobs, and 20 percent of the dollar amount of tax credits was to be awarded to any eligible projects. In fiscal years on or after July 1, 2014, at least 5 percent of the dollar amount of the tax credits shall be allocated for purposes of new qualified rehabilitation projects with final qualified rehabilitation expenditures of $750,000 or less. All other buckets were eliminated.

F. **Credit Award Mechanism:** Credits are awarded based on application to the Department of Cultural Affairs (DCA). Beginning July 1, 2014, applicants must register projects including a ranking of project readiness and historic preservation goals for the State. Based on those rankings, projects are selected and agreements between DCA and the taxpayer are signed. Prior to receiving the tax credit award the applicant must complete and have approved by DCA Part 3 of the Historic Preservation Tax Credit Certification. For projects approved for credits prior to July 1, 2014, the Historic Preservation Tax Credit Survey must be submitted to and approved by the Iowa Department of Revenue.

G. **Awarding Department Program Manager or Contact:** Steve King, Department of Cultural Affairs

H. **Taxes to which Credit Applies:** The Historic Preservation and Cultural and Entertainment District Tax Credit applies to individual income, corporation income, franchise, and insurance premium taxes.

I. Certification Requirements: DCA issues tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits

J. Credit Limits: Prior to fiscal year 2008, $2.4 million was available for the statewide credit, with an additional $4 million becoming available in fiscal year 2006 for rehabilitation projects located in cultural and entertainment districts. In fiscal year 2008, the total amount available increased to $10 million. In fiscal year 2009, the total amount available was $15 million. In fiscal years 2010 through 2012, the total amount available was $50 million per year. For fiscal year 2013 and beyond the amount of tax credits that may be awarded is limited to $45 million per fiscal year. Beginning in fiscal year 2017, if less than the full cap is awarded up to 10 percent of $45 million can be carried forward to the subsequent fiscal year.

K. Transferability Provisions: Starting in 2003, the Historic Preservation and Cultural and Entertainment District Tax Credit can be transferred to any person or entity. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Department of Revenue, which then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received by the awardee from the transfer of the tax credit is not added to income, and any consideration paid by the transferee for the transfer is not deducted from income for the taxes to which the credit applies.

Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner. Effective July 1, 2005, if low-income housing tax credits, authorized under section 42 of the Internal Revenue Code, are also used to finance the project, the tax credit earned by a partnership, LLC, or S corporation can be claimed by individuals based on the amounts designated by the pass-through entity.

L. Refundability Provisions: Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. A valid tax credit certificate and the Schedule IA 148 are also required to be filed with the taxpayer's return.

O. Performance Monitoring Requirements: DCA, in consultation with the Department of Revenue, is required to submit an annual report on the economic impact of the program, which includes data on the number and potential value of rehabilitation projects during the latest 12-month period, the total credits originally awarded during that period, the potential reduction in State tax revenues as a result of all tax credits still unused and eligible for refund, and the potential increase in local property tax revenues as a result of the rehabilitated projects (Section 404A.5, Code of Iowa). DCA completes an annual report as part of its effort to fulfill these functions.

Innovation Fund Tax Credit

A. Code Citation(s):

Section 15E.52, Code of Iowa (program description)
Section 422.11Z, Code of Iowa (individual income tax)
Section 422.33 (13), Code of Iowa (corporation income tax)
Section 422.60 (13), Code of Iowa (franchise tax)
Section 432.12M, Code of Iowa (insurance premium tax)
Section 533.329 (2)(1), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

701 IAC 42.22(4)
701 IAC 42.45
701 IAC 52.21(4)
701 IAC 52.41

C. Year Program was Enacted or Modified: This program went into effect on January 1, 2011. During the 2013 Legislative Session, the tax credit rate was increased from 20 to 25 percent and tax credits can now be claimed in the year in which the investment was made rather than after three years. The program has an award cap of $8 million per fiscal year. Tax credit certificates cannot be issued before September 1, 2014. The tax credit was also made transferable.

D. Evaluation Study Year(s): 2017

E. Program Description Based on Code Language and Administrative Rules: A 25 percent tax credit is allowed for investments in an innovation fund certified by the Economic Development Authority (EDA). The certified Innovation Funds make investments in promising early-stage companies that have a principal place of business in the state of Iowa. Innovative businesses can include, but are not limited to, businesses engaged in advanced manufacturing, biosciences and information technology.

No new funds can be certified after June 30, 2018.

F. **Credit Award Mechanism:** Credits are awarded based on application to the Economic Development Authority.

G. **Awarding Department Program Manager or Contact:** Kristin Hanks, Economic Development Authority

H. **Taxes to which Credit Applies:** The Innovation Fund Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

I. **Certification Requirements:** The Economic Development Authority issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits. If in a fiscal year the aggregate amount of tax credits applied for exceeds the amount allocated for the fiscal year, EDA shall establish a wait list for certificates. Applications that were approved but for which certificates were not issued shall be placed on the wait list in the order received and given priority for receiving certificates in the succeeding fiscal years.

J. **Credit Limits:** The credits are capped in the aggregate at $8 million each fiscal year. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA.

K. **Transferability Provisions:** The tax credit certificate may be transferred once to any person or entity. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Department of Revenue. The Department of Revenue then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit shall not be deductible for Iowa tax purposes.

Credits earned by pass-through entities shall be awarded to the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are not refundable. Credits in excess of tax liability may be carried forward for up to five years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included. All claimants must also file the Schedule IA 148.

O. Performance Monitoring Requirements: On or before January 31 of each year, EDA, in cooperation with the Department of Revenue shall submit to the General Assembly and the Governor a report describing the activities of the innovation funds during the preceding fiscal year.

Iowa Industrial New Jobs Training Program (260E)

A. Code Citation(s):

Section 260E, Code of Iowa (program description)
Section 15A.7, Code of Iowa (supplemental new jobs credit – withholding tax)
Section 15A.8, Code of Iowa (loans payable from new jobs credit – withholding tax)
Section 422.11A, Code of Iowa (new jobs tax credit – individual income tax)
Section 422.16A, Code of Iowa (bond retirement certification and transfer)
Section 422.33 (6) Code of Iowa (new jobs tax credit – corporation income tax)

B. Administrative Rules Citation(s):
.
261 IAC 5
701 IAC 42.12
701 IAC 46.8
701 IAC 46.9
701 IAC 52.8

C. Year Program was Enacted or Modified: This program went into effect on July 1, 1983. During the 2012 Legislative session, it was codified that for the purposes of this program, an employee does not include a person not subject to the withholding of Iowa income tax due to a reciprocal agreement.

D. Evaluation Study Year(s): 2010/2011

E. Program Description Based on Code Language and Administrative Rules: The Iowa Industrial New Jobs Training Program assists businesses, which are creating new positions, with new employee training. Eligible businesses may be new, expanding their Iowa workforce, or relocating to the state. Employees qualifying for training services must fill newly-created positions and be subject to Iowa withholding tax.

A business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development. A business which provides services must have customers outside of Iowa. A business cannot have closed or substantially reduced its employment base at any of its other business sites in Iowa in order to relocate substantially the same operation to another area of the state. The employees who will receive training must occupy job positions which did not exist during the six months prior to the date that the business and community college agree to pursue a training project. As part of the project, costs expended for on-the-job training can be no more than 50 percent of the annual gross payroll for up to one year of the new jobs.

The company's partner community college sells bonds to finance the cost of the established training. Dollars available through the program are dependent upon the training and development needs and the projected tax revenue from the new positions created. The business diverts 1.5 percent of gross payroll from the State withholding taxes generated by the new positions to the community college to retire the bonds. A Supplemental New Jobs Withholding Tax Credit is also available to businesses who have an Enterprise Zone Program award from Economic Development Authority and who surpass the established wage threshold. The business diverts an additional 1.5 percent of gross payroll from the State withholding taxes generated by the new positions. According to statute, the bonds can also be paid off through tax increment financing (TIF), though in practice TIF has seldom been used.

The company is also eligible to receive the New Jobs Tax Credit equal to 6 percent of the taxable wages which the employer is required to contribute to the State unemployment compensation fund ($1,608 per job created in 2014) times the number of new jobs existing in the tax year that directly result from the project covered by the agreement or new jobs that directly result from those new jobs. To receive the income tax credit, the company with a 260E agreement must increase Iowa employment by at least 10 percent in the one tax year for which the credit is claimed.

Community colleges can receive reimbursement for reasonable administrative costs and legal fees incurred prior to the date of the preliminary agreement.

F. **Credit Award Mechanism:** Credits are awarded based on application to one of Iowa's 15 community colleges. EDA prepares an annual report about this program.

G. **Awarding Department Program Manager or Contact:** See appendix for list of program contacts for community college economic developers and EDA contacts.

H. **Taxes to which Credit Applies:**

- New Jobs Credit from Withholding applies to withholding tax.
- Supplemental New Jobs Credit from Withholding applies to withholding tax.
- New Jobs Tax Credit applies to corporation income and individual income tax.

I. **Certification Requirements:** Community colleges or the Economic Development Authority issues a tax credit certificate number to the taxpayer. Tax credit certificate numbers are required for awarded companies to claim the withholding tax credits through the Iowa Department of Revenue's eFile & Pay system. The taxpayer must provide confirmation to the community college of the credit amount claimed.

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. For the New Jobs Tax Credit, credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are not refundable. Any income tax credits in excess of tax liability can be carried forward for up to ten years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Not applicable to this credit.

N. **Claims Filing Requirements:** Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by these credits, but file claims for the New Jobs Credit from Withholding and Supplemental New Jobs Credit from Withholding using their tax credit certificate number on the quarterly return after making payments to the community colleges. For the New Jobs Tax Credit, taxpayers filing corporation income tax returns must complete Schedule C1; both individual and corporate filers have to include the Schedule IA 148 with their return.

O. **Performance Monitoring Requirements:** According to 261 IAC 5.10, "each community college shall establish a monitoring system which includes, at a minimum, a review of the business's compliance with the Act, these rules and the training agreement." Monitoring is required to be conducted annually and the community colleges are required to notify EDA immediately of any events of default. According to 261 IAC 5.9, "an annual report shall be completed by the community college on or before August 15. The report shall include a report of the incremental property taxes and new jobs credits from withholding generated for the fiscal year, a specific description of the training conducted, the number of employees provided program services under the project, the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project." According to 260E.7, Code of Iowa, EDA shall prepare an annual report for the Governor and General Assembly on the activities of the program.

Minimum Tax Credit

A. Code Citation(s):

Section 422.11B, Code of Iowa (individual income tax)
Section 422.33 (7), Code of Iowa (corporation income tax)
Section 422.60 (3), Code of Iowa (franchise tax)

B. Administrative Rules Citation(s):

701 IAC 42.10
701 IAC 52.5
701 IAC 58.5

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 1988.

D. Evaluation Study Year(s): 2015

E. Program Description Based on Code Language and Administrative Rules: A taxpayer may be eligible for the Minimum Tax Credit if they paid Iowa minimum tax in previous years based on tax preferences and adjustments. The tax from tables or alternate tax paid is different from Iowa minimum tax and does not qualify for this credit. The credit is limited to the extent the regular tax less all "other nonrefundable" tax credits exceeds the alternative minimum tax for a tax year.

Examples of how this credit is computed can be found in Section 701 of the Iowa Administrative Code, Chapters 42.8 (individual income tax), 52.5 (corporation income tax), and 58.5 (franchise tax).

F. Credit Award Mechanism: Credits do not require an award.

G. Awarding Department Program Manager or Contact: None

H. Taxes to which Credit Applies: The Minimum Tax Credit applies to corporation income, individual income, and franchise taxes.

I. Certification Requirements: None

J. Credit Limits: None

K. Transferability Provisions: Credits may not be sold or traded.

L. Refundability Provisions: Credits are nonrefundable. Taxpayers may elect to carry forward unused credits to future years.

M. Treatment of Credit for Nonresident and Part-Year Residents: Credit may be claimed based on the ratio of Iowa-source net income plus Iowa preferences to total net income plus all preference items.

N. Claims Filing Requirements: Taxpayers filing credit claims for the Minimum Tax Credit must submit Form IA 8801 for individual income tax, Form IA 8827 for corporation income tax, or Form IA 8827F for franchise tax. In addition, Schedule IA 148 must also be included with the tax return on which the credit is claimed.

O. Performance Monitoring Requirements: None

Redevelopment Tax Credit

A. Code Citation(s):

Section 15.291 and 15.293, Code of Iowa (program description)
Section 422.11V, Code of Iowa (individual income tax)
Section 422.33 (25), Code of Iowa (corporation income tax)
Section 422.60 (15), Code of Iowa (franchise tax)
Section 432.12L, Code of Iowa (insurance premium tax)
Section 533.329 (n), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 65
701 IAC 42.41
701 IAC 42.45
701 IAC 52.39
701 IAC 52.41

C. Year Program was Enacted or Modified: This program is effective July 1, 2009. Funding was not available for fiscal year 2011. Effective July 1, 2011, the tax credit cap of the program was increased to $5 million per fiscal year. Beginning July 1, 2012, the tax credit cap of the program was increased to $10 million per fiscal year. The credit is set to be repealed on June 30, 2021. <u>During the 2014 Legislative Session, an eligible grayfield site was expanded to include an abandoned public building and the credit was made refundable and nontransferable for nonprofit organizations. In addition, the awarding process was changed from first-come, first-served to an application process with assessment based on feasibility, financial need, and quality of the projects.</u>

D. Evaluation Study Year(s): 2013

E. Program Description Based on Code Language and Administrative Rules: The Redevelopment Tax Credit is available to taxpayers that invest in redeveloping a Brownfield or grayfield site. A Brownfield site is defined as an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. A grayfield site is defined as a property that has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property, including an abandoned public building.

A project must apply for the tax credit with the Economic Development Authority (EDA). Upon review of the application, EDA may register the project and make a preliminary determination as to the amount of the tax credit for which the investor qualifies. After registering the project, EDA shall issue a letter notifying the investor of successful registration and the preliminary amount of the tax credit. The amount of the issued tax credit certificate is contingent upon the completion of the project and the submission of a project audit performed by an independent certified public accountant licensed in the state of Iowa. A registered project must be completed within 30 months of the project's approval unless EDA provides additional time (not to exceed 12 months) to complete the project.

A higher tax credit rate is available if the redevelopment meets the "green development" standards established by the State Building Code Commissioner pursuant to section 103A.8B of the Code of Iowa.

The amount of the tax credit shall equal, at most, one of the following:

- 12 percent of the investment in a grayfield site
- 15 percent of the investment in a grayfield site if the redevelopment meets the green development standards
- 24 percent of the investment in a Brownfield site
- 30 percent of the investment in a Brownfield site if the redevelopment meets the green development standards

Effective on or after April 10, 2014, the amount of the tax credit will be determined by the EDA board in conjunction with the Brownfield Redevelopment Advisory Council. Applications for the credit are scored based on feasibility, quality, and financial need of the projects. Successful applications result in registration of the project followed by issuance of the tax credit certificate after successful completion of the project.

The credit is repealed on June 30, 2021.

F. Credit Award Mechanism: Credits are awarded based on application to the Economic Development Authority.

G. **Awarding Department Program Manager or Contact:** Matt Rasmussen, Economic Development Authority

H. **Taxes to which Credit Applies:** The Redevelopment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

I. **Certification Requirements:** The Economic Development Authority (EDA) issues a tax credit certificates to eligible taxpayers that are awarded Redevelopment Tax Credits. The certificates will have a unique certificate number and the tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

J. **Credit Limits:** The total amount of credits that could be issued was $1 million in fiscal year 2010. In fiscal year 2012, the amount of credits that could be issued was $5 million. In fiscal year 2013 and subsequent fiscal years, the amount of credits that can be issued is $10 million. No more than 10 percent of credits available in a year ($1,000,000) can be awarded to a single project. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA.

K. **Transferability Provisions:** Nonrefundable Redevelopment Tax Credits are transferable. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Department of Revenue, which then has 30 days to issue a replacement tax credit certificate to the transferee. Credits shall not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder has been issued. Any consideration received by the awardee from the transfer of the tax credit is not added to income, and any consideration paid by the transferee for the transfer is not deducted from income for the taxes to which the credit applies. Refundable Redevelopment Tax Credits issued to non-profit organizations are nontransferable.

Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are not refundable. Unused credits can be carried forward for up to five years. For awards made in fiscal year 2015 and later, the credit is refundable if the investor is a qualifying non-profit organization.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** The credit can only be taken in tax years beginning on or after July 1, 2009. Taxpayers are required to include the Schedule IA 148 with the tax return on which the tax credit is claimed.

O. Performance Monitoring Requirements: None

Renewable Energy Tax Credit

A. Code Citation(s):

Section 476C, Code of Iowa (program description)
Section 476.48, Code of Iowa (small wind innovation zone program)
Section 422.11J, Code of Iowa (individual income tax)
Section 422.33 (16), Code of Iowa (corporation income tax)
Section 422.60 (8), Code of Iowa (franchise tax)
Section 432.12E, Code of Iowa (insurance premium tax)
Section 423.4 (4), Code of Iowa (consumer's use tax)
Section 437A.17B, Code of Iowa (replacement tax)

B. Administrative Rules Citation(s):
199 IAC 15.19 and 15.21
701 IAC 42.28
701 IAC 52.27
701 IAC 58.16

C. Year Program was Enacted or Modified: The Renewable Wind Energy Tax Credit went into effect on July 1, 2005. The Small Wind Innovation Zone Program was created and will be in effect for tax years starting on or after January 1, 2009 where the owner of a small wind energy system located within a Small Wind Innovation Zone is eligible for the tax credit. Effective July 1, 2009 the nameplate capacity limit for Renewable Energy Tax Credit awards was increased from 180 megawatts to 330 megawatts. The maximum nameplate capacity for credit awards for other than renewable energy facilities is 20 megawatts. Effective July 1, 2011 the time period by which facilities must be placed in service was extended from January 1, 2012 to January 1, 2015, nameplate capacity for wind projects was increased from 330 megawatts to 363 megawatts, facilities other than wind facilities can have a nameplate capacity of no more than 60 megawatts, and tax credits can now be received for renewable energy produced for on-site consumption by the producer. <u>During the 2014 Legislative Session, the time period by which facilities must be placed in service was extended from January 1, 2015 to January 1, 2017.</u>

D. Evaluation Study Year(s): 2014

E. Program Description Based on Code Language and Administrative Rules: The Renewable Energy Tax Credit is available for a producer or purchaser of energy from an eligible renewable energy facility approved by the Iowa Utilities Board. A power-purchase agreement is signed between the purchaser and producer which sets forth which party will receive the tax credit. The credit can also be received for renewable energy produced for on-site consumption by the producer provided the facility is capable of producing not less than ¾ megawatts. A renewable energy facility includes a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, or a solar energy conversion facility. The facility must be located in Iowa and placed in service between July 1, 2005 and January 1, 2017. A producer or purchaser of renewable energy may receive Renewable Energy Tax Credits for a 10-year period for each eligible renewable energy facility. Renewable Energy Tax Credit certificates shall not be issued for renewable energy purchased after December 31, 2026.

Participants in the program receive Renewable Energy Tax Credits equal to $0.015 per kilowatt-hour of electricity, or $4.50 per million British thermal units of heat for a commercial purpose, or $4.50 per million British thermal units of methane gas or other biogas used to generate electricity, or $1.44 per one thousand standard cubic feet of hydrogen fuel generated by and purchased from an eligible renewable energy facility.

The Small Wind Innovation Zone Program, effective in tax years starting on or after January 1, 2009, allows Renewable Energy Tax Credits for small wind energy systems in small wind innovation zones. A small wind energy system is defined as a wind energy conversion system that collects and converts wind into energy to generate electricity which has a nameplate generating capacity of one hundred kilowatts or less. A small wind innovation zone is defined as a political subdivision of the state, including but not limited to a city, county, township, school district, community college, Area Education Agency, institution under control of the State Board of Regents, or any other local commission, association, or tribal council which adopts, or is encompassed within a local government which adopts the model ordinance as provided in the Code of Iowa.

F. **Credit Award Mechanism:** Facilities must be approved as eligible through an application to the Iowa Utilities Board and energy production and sales must be shown. Credits are awarded based on certificates issued by the Department of Revenue to the energy producer or purchaser so designated on the tax credit certificate.

G. **Awarding Department Program Manager or Contact:** Iowa Utilities Board contact is Ellen Shaw and the Department of Revenue contact is Jennifer Tilkes.

H. **Taxes to which Credit Applies:** The Renewable Energy Tax Credit applies to corporation income, individual income, franchise, insurance premium, consumer’s use, and replacement taxes. Each tax credit certificate must specify the tax type toward which the credit is to be applied.

I. **Certification Requirements:** The purchaser or producer notifies the Iowa Utilities Board of the amount of eligible renewable energy generated and purchased, and the Iowa Utilities Board then notifies the Department of Revenue. The Department of Revenue issues tax credit certificates to the purchaser or producer setting forth the amount of tax credit. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number, a unique certificate number, the type of tax for which the credit will be applied, and the amount of tax credits. Once the certificate is issued, it cannot be terminated or rescinded. For a partnership, limited-liability company, S corporation, estate, trust, or other reporting entity seeking to claim credits on the individual income or corporation income tax, certificates are issued to equity owners or their beneficiaries on the pro-rata share of the income of the entity. For such entities seeking to claim credits on the franchise, insurance premium, consumer's use, or replacement tax, certificates are issued directly to the partnership, limited-liability company, S corporation, estate, trust, or other reporting entity.

J. **Credit Limits:** Credits are not directly limited. However, there is an indirect cap because the maximum amount of generating capacity for wind projects is limited to 363 megawatts and for other renewable energy projects, 20 megawatts. Facility eligibility designations are granted on a first-come, first-served basis. An amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for natural gas, methane and landfill gas, or biogas cogeneration facilities incorporated within or associated with an ethanol plant to assist the ethanol plant in meeting a low carbon fuel standard.

K. **Transferability Provisions:** The tax credit certificate may be transferred once to any person or entity. However, the initial decision on whether the purchaser or producer is entitled to the tax credit certificate does not count as a transfer. If you are filing a married filing joint return or married filing separated on a combined return, it is unnecessary to transfer a portion or the entire certificate to your spouse in order for them to claim the credit. Within 30 days of transfer, the transferred tax credit certificate must be submitted to the Department of Revenue. The Department of Revenue then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit shall not be deductible for Iowa tax purposes.

Credits earned by pass-through entities shall be awarded to the entity's owners based on the share of the entity's income distributed to each owner. This pass-through does not count as the one transfer allowed.

L. **Refundability Provisions:** Credits are not refundable. Unused credits can be carried forward for up to seven years.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. Claims Filing Requirements: The credit can only be taken in tax years beginning on or after July 1, 2006. Renewable Energy Tax Credit certificates shall not be issued for renewable energy purchased after December 31, 2021. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. For a consumer's use tax refund, Form IA 843 must be filed. All claimants must include the Schedule IA 148.

O. Performance Monitoring Requirements: The Iowa Utilities Board monitors whether facilities are operational 18 months or less after approval. The Board also monitors and approves requests for credits for up to ten years from the date the purchaser first purchases energy from the eligible facility. The Iowa Utilities Board and the Department of Revenue have developed a system for the registration of certificates issued or transferred to permit verification that tax credits claimed are valid and that transfers follow legal requirements.

Research Activities Tax Credit

A. Code Citation(s):

Section 15.119, Code of Iowa (awards limitation for supplemental credits)
Section 15.335, Code of Iowa (program description)
Section 15A.9 (8), Code of Iowa (credit under Quality Jobs Enterprise Zone Program)
Section 15E.196 (4) (credit under Enterprise Zone Program)
Section 422.10, Code of Iowa (personal income tax)
Section 422.33 (5), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

261 IAC 58.4(5)
261 IAC 59.6(3)(d)
261 IAC 64.4(2)
261 IAC 68.4(6)
701 IAC 42.11(1)
701 IAC 42.11(2)
701 IAC 42.11(3)
701 IAC 42.23
701 IAC 42.29
701 IAC 52.7
701 IAC 52.10(3)
701 IAC 52.14(3)

701 IAC 52.22(1)
701 IAC 52.28(1)

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 1985. In tax years 2000 through 2009, taxpayers could elect to take the Alternative Incremental Research Activities Tax Credit. Starting in 2010, taxpayers can elect to take the Alternative Simplified Research Activities Tax Credit. Effective July 1, 2005, an additional $1 million in Research Activities Tax Credits are available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. Effective July 1, 2009, an additional $1 million was made available for the Renewable Energy Components Research Activities Credit. Taxpayers making Research Activities Tax Credit claims exceeding $500,000 filed after July 1, 2009 must be reported annually to the Legislature. Effective July 1, 2010, the calculation of the Supplemental Research Activities Credit was made conditional on the gross revenues of the eligible business.

D. **Evaluation Study Year(s):** 2008 and 2011

E. **Program Description Based on Code Language and Administrative Rules:** Starting in 1985, a credit is available for 6.5 percent of Iowa's apportioned share of qualifying expenditures for increasing research activities. The Iowa Research Activities Tax Credit is based on the rules governing the federal research and experimentation tax credit, with the Iowa credit based on the ratio of Iowa qualified research expenditures, research conducted in Iowa, over total qualified research expenditures. The credit is refundable.

Taxpayers conducting basic research in Iowa may claim those expenses as qualified research, along with research-related wages and supply costs for in-house research, or payments for contract research conducted in Iowa. For Iowa tax purposes, the taxpayer can elect each year whether to calculate the credit using the regular method, the 6.5 percent credit of incremental research, or the alternative simplified method with rates of 4.55 percent of 50 percent of average qualified research expenses in Iowa over the prior three years, or 1.95 percent of qualified research expenses in the current year when no prior research has been conducted, as described in clauses (A) and (B) of section 41(c)(5)(A) of the Internal Revenue Code.

Taxpayers who are approved by the Economic Development Authority (EDA) under the Enterprise Zone or High Quality Job Program may receive a Supplemental Research Activities Tax Credit.

For businesses using the regular method and with gross revenues of $20 million or less the amount of supplemental credit is the sum of:

- 10 percent of the excess of qualified research expenses during the tax year over the base amount for the tax year based upon Iowa's apportioned share of the qualifying expenditures for increasing research activities; and
- 10 percent of the basic research payments during the tax year based upon Iowa's apportioned share of the qualifying expenditures for increasing research activities.

For businesses with gross revenues exceeding $20 million the amount of the supplemental credits is the sum of:

- 3 percent of the excess of qualified research expenses during the tax year over the base amount for the tax year based upon Iowa's apportioned share of the qualifying expenditures for increasing research activities; and
- 3 percent of the basic research payments during the tax year based upon Iowa's apportioned share of the qualifying expenditures for increasing research activities.

For businesses choosing to compute the credit using the alternative simplified methodology the supplemental credit percentages are 7 percent and 3 percent of qualified research expenses that are incurred in Iowa for businesses with gross revenues of $20 million or less, and for businesses with gross revenues exceeding $20 million the percentages are 2.1 percent and 0.9 percent.

Effective July 1, 2005, an additional $1 million in Research Activities Tax Credits are available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. These expenses are not eligible for the federal research tax credit. A business eligible for this credit must be approved by the Economic Development Authority. This additional $1 million is not eligible for the Supplemental Research Activities Tax Credit for businesses approved under the Enterprise Zone Program or the High Quality Jobs Program.

Effective July 1, 2009, an additional $1 million was made available for Renewable Energy Components Research Activities Credit, for a total of $2 million.

F. **Credit Award Mechanism:** The regular Research Activities Tax Credit does not require any award to claim. However, EDA must award a business the Supplemental Research Activities Tax Credit as part of a project under the Enterprise Zone Program, or the High Quality Jobs Program.
Approval from EDA under the Enterprise Zone Program or the High Quality Jobs Program is also required for the additional $2 million renewable energy Research Activities Tax Credit.

G. **Awarding Department Program Manager or Contact:** For Supplemental Research Activities Tax Credit awards - Paul Stueckradt.

H. **Taxes to which Credit Applies:** The Research Activities Tax Credit applies to corporation income and individual income taxes.

I. **Certification Requirements:** The Economic Development Authority will issue a tax credit certificate with a unique certificate number to the taxpayer when a Supplemental Research Activities Tax Credit is awarded as part of the High Quality Jobs or Enterprise Zone Program. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the Supplemental Research Activities Credit. The certificate must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

J. **Credit Limits:** There are generally no limits on the Research Activities Tax Credit. The only exception is the $2 million limit on the Research Activities Tax Credit available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. Credits are granted for this $2 million on a first-come, first-served basis. Awards of the Supplemental Research Activities Tax Credit are subject to the cumulative Economic Development Authority tax credit award cap of $170 million per fiscal year.

K. **Transferability Provisions:** Credits may not be sold or transferred. Credits earned by or awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are refundable.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 must be completed. All taxpayers are required to include the Form IA 128 or Form IA 128S with their claim for the Research Activities Tax Credit in addition to the Schedule IA 148. A taxpayer can change the method of RAC calculation between tax years; however, the method of RAC calculation for a tax year cannot be changed from Form IA I28S to Form IA 128 or vice versa once the tax year has ended.

O. Performance Monitoring Requirements: Businesses that receive the Supplemental Research Activities Tax Credit as a result of their participation in EDA's Enterprise Zone Program or the High Quality Jobs Program are subject to performance monitoring requirements of the respective program. There are no performance monitoring requirements for taxpayers that claim the regular credit. Taxpayers making Research Activities Tax Credit or Supplemental Research Tax Credit claims that total $500,000 or more in a year filed after July 1, 2009, must be reported annually to the Legislature.

S Corporation Apportionment Tax Credit

A. Code Citation(s):

Section 422.8 (2) (b), Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 50

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 1996. Effective January 1, 2002, the amount of federal income tax deduction attributable to S corporation income was increased from 50 percent to 100 percent. Effective January 1, 2013, the credit was extended to estates and trusts.

D. Evaluation Study Year(s): 2015

E. Program Description Based on Code Language and Administrative Rules: Individual resident shareholders of S corporations which conduct business within and without Iowa can claim a S Corporation Apportionment Tax Credit. The credit is structured so that the S corporation is taxed on the greater of income attributable to Iowa under the single sales factor or actual distributions by the S corporation less federal income tax. The intent is to treat S corporations similar to C corporations who are entitled to apportion income within and without Iowa. If a taxpayer takes advantage of the apportionment provision they cannot also claim an out-of-state credit on this income. Effective tax year 2013, the tax credit can be claimed on a fiduciary return filed by estates and trusts.

Examples of how this credit is calculated can be found in Section 701 of the Iowa Administrative Code, Chapters 50.9 and 50.10.

F. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. Awarding Department Program Manager or Contact: None

H. **Taxes to which Credit Applies:** The S Corporation Apportionment Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** The S Corporation Apportionment Tax Credit is not refundable. Unused credits do not carry forward to the following year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit is only available to full year Iowa residents.

N. **Claims Filing Requirements:** Taxpayers are required to include the Form IA 134 in addition to Schedule IA 148 with the tax return on which the S Corporation Apportionment Tax Credit is claimed.

O. **Performance Monitoring Requirements:** None

School Tuition Organization (STO) Tax Credit

A. **Code Citation(s):**

Section 422.11S, Code of Iowa (individual income tax)
Section 422.33(27), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

IAC 701 42.32
IAC 701 52.38

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2006 with an annual award cap of $2.5 million. The cap was increased to $5 million in 2007 and $7.5 million for 2008 through 2011. Effective for tax years starting on or after July 1, 2009 this credit can be taken against corporation income tax. For 2012 and 2013, the annual tax credit cap was increased to $8.75 million. For tax years beginning on or after January 1, 2013, the STO Credit is available to S corporations, partnerships, limited liability companies, or estates or trusts. The total amount of STO Tax Credits authorized was increased to $12 million for 2014 and subsequent calendar years, during the 2013 Legislative session.

D. Evaluation Study Year(s): 2012

E. Program Description Based on Code Language and Administrative Rules: A School Tuition Organization Tax Credit is available for 65 percent of the amount of a voluntary cash contribution made by a taxpayer to a STO. The contribution cannot be used for the direct benefit of any dependent of the taxpayer or any other student designated by the taxpayer. There is no limit to what an individual taxpayer contributes, but if a STO exceeds their allotted amount of tax credits, it is the organizations responsibility to prorate the credits appropriately.

A school tuition organization must be a charitable organization in Iowa that is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code and allocates at least 90 percent of its annual revenue in tuition grants for children who reside in Iowa to allow them to attend a qualified school of their parents' choice. The STO must represent more than one school, and can only provide tuition grants to eligible students who are members of households whose annual income does not exceed an amount equal to three times the most recently published federal poverty guidelines published by the U.S. Department of Health and Human Services.
The STO must initially register with the Department of Revenue and must provide verification of 501(c)(3) status, a list of schools the organization serves, and the names and addresses of the board of directors of the organization. Once the organization has registered, it is not required to subsequently register unless the schools it serves changes.

Each school served by a school tuition organization must annually submit a participation form to the Department of Revenue by November 1 which provides the certified enrollment as of October 1 and the STO that represents the school. A school cannot be represented by more than one STO.

A STO can only issue 25 percent of its allotted credits to C corporation taxpayers.

F. Credit Award Mechanism: Credits are awarded based on contributions to a school tuition organization registered with the Department of Revenue.

G. Awarding Department Program Manager or Contact: Angela Gullickson, Department of Revenue

H. Taxes to which Credit Applies: The School Tuition Organization Tax Credit applies to corporation and individual income taxes.

I. Certification Requirements: By December 1 of each year, the Department of Revenue will authorize school tuition organizations to issue tax credit certificates for the following tax year.

The STO will then issue tax credit certificates to the persons that made a contribution to the organization, and the certificate must be included with the tax return to claim the credit. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, amount of contribution, amount of the tax credit, unique certificate number, and any other information required by the Department.

J. Credit Limits: The total of tax credit certificates authorized was $2.5 million for the 2006 tax year, $5 million for the 2007 tax year, $7.5 million in tax years 2008 through 2011, and $8.75 million 2012 and 2013. In tax year 2014 and subsequent tax years, the total of tax credit certificates to be authorized is $12.0 million. The tax credit certificates available for issue for each school tuition organization is determined by first dividing the total tax credits available by the total enrollment of all participating schools. This result, which is the per student tax credit, is then multiplied by the total participating enrollment of each STO to determine the tax credit allotted to each organization.

K. Transferability Provisions: Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. Refundability Provisions: Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to five years.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Must be prorated based on the ratio of Iowa source income divided by total income.

N. Claims Filing Requirements: The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes. For all taxpayers, Schedule IA 148 must be included with the return.

O. Performance Monitoring Requirements: The school tuition organization must provide to the Department of Revenue by January 12 the following information:

- Names and address of board members, along with the chairperson of the board.
- The total number and dollar value of contributions received during the prior year.
- The total number and dollar value of tax credits approved.
- A list of the individual donors for the previous year, including the dollar amount of each contribution, the dollar amount of each tax credit certificate, and the certificate number.

- The total number of children utilizing tuition grants for the school year in progress and the total dollar amount of the grants.
- The name and address of each represented school at which tuition grants are being utilized, detailing the number of students and the total dollar amount of grants being utilized at each school that the STO serves.

Solar Energy System Tax Credit

A. Code Citation(s):

Section 422.11L, Code of Iowa (individual income tax)
Section 422.33(29), Code of Iowa (corporation income tax)
Section 422.60(12a), Code of Iowa (franchise tax)

B. Administrative Rules Citation(s):

701 IAC 42.48
701 IAC 52.44

C. Year Program was Enacted or Modified: This credit went into effect on January 1, 2012. During the 2014 Legislative Session, the tax credit rates, taxpayer award caps, and fiscal year program cap were increased. In addition, eligibility for the credit was expanded to include franchise tax, allowing banks to apply effective January 1, 2014.

D. Evaluation Study Year(s): Not yet determined.

Program Description Based on Code Language and Administrative Rules: A Solar Energy System Tax Credit is available for solar energy systems installed at a residence or business located in Iowa. Installations that occur in a tax year that begins on or after January 1, 2014 are eligible for a Solar Energy System Tax Credit award equal 60% of the applicable federal credit.

For residential installations the Solar Energy System Tax Credit equals 60 percent of the federal residential energy efficient property tax credit related to solar systems provided in section 25D(a)(1) of the Internal Revenue Code for solar electric property and section 25D(a)(2) of the Internal Revenue Code for solar water heating property claimed on federal form 5695, Residential Energy Credits for individuals. The Iowa tax credit for an individual cannot exceed $5,000.

For corporations, the Solar Energy System Tax Credit equals 60 percent of the federal energy credit as provided in sections 48(a)(3)(A)(i) of the Internal Revenue Code for solar electric, heating and cooling property and 48(a)(3)(A)(ii) of the Internal Revenue Code for equipment using solar energy to illuminate structures using fiber-optic distributed sunlight, claimed on federal form 3468, Investment Credit, for corporations. The Iowa tax credit for a corporation cannot exceed $20,000.

A total of $4.5 million of tax credits are available each calendar year, for systems installed on or after January 1, 2014. Of this amount, $1 million is reserved for residential installations. Awards are made on a first-come, first-served basis.

Effective for tax years beginning on or after January 1, 2014 banks are eligible to apply for the credit along with corporations, which also includes partnerships, limited liability companies (LLC), and S corporations.

The federal credit is available for property placed in service before January 1, 2017, so the Iowa tax credit will be available for the 2012-2016 tax years. Taxpayers who claim this credit are not eligible to claim a Renewable Energy Tax Credit for solar conversion energy produced under Iowa Code Chapter 476C.

For tax years beginning January 1, 2012 but before December 31, 2013, the total credits awarded for systems installed during a calendar year could not exceed $1.5 million. For residential installations, the Solar Energy System Tax Credit was equal to 50 percent of the federal residential energy efficient property tax credit and could not exceed $3,000. For corporations, the Solar Energy System Tax Credit was equal to 50 percent of the federal energy credit and could not exceed $15,000.

E. **Credit Award Mechanism:** Taxpayers must submit an application to the Department of Revenue in order to receive a tax credit certificate. The application or amended application must be filed by May 1 following the year of the installation of the solar energy system or the credit requested will be denied.

F. **Awarding Department Program Manager or Contact:** Jennifer Tilkes, Department of Revenue

G. **Taxes to which Credit Applies:** The Solar Energy System Tax Credit applies to corporation income tax, individual income tax, and franchise tax.

H. **Certification Requirements:** The Department of Revenue issues an award letter to eligible taxpayers that qualify for a Solar Energy System Tax Credit. The award letter has a unique certificate number and the certificate number must be included with the taxpayer’s tax return for the year in which it is used. The award letter must contain the taxpayer’s name, address, tax identification number, and the amount of the tax credit.

I. **Credit Limits:** The cumulative amount of tax credit certificates to be awarded is $4.5 million for each tax year beginning on or after January 1, 2014. Beginning

January 1, 2014, any unused amount under the cap is carried forward to the succeeding calendar year and can be awarded in that calendar year.

J. **Transferability Provisions:** Credits may not be sold or traded.

K. **Refundability Provisions:** Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to ten years.

L. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

M. **Claims Filing Requirements:** Individual taxpayers are required to include federal form 5695, Residential Energy Credits, in addition to the Schedule IA 148 with the tax return on which the Solar Energy System Tax Credit is claimed. Corporate taxpayers are required to include federal form 3468, Investment Credit, in addition to the Schedule IA 148 with the tax return on which the Solar Energy System Tax Credit is claimed.

N. **Performance Monitoring Requirements:** The Department of Revenue is required to submit a written report to the Governor and the General Assembly by January 1 of each year regarding the number and value of tax credits claimed related to this credit, along with any other information deemed relevant by the Department.

Targeted Jobs Tax Credit from Withholding

A. **Code Citation(s):**

Section 403.19A, Code of Iowa (program description)
Section 422.16, Code of Iowa (withholding tax)

B. **Administrative Rules Citation(s):**

261 IAC 71
701 IAC 46.10

C. **Year Program was Enacted or Modified:** This program went into effect on October 1, 2006. In 2007, the definition of a pilot project city was modified. Effective July 1, 2009 the total amount of withholding tax credits cannot exceed the qualifying investment. In 2009, the sunset date of this program was extended from June 30, 2010 to June 30, 2013. In 2011, the program was expanded to include not only created jobs, but retained jobs as well, retroactive to the inception of the program. Effective July 1, 2012, eligible businesses were defined to include an enterprise in Iowa that is operated for profit and under a single management but not a government entity. During the 2013 Legislative session, the deadline for cities to enter into a withholding agreement was extended to June 30, 2018. The requirement that the employer be located within an urban renewal area was also removed and the definition of “retained job” was added. The amendments also made changes to EDA’s ongoing review of withholding agreements and the consequences of an employer’s failure to comply with the agreement.

D. Evaluation Study Year(s): 2012

E. Program Description Based on Code Language and Administrative Rules: A withholding tax credit is available to employers who enter into an agreement with pilot project cities approved by the Economic Development Authority (EDA). Under the program four pilot project cities were authorized, each of which must contain three or more census tracts, and are approved by EDA. One city must be in a county bordering South Dakota, one city in a county bordering Nebraska, and two cities must be in counties bordering a state other than South Dakota or Nebraska.

Current pilot project cities include: Sioux City, Council Bluffs, Burlington, Keokuk, and Fort Madison. Because Keokuk and Fort Madison are in the same county and have a total population of fewer than 45,000, they are considered as one pilot city due to 2007 changes to legislation.

A pilot project city, in conjunction with EDA, must enter into a withholding agreement with an employer. An agreement cannot be entered into with a business currently located in Iowa unless the business either creates or retains ten jobs, each paying a wage at least equal to the average county wage, or makes a qualifying investment of at least $500,000 within the city. The withholding agreement may have a term of up to ten years. A copy of the withholding agreement must be provided to the Department of Revenue. A pilot project city cannot enter into a withholding agreement with an employer after June 30, 2018.

The withholding credit is equal to 3 percent of the gross wages paid by the employer to each employee under the withholding agreement. If the amount of withholding is less than 3 percent of the gross wages paid, the employer shall receive a credit against other withholding taxes due or may carry the credit forward for up to ten years. The employer shall remit the amount of the credit quarterly to the pilot project city, and the city must use this amount for a project related to the employer. The employee whose wages are subject to a withholding agreement will receive full credit for the amount withheld when filing their individual income tax returns. The amount of tax credits awarded cannot exceed the qualifying investment.

A retained job is defined as a full-time equivalent position in existence at the time an employer applies to EDA for approval of a withholding agreement and which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance under the withholding agreement does not proceed.

If EDA determines the employer no longer meets the requirements of the withholding agreement, the agreement is terminated and the tax credit will also cease. EDA can negotiate a new agreement or terminate the agreement early if, after three years, it is determined the employer is incapable of meeting the original job or investment promises.

An employer may enter into in an Iowa Industrial New Jobs Tax Credit from Withholding agreement under section 260E.5 or a Supplemental New Jobs Tax Credit from Withholding agreement under section 15E.197 (or section 15.331, Code 2005, relating to the New Jobs and Income Program) at the same time as the employer is participating in a withholding agreement with a pilot project city. The credits under sections 260E.5, 15E.197 or 15.331 are collected and disbursed first to the community college before the withholding is collected and disbursed to a pilot project city.

F. **Credit Award Mechanism:** Credits are awarded based on application to a pilot project city and Economic Development Authority.

G. **Awarding Department Program Manager or Contact:** Alaina Santizo, Economic Development Authority.

H. **Taxes to which Credit Applies:** The Targeted Jobs Tax Credit from Withholding applies to withholding tax.

I. **Certification Requirements:** The Iowa Economic Development Authority will issue tax credit certificate numbers to taxpayers upon completion of a contract between the business and the city. Tax credit certificate numbers are required for awarded companies to claim withholding tax credits through the Department of Revenue's eFile & Pay system.

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are not refundable.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Not applicable to this credit.

N. **Claims Filing Requirements:** Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by the amount of payments made to the city, but file claims for

Targeted Jobs Credit from Withholding using their tax credit certificate number on the quarterly return.

O. Performance Monitoring Requirements: The employer, in conjunction with the pilot project city, is required to submit an annual report to the Economic Development Authority documenting the total amount of payments and receipts under the withholding agreement. The pilot project city shall also provide on an annual basis to EDA information documenting the compliance of each employer with each requirement of the withholding agreement, including but not limited to the number of jobs created or retained and the amount of investment made by the employer. EDA shall assess the level of compliance by each employer and provide to the pilot project city recommendations for either maintaining employer compliance with the withholding agreement or terminating the agreement for noncompliance.

Taxpayers Trust Fund Tax Credit

A. Code Citation(s):

Section 422.11E, Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 42.50

C. Year Program was Enacted or Modified: This tax credit went into effect on January 1, 2013. The tax credit is equal to the amount of money transferred from the Iowa Taxpayers Trust Fund divided by the number of eligible individuals who filed Iowa individual income tax returns by October 31 of the year preceding the year in which the credit is allowed.

D. Evaluation Study Year(s): Not yet determined.

E. Program Description Based on Code Language and Administrative Rules: This tax credit is available in any year in which the Iowa Taxpayers Trust Fund balance equals or exceeds $30 million. The credit was first available in tax year 2013, for all individuals who filed an Iowa individual income tax return by October 31, 2014. For tax year 2013, the credit equaled $54 per taxpayer.

The amount of the tax credit is calculated each year by the Department of Revenue. The tax credit is equal to the amount of funds transferred from the Iowa Taxpayers Trust Fund, divided by the number of eligible taxpayers who filed timely returns during the prior tax year. Eligible taxpayers include residents, nonresidents, and all taxpayers filing on a composite return. Married taxpayers who file a joint return count as two taxpayers.

The tax credit is nonrefundable, but is applied after all other tax credits have been claimed against the individual income taxes imposed. Therefore, only taxpayers with a positive Iowa tax liability can claim the tax credit.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Taxpayers Trust Fund Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** The tax credit is limited each year to the amount calculated by the Department of Revenue. If the total amount of Taxpayers Trust Fund Tax Credits claimed on tax returns is less than the amount authorized, the difference will be transferred back to the Taxpayers Trust Fund for possible disbursement in the subsequent tax year.

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are nonrefundable. Unused credits may not be carried forward.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full for taxpayers with tax liability after all credits in excess of the credit amount.

N. **Claims Filing Requirements:** The Iowa individual income tax return must be filed by October 31 in order to be eligible to claim the Taxpayers Trust Fund Tax Credit.

O. **Performance Monitoring Requirements:** None

Tuition and Textbook Tax Credit

A. **Code Citation(s):**

Section 422.12 (2), Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.4

C. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 1987 for non-itemizing taxpayers with household incomes of less than $45,000. Alternatively, a tuition deduction was available for taxpayers who itemized their deductions. In 1996, the deduction was repealed and all taxpayers were able to claim the Tuition and Textbook Tax Credit equal to 10 percent of qualified expenditures regardless of income. In 1998, the definition of qualified expenditures was revised to include certain extracurricular activities and the amount of the credit increased to 25 percent of the first $1,000 of expenditures per dependent.

D. **Evaluation Study Year(s):** 2012

E. **Program Description Based on Code Language and Administrative Rules:** This credit is available to individual taxpayers who have one or more dependents attending grades K-12 in an accredited Iowa school. This credit does not apply to home schooling expenses.

F. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Tuition and Textbook Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded. For credits claimed by married taxpayers who elect to file separately on a combined return, the Tuition and Textbook Tax Credit shall be prorated to each spouse in the ratio of each spouse’s respective net income to combined net income.

L. **Refundability Provisions:** Credits are nonrefundable. Unused credits may not be carried forward.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** The credit is prorated by the IA 126 Schedule for nonresidents and part-year residents.

N. **Claims Filing Requirements:** None

O. **Performance Monitoring Requirements:** None

Venture Capital Tax Credit – Iowa Fund of Funds

A. Code Citation(s):

Section 15E.61 through Section 15E.69, Code of Iowa (program description)
Section 422.11Q, Code of Iowa (individual income tax)
Section 422.33 (21), Code of Iowa (corporation income tax)
Section 422.60, Code of Iowa (franchise tax)
Section 432.12I, Code of Iowa (insurance premium tax)
Section 533.329 (j), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

123 IAC 4
701 IAC 42.22(3)
701 IAC 52.21(3)
701 IAC 58.11(3)

C. Year Program Enacted or Modified: This program went into effect on January 1, 2002. Effective April 15, 2010 the aggregate contingent tax credits cap was reduced from $100 million to $60 million. During the 2013 Legislative session, legislation was enacted to reflect the terms of the settlement between all the parties related to the wind down of the Fund of Funds program.

Provisions include the following:

- The Iowa Fund of Funds cannot make new investments in private seed and venture capital partnerships or entities.
- A designated investor cannot make any investment in the Iowa Fund of Funds unless such investment was required by the Agreement.
- No additional tax credits will be issued, redeemed or verified unless required by the Agreement or deemed necessary by the Director of Revenue of the Iowa Attorney General's office.
- No new fund managers can be involved in the Fund of Funds program.
- Tax credit certificates can no longer be pledged as security for a loan unless provided in the Agreement.
- The $3 million of credits reserved for loan guarantees and credit related enhancements on loans to rural and small business borrowers has been repealed.
- The Iowa Capital Investment Corporation will assist the Iowa Capital Investment Board, the Department of Revenue, and the Attorney General's office in winding down the Fund of Funds program.
- Any investment returns for the Fund of Funds in excess of the rate guaranteed to investors will be deposited in the General Fund of the State of Iowa after the revolving debt is satisfied.

- The issuance of contingent and verified tax credit certificates related to the Fund of Funds program is to be governed by the Agreement.
- The Fund of Funds program will be repealed on the expiration or termination of the Agreement or December 31, 2027, whichever is the later.

D. Evaluation Study Year(s): 2012

E. Program Description Based on Code Language and Administrative Rules: A contingent tax credit 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. Credits are awarded only when investors present mature investment certificates and the board certifies that the return is lower than the guaranteed rate of return. Based upon the settlement noted above, $25.6 million of tax credit certificates will be issued and redeemed.

F. Credit Award Mechanism: Credits are awarded based on application to the Iowa Capital Investment Board (staffed by the Department of Revenue).

G. Awarding Department Program Manager or Contact: Alana Stamas, Department of Revenue

H. Taxes to which Credit Applies: The Venture Capital Tax Credit – Iowa Fund of Funds applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

I. Certification Requirements: The Department of Revenue issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number, unique tax credit certificate number, and the amount of tax credits.

J. Credit Limits: Effective April 15, 2010 the aggregate contingent tax credits cap was reduced from $100 million to $60 million. The restriction that only $20 million of credits can be claimed in one year remains. Credits are awarded on a first-come, first-served basis.

K. Transferability Provisions: Credits are transferable. There are no limits. The certificate holder must surrender the certificate and a request to transfer the certificate, along with the name, address, and taxpayer identification number of the transferee to the Iowa Capital Investment Board. The board then issues a replacement certificate within 10 days.

Credits awarded to pass-through entities shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are nonrefundable. Credits in excess of tax liability can be carried forward for up to seven years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** The tax credit cannot be claimed until after the maturity date noted on the certificate. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. All claimants must also include the Schedule IA 148 with their return.

O. **Performance Monitoring Requirements:** None

Venture Capital Tax Credit – Qualifying Business or Community-Based Seed Capital Fund

A. **Code Citation(s):**

Section 15E.41 through Section 15E.46, Code of Iowa (program description)
Section 422.11F, Code of Iowa (individual income tax)
Section 422.33 (12), Code of Iowa (corporation income tax)
Section 422.60 (5), Code of Iowa (franchise tax)
Section 432.12C, Code of Iowa (insurance premium tax)
Section 533.329 (h), Code of Iowa (moneys and credits tax)

B. **Administrative Rules Citation(s):**

123 IAC 2
701 IAC 42.18(1)
701 IAC 42.45
701 IAC 52.21(1)
701 IAC 52.41
701 IAC 58.11(1)

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2002. Effective January 1, 2011 the program has an award cap of $2 million per fiscal year and the administration of the credit was moved under the Economic Development Authority (EDA). <u>During the 2014 Legislative Session, tax credits issued for an equity investment in a qualifying business no longer has a three year wait before claim; however, awards made for a qualifying equity investment on or after January 1, 2014 cannot be claimed prior to January 1, 2016.</u>

D. Evaluation Study Year(s): 2014

E. Program Description Based on Code Language and Administrative Rules: A tax credit is allowed for 20 percent of the equity investment made into a qualifying business or community-based seed capital fund approved by EDA. This credit is focused on “angel investors” who make investments in start-up companies. Investors must apply to EDA within 120 days of the initial investment.

F. Credit Award Mechanism: Credits are awarded based on application to the Economic Development Authority.

G. Awarding Department Program Manager or Contact: Kristin Hanks, Economic Development Authority

H. Taxes to which Credit Applies: The Venture Capital Tax Credit – Qualifying Business or Community-Based Seed Capital Fund applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

I. Certification Requirements: The Economic Development Authority issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer’s tax return for the year in which it is used. The certificate must contain the taxpayer’s name, address, tax identification number, unique certificate number, and the amount of tax credits.

J. Credit Limits: The credits were capped in the aggregate at $3 million for investments made in 2002, $3 million for investments made in 2003 and $4 million for investments made in 2004. Credits were awarded until the total $10 million cap was reached in fiscal year 2008. Credits were awarded on a first-come, first-served basis. Tax credits can be claimed after June 30, 2005 until all awarded credits have been claimed.

In fiscal year 2012 and subsequent years, the tax credits are capped in the aggregate at $2 million per year. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA.

K. Transferability Provisions: Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

L. Refundability Provisions: Credits are nonrefundable. Credits in excess of tax liability may be carried forward for up to five years.

M. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

N. **Claims Filing Requirements:** A tax credit issued for an investment in a community-based seed capital fund cannot be claimed until three years after the investment is made, so investors who make investments in 2014 cannot claim the tax credit until the 2017 tax return. For investments in a qualifying business, the three year wait is not applicable for awards made on or after January 1, 2014; however, those awards cannot be claimed prior to January 1, 2016. For taxpayers filing a corporation income tax returns or franchise tax returns, Schedule C1 must be completed. All claimants must also include the Schedule IA 148.

O. **Performance Monitoring Requirements:** The Economic Development Authority must annually submit a report to the Governor and General Assembly including a listing of qualifying eligible businesses and the number and amount of tax credit certificates issued.

Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit

A. **Code Citation(s):**

Section 422.12, Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 42.49

C. **Year Program was Enacted or Modified:** This credit was first available for tax years beginning or after January 1, 2013. <u>During the 2014 Legislative Session, the amount of the tax credit was increased from $50 to $100 effective for tax years 2014 and subsequent tax years. The tax credit was also expanded to include reserve police officers.</u>

D. **Evaluation Study Year(s):** Not yet determined

E. **Program Description Based on Code Language and Administrative Rules:** This tax credit went into effect on January 1, 2013. A tax credit is available against individual income tax for volunteer firefighters and volunteer emergency medical services personnel. For tax years beginning on or after January 1, 2104 reserve peace officers are also eligible for the tax credit.

A volunteer firefighter must be an active member of an organized volunteer fire department in Iowa who has met the minimum training standards established by the Fire Service Training Bureau. Volunteer emergency medical services personnel must be individuals who are trained to provide emergency medical care and who are certified as first responders and have been issued a certificate

by the Department of Public Health. A reserve peace officer is defined in section 80D.1A who has met the minimum training standards established by the Iowa Law Enforcement Academy.
A taxpayer who is a paid employee of an emergency medical services program or a fire department and who is also a volunteer emergency medical services personnel or volunteer firefighter, in an area governed by an agreement pursuant to chapter 28E where the services are performed, shall qualify for the tax credit.

The tax credit equals $100 if the volunteer served for the entire tax year. If the volunteer did not serve for the entire year, the credit will be prorated based on the number of months that the volunteer served, rounded to the nearest dollar. If the volunteer served for a portion of a month, that will be considered as an entire month. The credit can only be claimed for one volunteer position. For the 2013 tax year the tax credit equal was equal to $50 if the volunteer served for the entire tax year.

F. **Credit Award Mechanism:** The individual is required to have a written statement from the fire chief or other appropriate supervisor verifying that the individual was a volunteer fire fighter or volunteer emergency medical services personnel for the months for which the credit is claimed.

G. **Awarding Department Program Manager or Contact:** None

H. **Taxes to which Credit Applies:** The Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit applies to individual income tax.

I. **Certification Requirements:** None

J. **Credit Limits:** None

K. **Transferability Provisions:** Credits may not be sold or traded.

L. **Refundability Provisions:** Credits are nonrefundable. The credit is limited to the tax liability for the tax year, and there is no carry forward of any excess credit to a subsequent tax year.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** No additional requirements.

O. **Performance Monitoring Requirements:** None

Wind Energy Production Tax Credit

A. Code Citation(s):

Section 476B, Code of Iowa (program description)
Section 422.11J, Code of Iowa (individual income tax)
Section 422.33 (16), Code of Iowa (corporation income tax)
Section 422.60 (8), Code of Iowa (franchise tax)
Section 423.4 (4), Code of Iowa (consumer's use tax)
Section 432.12E, Code of Iowa (insurance premium tax)

B. Administrative Rules Citation(s):

199 IAC 15.18
199 IAC 15.20
701 IAC 42.27
701 IAC 52.26
701 IAC 58.15

C. Year Program was Enacted or Modified: This program went into effect on July 1, 2005. In 2008, state banks were allowed to be equity investors in wind production facilities. Electricity generated and used for on-site consumption was also made eligible for the credit and the credit could be claimed against consumer's use as well as replacement taxes. Effective January 1, 2008 eligibility requirements were changed. The limitation stating that if consumer's use tax refunds and/or special valuation for property tax purposes were used then the tax credit could not be received was also removed. Effective July 1, 2009, the nameplate capacity limit was reduced from 450 megawatts of nameplate capacity to 150 megawatts. Effective May 26, 2011, the nameplate capacity limit was reduced from 150 megawatts of nameplate capacity to 50 megawatts.

D. Evaluation Study Year(s): 2014

E. Program Description Based on Code Language and Administrative Rules: A Wind Energy Production Tax Credit can be claimed by a qualified facility, defined as a facility the produces electricity from wind that is located in Iowa, was originally placed in service on or after July 1, 2005, but before July 1, 2012, and is approved by the local board of supervisors and the Iowa Utilities Board. For applications filed on or after March 1, 2008, the facility must also consist of one or more wind turbines connected to a common gathering line which has a combined nameplate capacity of no less than two megawatts and no more than thirty megawatts. For applications filed on or after July 1, 2009 by a private college or university, community college, institution under the control of the State Board of Regents, public or accredited nonpublic elementary or secondary school, or public hospital for the applicant's own use of qualified electricity, the facility must consist of wind turbines with a combined nameplate capacity of three-fourths of a megawatt or greater.

The credit is equal to $0.01 per kilowatt-hour of electricity sold or generated for on-site consumption. Credits are available for a ten-year period from the initial in-service date of the facility. Facilities must be in service within 18 months of their designation as an eligible facility or the eligibility will be revoked.

F. **Credit Award Mechanism:** Facilities must be approved as eligible through an application to the Iowa Utilities Board and energy production and sales must be shown. Credits are awarded based on certificates issued by the Department of Revenue to the energy producer or purchaser so designated on the tax certificate.

G. **Awarding Department Program Manager or Contact:** The Iowa Utilities Board contact is Ellen Shaw and the Department of Revenue contact is Jennifer Tilkes.

H. **Taxes to which Credit Applies:** The Wind Energy Production Tax Credit applies to corporation income, individual income, franchise, insurance premium, consumer's use, and replacement taxes.

I. **Certification Requirements:** The purchaser or producer notifies the Iowa Utilities Board of the amount of eligible renewable energy generated and purchased, and the Utilities Board then notifies the Department of Revenue. The Department of Revenue issues a tax credit certificate to the purchaser or producer setting forth the amount of tax credit. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. The certificate must contain the taxpayer's name, address, tax identification number, unique certificate number, the amount of tax credits, the first tax year the certificates may be used, and the expiration date of the certificate.

J. **Credit Limits:** Credits are not directly limited. However, there is an indirect cap because capacity eligible for the credit is limited to 50 megawatts in aggregate. Facility eligibility designations are granted on a first-come, first-served basis.

K. **Transferability Provisions:** Within 30 days of transfer, the transferred tax credit certificate must be submitted to the Department of Revenue. The Department of Revenue then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit shall not be deductible for Iowa tax purposes.

Credits earned by pass-through entities shall be awarded to the entity's owners based on the share of the entity's income distributed to each owner.

L. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of tax liability may be carried forward for up to seven years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** The credit cannot be used for a tax year beginning prior to July 1, 2006. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. All claimants must include the Schedule IA 148 with their return.

O. **Performance Monitoring Requirements:** The Iowa Utilities Board and the Department of Revenue have developed a system for the registration of certificates issued or transferred to permit verification that tax credits claimed are valid and that transfers follow legal requirements.

Workforce Housing Tax Incentive Program

A. **Code Citation(s):**

Section 15.119, Code of Iowa (award limitations)
Section 15.351 through 15.356 Code of Iowa (program description)
Section 422.11F Code of Iowa (individual income tax)
Section 422.12 Code of Iowa
Section 422.16A Code of Iowa (withholding tax)
Section 422.33 (15) Code of Iowa (corporation income tax)
Section 422.60 (12) Code of Iowa
Section 533.329K Code of Iowa (moneys and credits tax)

B. **Administrative Rules Citation(s):**

Not yet promulgated.

C. **Year Program was Enacted or Modified:** The program went into effect July 1, 2014.

D. **Evaluation Study Year(s):** Not yet determined.

E. **Program Description Based on Code Language and Administrative Rules:** Tax incentives under the Workforce Housing Tax Incentives Program are available to taxpayers who complete a housing project in Iowa. Eligible projects include four or more single-family dwelling units, one or more multiple dwelling unit buildings each containing three or more individual dwelling units, or two or more dwelling units located in the upper story of an existing multi-use building. The project consists of rehabilitation, repair, or redevelopment at a brownfield or grayfield site that results in new dwelling units, the rehabilitation, repair, or redevelopment of dilapidated dwelling units, the rehabilitation, repair, or redevelopment of dwelling units located in the upper story of an existing multi-use building, or the new construction, rehabilitation, repair, or redevelopment of dwelling units in a distressed workforce housing community as determined by the Iowa Economic Development Authority (EDA) based on application by the communities. Each year 30 percent of tax incentives are reserved for projects in distressed workforce housing communities.

Projects must be registered with EDA in order to receive tax credits, and only work completed after registration is eligible. Qualifying new investment eligible for tax incentives includes costs directly related to the acquisition, repair, or redevelopment of a housing project, but are limited to $200,000 per dwelling unit or $250,000 per unit if the property is considered historic. A housing business is required to complete the housing project within three years from the date the housing project is registered by EDA.

Sales tax refunds are allowed for sales and use taxes paid that are directly related to the housing project. Investment tax credits are available for up to 10 percent of the qualifying new investment in the housing project. For corporation income, individual income, and franchise tax, the increase in the basis of the property that would otherwise result from the investment made under this project must be reduced by the amount of tax credit received.

F. **Credit Award Mechanism:** Credits are awarded based on application to the Economic Development Authority

G. **Awarding Department Program Manager or Contact:** Jeremy Babcock, Economic Development Authority

H. **Taxes to which Credit Applies:** The Workforce Housing Investment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes. Sales tax refund applies to the sales and use tax.

I. **Certification Requirements:** The Economic Development Authority issues a tax credit certificate, with a unique certificate number, to the taxpayer once the project is complete. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the Workforce Housing Investment Tax Credit. The certificate must contain the taxpayer's name, address, tax identification number, the amount of tax credits, and the name of the eligible housing business.

In addition to receiving a certificate from EDA, you will be required to complete an application with the Department of Revenue for the Corporate Third Party Sales Tax Credit. Sales tax refunds are issued by the Department of Revenue once the taxpayer has submitted a sales tax refund request.

J. **Credit Limits:** Awards made under the Workforce Housing Tax Incentives Program are capped at $20 million per fiscal year. Tax credit awards are limited to $1 million per housing project. Credits are awarded on a first-come, first-served basis.

K. **Transferability Provisions:** The Workforce Housing Investment Tax Credit is transferable. Within 90 days of transfer, the transferred tax certificate must be submitted to the Department of Revenue which then has 30 days to issue a replacement tax credit certificate to the transferee. Credits cannot be claimed by the transferee until a replacement certificate identifying the transferee as eligible to claim the credit has been issued. Any consideration received by the awardee from the transfer of the tax credit is not added to income and any consideration paid by the transferee for the transfer is not deducted from income for the taxes to which the credit applies.

Credits awarded to pass-through entities shall be claimed by the entity's members based on the share of the entity's income distributed to each member.

L. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

N. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. A valid tax credit certificate and the Schedule IA 148 are also required to be filed with the taxpayer's return. Sales tax refunds are claimed by completing an IA 843, along with the valid tax credit certificates.

.

O. **Performance Monitoring Requirements:** None

Repealed Tax Credits

This page intentionally left blank

Cow-Calf Tax Credit

A. **Date Repealed:** This credit was repealed effective for any claims made on or after November 1, 2008.

B. **Last Code Citation:**

Section 422.120, Code of Iowa 2009

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 1996. In 1997, the qualifying taxable income limit was established. In 1998, cow-calf operations became the only livestock operations which continued to qualify for the credit. This credit was repealed effective for any claims made on or after November 1, 2008.

D. **Program Description Based on Code Language and Administrative Rules:** Eligible individual and corporation income taxpayers who operate cow-calf beef operations in Iowa were eligible for a cow-calf credit. The amount of credit was limited to $3,000 per taxpayer. The amount of the credit was determined by adding together, for each eligible head of livestock in the taxpayer's operation, the product of 10 cents for each corn equivalent (111.5 in the case of cow-calf operations, or $11.15 total per head) deemed to have been consumed by that animal in the taxpayer's operation in the tax year. In order to qualify for the credit, the taxpayer had to have a net worth of less than $1 million, more than half of the taxpayer's gross income had to come from ranching or farming activities, and the taxpayer had to meet the federal taxable income threshold which is indexed for inflation each year.

E. **Credit Award Mechanism:** The credit was available to any taxpayer eligible for the credit, based on application to the Department of Revenue.

F. **Taxes to which Credit Applied:** The Cow-Calf Tax Credit applied to the individual and corporation income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** The refund was subject to an overall annual limit established each tax year, for example, $2 million for claims paid in February 2008. If the total amount of refund claims exceeded this cap, each eligible taxpayer received a prorated share of the total. Taxpayers did not receive any compensation if the credit received was less than the credit claimed.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** The Cow-Calf Credit was computed on Form IA 132. The form had to be filed within ten months after the end of the tax year, and the refunds were issued by February 28 of the next year.

M. **Performance Monitoring Requirements:** None

Disaster Recovery Housing Project Tax Credit

A. **Date Repealed:** The credit was repealed effective July 1, 2014.

B. **Last Code Citation(s):**
Section 16.191 through 16.192, Code of Iowa (program description)
Section 422.11X, Code of Iowa (individual income tax)
Section 422.33 (27), Code of Iowa (corporation income tax)

C. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2009.

D. **Program Description Based on Code Language and Administrative Rules:** An income tax credit was available for 75 percent of a taxpayer's qualifying investment in a qualifying disaster recovery housing project. This applied to disaster recovery housing project costs incurred on or after May 12, 2009 and before July 1, 2010.

To qualify as a disaster recovery housing project, a property and the activities affecting the property was required to meet all of the following conditions:

- The property is owned by a taxpayer who is an individual, business, or corporation subject to taxation.
- A qualifying investment is made by the taxpayer.
- The project involves the construction or rehabilitation of housing on the property.
- The property is located in an area that the Governor proclaimed a disaster emergency or the President of the United States declared a major disaster during the period of time beginning May 1, 2008 and ending August 31, 2008.
- An application for low-income housing tax credits pursuant to section 42 of the Internal Revenue Code has been submitted to the Iowa Finance Authority (IFA) on behalf of the project and has been determined by IFA to meet the threshold requirements for an award of credits as set forth in the applicable qualified allocation plan.

- The project meets the requirements relating to the density of residential housing in the area as established by IFA.
- The project meets the requirements relating to the availability of and the accessibility to educational services as established by IFA.
- The project is designed to avoid, prevent, or mitigate the effects of a future natural disaster.

The amount of the credit shall be divided by five and applied equally to the taxpayer's tax liability for five consecutive tax years starting with the tax year beginning in the 2011 calendar year.

E. **Credit Award Mechanism:** Credits were to have been awarded by IFA.

F. **Taxes to which Credit Applied:** The Disaster Recovery Housing Project Tax Credit applied to individual and corporation income taxes.

G. **Certification Requirements:** IFA issued tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate must have been included with the taxpayer's tax return for the year in which it is used. The certificate contained the taxpayer's name, address, tax identification number and the amount of tax credits.

H. **Credit Limits:** The total amount of credits issued could not exceed $3 million in each of the five tax years.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Taxpayers could not carry forward unused credits to the following year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** Taxpayers filing credit claims for the Disaster Recovery Housing Project Tax Credit must submit Schedule IA 148.

M. **Performance Monitoring Requirements:** None

Economic Development Region Revolving Fund Tax Credit

A. **Date Repealed:** This credit was repealed effective January 1, 2010.

B. **Last Code Citation(s):**

Section 15E.231(2), Code of Iowa (fund authorization)
Section 15E.232, Code of Iowa (program description)
Section 422.11K, Code of Iowa (individual income tax)
Section 422.33 (17), Code of Iowa (corporate income tax)
Section 422.60 (9), Code of Iowa (franchise tax)
Section 432.12F, Code of Iowa (insurance premium tax)
Section 533.329 (2)(k), Code of Iowa (moneys and credits tax)

C. **Year Program was Enacted or Modified:** This credit went into effect on July 1, 2005, for tax years ending on or after that date. The tax credit was repealed effective January 1, 2010.

D. **Program Description Based on Code Language and Administrative Rules:** A tax credit equal to 20 percent of the contribution made to an economic development region revolving fund was allowed. The economic development region had to be approved by the Economic Development Authority (EDA), and EDA was responsible for authorizing and administering these tax credits.

E. **Credit Award Mechanism:** Credits were awarded based on application to the EDA.

F. **Taxes to which Credit Applied:** The Economic Development Region Revolving Fund Tax Credit applied to the corporation income, individual income, franchise, insurance premium, and moneys and credits tax.

G. **Certification Requirements:** None

H. **Credit Limits:** The credit awards were capped at $2 million per fiscal year. Any unused amount of the $2 million cap could be carried forward into the next fiscal year.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for ten years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1. For all taxpayers, Schedule IA 148 had to be attached.

M. **Performance Monitoring Requirements:** None

Enterprise Zone Program (EZ)

A. **Date Repealed:** This program was repealed effective July 1, 2014.

B. **Last Code Citation(s):**

Section 15.119, Code of Iowa 2013 (awards limitation)
Section 15E.191 through 15E.196, Code of Iowa 2013 (program description)
Section 15E.197, Code of Iowa 2013, (supplemental withholding credit – withholding tax)
Section 15.333, Code of Iowa 2013, (amortization over five years of investment tax credit)
Section 422.10 (5), Code of Iowa 2013, (Supplemental Research Activities Tax Credit)
Section 422.11F (2), Code of Iowa 2013, (investment tax credit)
Section 422.33 (5) (f), Code of Iowa 2013, (Supplemental Research Activities Tax Credit)
Section 422.33 (12) (b), Code of Iowa 2013, (investment tax credit)
Section 533.329 (e), Code of Iowa 2013, (moneys and credits tax)

C. **Year Program was Enacted or Modified:** This program went into effect on July 1, 1997. The Enterprise Zone Housing Assistance Tax Credit from Withholding went into effect July 1, 1998. Effective July 1, 2009 the Housing Assistance Tax Credit from Withholding was repealed and qualifications for the program were altered. Also effective July 1, 2009 a $185 million cumulative tax credit cap was established for certain tax credits awarded by the Economic Development Authority (EDA). This credit falls under that cap. The cumulative cap amount was lowered to $120 million effective July 1, 2010. Effective April 15, 2010 the provision allowing up to $4 million in refundable investment tax credits awards per fiscal year for projects involving value-added agricultural products or biotechnology-related processes was repealed. Beginning July 1, 2012, the EDA tax credit award cap was increased to $170 million per fiscal year. The Authority may authorize tax credits in excess of $170 million in a fiscal year, but such excess shall not exceed 20% of $170 million, or $34 million, and this continues to be counted against the total amount of tax credits that can be authorized for a subsequent fiscal year. Any tax credits authorized and awarded by the Authority during a fiscal year that are irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the decline occurs. During the 2014 Legislative Session, the program was repealed effective July 1, 2014.

D. Program Description Based on Code Language and Administrative Rules: To encourage investment in Iowa's economically distressed areas, local and State tax credits, refunds, and exemptions were available for qualifying companies that expanded or located in designated Enterprise Zones. A map of cities and counties which had certified Enterprise Zones is included in the appendix.

A business locating or expanding in an Enterprise Zone may receive multiple tax incentives, including:

- A local property tax exemption on the value added to the property for up to 10 years.
- A Supplemental New Jobs Credit from Withholding, which provides additional funding for training new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- Prior to July 1, 2009, as an alternative to the Supplemental New Jobs Credit from Withholding, eligible businesses could elect to take the Housing Assistance Credit from Withholding, which provided down payment assistance or rental assistance for employees in new jobs.
- A refund of State sales, service, or use taxes paid to contractors or subcontractors during construction.
- An Investment Tax Credit of up to 10 percent of the new investment in machinery and equipment, land, buildings, and improvements to existing buildings. This tax credit may be carried forward for up to seven years. For Enterprise Zone projects approved on or after July 1, 2005, the investment tax credit must be amortized over a five year period.
- A Housing Investment Tax Credit of up to 10 percent of the new investment which is directly related to the building or rehabilitating of a minimum of four single-family homes or one multiple dwelling unit building containing three or more individual dwelling units located in that part of a city or county in which there is a designated enterprise zone.
- A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. For awards made on or after July 1, 2010, the Supplemental Research Activities Tax Credit available is a function of the gross receipts of the company and can be claimed up to five years up to the total amount of the award.

To receive these benefits:

- The business must make a minimum capital investment of $500,000.
- The business must create or retain at least 10 full-time equivalent positions and maintain them until the maintenance period completion date.
- The business shall provide a sufficient package of benefits to each employee holding a created or retained job.
- The business cannot be a retail establishment or a business whose entrance is limited by cover charge or membership.
- The business must pay an average wage that is at least 90 percent of the qualifying wage threshold (see appendix for the county's current wage requirement).
- If the business is only partially located in an Enterprise Zone, the business must be located on contiguous parcels of land.
- The business cannot close or reduce its operation in one area of the state and relocate substantially the same operation in the Enterprise Zone.
- The local Enterprise Zone Commission and EDA must approve the business' proposed project prior to project initiation.

E. **Credit Award Mechanism:** Credits were awarded based on application to the EDA.

F. **Taxes to which Credit Applied:**

- Local Property Tax Exemption applied to the property tax.
- Supplemental New Jobs Credit applied to the withholding tax.
- Housing Assistance Credit applied to the withholding tax.
- Sales Tax Refund applied to the sales and use tax.
- Housing Investment Tax Credit applied to corporation income, individual income, franchise, and insurance premium taxes.
- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** The Economic Development Authority issued a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate had to be included with the taxpayer's tax return for the year in which it was used to claim either the Investment Tax Credit or the Supplemental Research Activities Tax Credit. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

The Economic Development Authority would issue tax credit certificates to eligible housing businesses that were awarded Housing Investment Tax Credits. The certificates had a unique certificate number and the tax credit certificate had to be included with the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

H. **Credit Limits:** The eligible Housing Investment Tax Credit could not exceed 10 percent of $140,000 for each home or individual unit in a multiple dwelling unit building.

This program fell under the $170 million cumulative tax credit cap for certain tax credits awarded by EDA.

Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving and conveyor equipment. The Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to $500,000 limit would have their requests considered in the succeeding fiscal year.

I. **Transferability Provisions:** Enterprise Zone certificates issued to eligible housing businesses for Housing Investment Tax Credits could be transferred if low income housing tax credits authorized under section 42 of the Internal Revenue Code were also used to assist in financing the housing development or if the housing development is located in a Brownfield site as defined in section 15.291 or a blighted area as defined in section 403.17. There was a $3 million limit per calendar year for transferable housing enterprise zone investment tax credits for projects in brownfield or blighted areas. Within 90 days of transfer, the transferred tax credit certificate had to be submitted to the Department of Revenue, which then had 30 days to issue a replacement tax credit certificate to the transferee. Credits could not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder had been issued. Any consideration received by the awardee from the transfer of the tax credit was not added to income, and any consideration paid by the transferee for the transfer was not deducted from income for the taxes to which the credit applies. For all other Enterprise Zone businesses, credits could not be sold or traded.

For the Investment Tax Credit and Supplemental Research Activities Tax Credit, credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. Refundability Provisions:

- Local Property Tax Exemption was not refundable.
- Supplemental New Jobs Credit was not refundable.
- Housing Assistance Credit was not refundable.
- Sales Tax Refund was refundable.
- Housing Investment Tax Credit was not refundable. Any credit in excess of the tax liability may be carried forward for up to seven years.
- Investment Tax Credit was not refundable. Any nonrefundable credit in excess of tax liability may be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed in full.

L. Claims Filing Requirements: A Supplemental New Jobs Credit required a valid agreement with a Community College under Chapter 260E, Code of Iowa. The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included. The Investment Tax Credit required filing Form IA 148 with the taxpayer's return, regardless of taxpayer type. The Supplemental Research Activities Tax Credit required filing Form 128 or Form 128S with the taxpayer's return in addition to Schedule IA 148, regardless of taxpayer type.

M. Performance Monitoring Requirements: According to 261 IAC 59.14(1), an eligible business that was approved to receive incentives or assistance shall, for the length of its designation as an enterprise zone business, certify annually to the county or city and EDA that it is in compliance with the requirements of program statute and rules.

An eligible housing business had to report annually to EDA until project completion as outlined in their contract with EDA. Companies awarded credits agreed to job creation, job retention, wage, and investment goals. The Business Services unit of the Economic Development Authority surveyed companies every six months to assess progress toward meeting these goals.

Ethanol Blended Gasoline Tax Credit

A. Date Repealed: This credit was repealed effective January 1, 2009.

B. Last Code Citation(s):

Section 422.11C (2), Code of Iowa 2009 (individual income tax)
Section 422.33 (11) (b), Code of Iowa 2009 (corporation income tax)

C. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 2002. This credit was repealed effective January 1, 2009.

D. **Program Description Based on Code Language and Administrative Rules:** 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.

E. **Credit Award Mechanism:** Credits did not require an award. Taxpayers claimed the credit, if eligible, on the corporation income or individual income tax return.

F. **Taxes to which Credit Applied:** The Ethanol Blended Gasoline Credit applied to individual and corporation income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable. Taxpayers could also elect to carry forward unused credits to the following year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** Taxpayers filing credit claims for the Ethanol Blended Gasoline Tax Credit had to submit Form IA 6478 for each location and also file Schedule IA 148 with the tax return on which the credit is claimed.

M. **Performance Monitoring Requirements:** None

Film, Television, and Video Project Promotion Program

A. **Date Repealed:** This program was repealed effective January 1, 2012.

B. **Last Code Citation(s):**

Section 15.119, Code of Iowa 2011(awards limitation)
Section 15.391 through 15.393, Code of Iowa 2011(program description)
Section 422.11T, Code of Iowa 2011(expenditure tax credit – individual income tax)

Section 422.11U, Code of Iowa 2011(investment tax credit – individual income tax)
Section 422.33 (24), Code of Iowa 2011(expenditure tax credit – corporation income tax)
Section 422.33 (25), Code of Iowa 2011(investment tax credit – corporation income tax)
Section 422.60 (13), Code of Iowa 2011(expenditure tax credit – franchise tax)
Section 422.60 (14), Code of Iowa 2011(investment tax credit – franchise tax)
Section 432.12J, Code of Iowa 2011(expenditure tax credit – insurance premium tax)
Section 432.12K, Code of Iowa 2011(investment tax credit – insurance premium tax)
Section 533.329 (f), Code of Iowa 2011(expenditure tax credit – moneys and credits tax)
Section 533.329 (g), Code of Iowa 2011(investment tax credit – moneys and credits tax)

C. **Year Program was Enacted or Modified:** This credit went into effect January 1, 2007. Effective July 1, 2009 a $185 million cumulative tax credit cap was established for certain tax credits awarded by the Economic Development Authority (EDA). The cumulative cap amount was lowered to $120 million effective July 1, 2010. This credit fell under that cap. Also effective July 1, 2009 a portion of the salaries of primary actors, directors, and producers could be considered as qualified expenditures in some circumstances. The reduction of adjusted gross income for 25 percent of qualified expenditures paid to Iowa businesses for film projects had to be taken over four years, effective July 1, 2009. Effective April 15, 2010 the Economic Development Authority was prohibited from registering new film projects until July 1, 2013. Effective January 1, 2012, the Film, Television and Video Project Promotion Program was repealed, although any tax credits or income exclusions related to contracts or agreements entered into before May 25, 2012 will still be allowed.

D. **Program Description Based on Code Language and Administrative Rules:** Starting in 2007, tax credits were available to assist legitimate film, television, and video producers in the production of projects in the state and to increase the fiscal impact on the state's economy of film, television, and video projects produced in the state.

In order to qualify for the benefits of the program a project that was shooting on location in the State of Iowa would have to register with EDA. EDA would determine that all of the following criteria were met:

- The project was a legitimate effort to produce an entire film, television, or video episode or segment in the state.
- The project would include expenditures of at least $100,000 in the state and have an economic impact on the economy of the state or the locality sufficient to justify assistance under the program.
- The project would further tourism, economic development, and population retention or growth in the state or locality.
- The project was intended to be widely distributed beyond the Midwest region.
- The project had commitments for at least 50 percent of the funding.
- Other criteria established by rule relating to the economic impact and promotional aspects of the project on the state or locality were met.

For the purpose of qualified expenditures, labor and personnel includes compensation that was paid to the principal producer, principal director, and principal cast members if the principal producer, principal director, or principal cast members were Iowa residents or an Iowa-based business and if the compensation paid met one of the following conditions:

- If the total of qualified expenditures was between $10 million and $20 million, then the qualifying compensation paid to each principal producer, principal director, or principal cast member could not exceed $250,000 each.
- If the total of qualified expenditures was at least $20 million, then the qualifying compensation paid to each principal producer, principal director, or principal cast member could not exceed $1 million each.

Compensation that was paid to labor and personnel other than the principal producer, principal director, or principal cast members qualified if the compensation met one of the following conditions:

- If the total of qualified expenditures was less than $10 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed $150,000 for each detailed budget line item or for each budget accounting sub-code.
- If the total of qualified expenditures was between $10 million and $20 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed $200,000 for each detailed budget line item or for each budget accounting sub-code.
- If the total of qualified expenditures was at least $20 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed

$300,000 for each detailed budget line item or for each budget accounting sub-code.

The amount of the Film Expenditure Tax Credit was equal to an amount not to exceed 25 percent of qualified expenditures on a project. The amount of the Film Investment Tax Credit was equal to an amount not to exceed 25 percent of the investment in the project. EDA could negotiate the amount of the tax credits. The same dollars could not be used to qualify for the expenditure and investment tax credits.

The same taxpayer could not claim both an expenditure tax credit and an investment tax credit on the same project.

E. **Credit Award Mechanism:** Credits were awarded based on registration with EDA.

F. **Taxes to which Credits Applied:**

- The Film Expenditure Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes
- The Film Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes

G. **Certification Requirements:** EDA would issue tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits. Prior to issuance of the tax credit certificate the Department of Revenue had to review and approve qualifying expenditures.

H. **Credit Limits:** This program fell under the $120 million cumulative tax credit cap for certain tax credits awarded by EDA.

I. **Transferability Provisions:** Film Expenditure Tax Credits and Film Investment Tax Credits were transferable, but could only be transferred two times. Within 90 days of transfer, the transferee had to submit the transferred tax credit certificate to the Department of Revenue, which then had 30 days to issue a replacement tax credit certificate to the transferee. Credits could not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder had been issued. Any consideration received by the awardee from the transfer of the tax credit was not added to income, and any consideration paid by the transferee for the transfer was not deducted from income for the taxes to which the credit applied.

Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for up to five years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** Taxpayers were required to attach Schedule IA 148 to the tax return on which the tax credit was claimed.

M. **Performance Monitoring Requirements:** None

New Capital Investment Program (NCIP)

A. **Date Repealed:** This program was repealed effective July 1, 2005.

B. **Last Code Citation(s):**
Section 15.381 through Section 15.387, Code of Iowa 2005

C. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2003. Effective July 1, 2005, the New Capital Investment Program was repealed and replaced by the High Quality Job Program.

D. **Program Description Based on Code Language and Administrative Rules:** The New Capital Investment Program provided a package of tax credits and exemptions to businesses making a capital investment of at least $1,000,000. Any awards made before July 1, 2005, will be honored until the NCIP contract expires.

Businesses participating in NCIP received multiple tax incentives, including:

- Refunds of sales or use taxes paid to contractors or subcontractors during construction.
- A corporation tax credit for certain sales taxes paid by a third-party developer.
- An investment tax credit of up to 5 percent (based on the number and type of new jobs created) of the capital investment in machinery and equipment, land, buildings, and improvements to existing buildings. This Iowa tax credit may be carried forward for up to seven years or until depleted.
- A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to 10 years.

In order to be eligible for NCIP benefits, a company had to meet several requirements. The investment tax credit varied between 1 percent and 5 percent, based on the number of new high-quality jobs. To qualify as a high-quality job, new jobs had to pay a starting wage of at least the average county wage (see appendix for recent county and regional wages). The company also had to provide and pay at least 80 percent of the costs of a standard employee medical insurance plan for all full-time employees. The company could not close or significantly reduce operations elsewhere in Iowa in order to relocate the operation to the proposed community. Retail establishments were prohibited.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Economic Development Authority (EDA).

F. **Taxes to which Credit Applied:**

- Sales Tax Refund applied to the sales and use tax.
- Corporation Tax Credit for Third Party Sales Tax applied to corporation income, franchise, insurance premium, and moneys and credits taxes.
- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** The Third Party Sales Tax Credit required the business to submit completed forms for the credit to EDA, which then issued a tax credit certificate, with a unique certificate number. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Companies with value-added agricultural and biotechnology projects, could, upon successful completion of the project, receive a portion of the Investment Tax Credit in the form of a refund. EDA would issue the tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of tax credits.

H. **Credit Limits:** The refund of unused Investment Tax Credits for value-added agricultural and biotechnology projects was limited to $4 million per fiscal year. Credits were prorated by EDA among all applicants.

Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving and conveyor equipment. Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit would have their requests considered in the succeeding fiscal year.

I. Transferability Provisions: Credits could not be sold or traded. For the Investment Tax Credit and the Supplemental Research Activities Tax Credit, credits awarded to pass-through entities should have been claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. Refundability Provisions:

- Sales Tax Refund was refundable.
- Corporation Tax Credit for Third Party Sales Tax was refundable.
- Investment Tax Credit was generally nonrefundable. Investment Tax Credit could be refundable for value-added agricultural and biotechnology projects, subject to the cap of $4 million per fiscal year. Any nonrefundable credit in excess of tax liability could be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed in full.

L. Claims Filing Requirements: The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. The Investment Tax Credit required filing Form IA 3468 with the taxpayer's return, regardless of taxpayer type. The Supplemental Research Activities Tax Credit required filing Form IA 128 or Form IA 128A with the taxpayer's return, regardless of taxpayer type. Schedule IA 148 was also required to claim any of the credits with the exception of the Sales Tax Refund.

M. Performance Monitoring Requirements: Businesses had to certify that they were in compliance with the requirements of the agreement. Companies awarded credits agreed to job creation, high-quality job creation, wage, and investment goals. The Business Services Unit of the Economic Development Authority surveyed companies every six months to assess progress toward meeting these goals.

New Jobs and Income Program (NJIP)

A. **Date Repealed:** This program was repealed effective July 1, 2005.

B. **Last Code Citation(s):**
Section 15.326 through Section 15.337, Code of Iowa 2005

C. **Year Program Enacted or Modified:** This program went into effect on July 1, 1994. Effective July 1, 2005, the New Jobs and Income Program was repealed and replaced by the High Quality Job Program.

D. **Program Description Based on Code Language and Administrative Rules:** The New Jobs and Income Program provided a package of tax credits and exemptions to businesses making a capital investment of at least $12,100,000 in CY 2005 and creating 50 or more jobs meeting wage and benefit targets within five years. Any awards made before July 1, 2005 will be honored until the NJIP contract expires.

Businesses participating in NJIP received multiple tax incentives, including:

- Local property tax exemptions for up to 20 years on the value added to the property.
- Supplemental withholding tax credits for new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- Refunds of sales or use taxes paid to contractors or subcontractors during construction and/or for racks, shelving and conveyor equipment used in warehouse/distribution center projects.
- A corporation tax credit for certain sales taxes paid by a third-party developer.
- An Investment Tax Credit of up to 10 percent of the capital investment in machinery and equipment, land, buildings, and improvements to existing buildings. This Iowa tax credit may be carried forward for up to seven years or until depleted.
- A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to 10 years. A business was eligible for NJIP benefits if it:
- Paid a median starting wage of at least $13.35 per hour in CY 2005 or 130 percent of the average county wage, whichever is higher (see appendix for recent county and regional wages).
- Provided and paid at least 80 percent of the costs of a standard employee medical and dental insurance plan for all full-time employees.
- Did not close or significantly reduce operations elsewhere in Iowa in order to relocate the operation to the proposed community.
- Was not a retail establishment.

Additionally, a participating company had to meet at least three of the following criteria:

- Offer a pension or profit-sharing plan.
- Produce/manufacture value-added goods or services or belong to one of Iowa's "target" business segments: value-added agricultural products; insurance, financial services or telecommunications; plastics; metals; printing, paper or packaging products; pharmaceuticals; software development; instruments, measuring devices and medical instruments; and recycling and waste management.
- Make daycare services available.
- Annually invest no less than 1 percent of the Iowa facility's pretax profits in research and development.
- Have a productivity and safety improvement program in place.
- Annually invest not less than 1 percent of Iowa facility's pretax profits in worker training and skills enhancement.
- Occupy an existing vacant facility of at least 20,000 square feet.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Economic Development Authority (EDA).

F. **Taxes to which Credit Applied:**

- Local Property Tax Exemption applied to property tax.
- Supplemental New Jobs Credit applied to withholding tax.
- Sales Tax Refund applied to sales and use tax.
- Corporation Tax Credit for Third Party Sales Tax applied to corporation income, franchise, insurance premium, and moneys and credits taxes.
- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** The Third Party Sales Tax Credit required the business to submit completed forms for the credit to EDA, which then issued a tax credit certificate, with a unique certificate number. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Companies with value-added agricultural and biotechnology projects, could, upon successful completion of the project, receive a portion of the Investment Tax Credit in the form of a refund. EDA would issue the tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it was used. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of tax credits.

H. **Credit Limits:** The refund of unused Investment Tax Credits for value-added agricultural and biotechnology projects was limited to $4 million per fiscal year. Credits were prorated by EDA among all applicants.
Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving and conveyor equipment. The Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit would have their requests considered in the succeeding fiscal year.

I. **Transferability Provisions:** Credits could not be sold or traded. For the Investment Tax Credit and the Supplemental Research Activities Tax Credit, credits awarded to pass-through entities should be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:**

- Local Property Tax Exemption was nonrefundable.
- Supplemental Withholding Tax Credit was nonrefundable.
- Sales Tax Refund was refundable.
- Corporation Tax Credit for Third Party Sales Tax was refundable or could be carried forward for up to seven years.
- Investment Tax Credit was generally nonrefundable. Investment Tax Credit could be refundable for value-added agricultural and biotechnology projects, subject to the cap of $4 million per fiscal year. Any nonrefundable credit in excess of tax liability could be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

L. **Claims Filing Requirements:** Supplemental New Jobs Credit required valid agreement with a community college under Chapter 260E, Code of Iowa. The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. The Investment Tax Credit required filing Form IA 3468 with the taxpayer's return, regardless of taxpayer type. The Supplemental Research Activities Tax Credit required filing Form IA 128 or Form IA 128A with the taxpayer's return, regardless of taxpayer type. Schedule IA 148 was also required for credits being claimed again corporate income, individual income, franchise, and insurance premium taxes.

N. Performance Monitoring Requirements: Companies awarded credits agreed to job creation, job retention, wage, and investment goals. The Business Services unit of the Economic Development Authority surveyed companies every six months to assess progress toward meeting these goals.

Soy-Based Cutting Tool Oil Tax Credit

A. Date Repealed: This program was repealed effective December 31, 2006.

B. Last Code Citation(s):

Section 422.11I, Code of Iowa 2007
Section 422.33(19), Code of Iowa 2007

C. Year Program was Enacted or Modified: This program went into effect on June 30, 2005. The program was repealed effective December 31, 2006.

D. Program Description Based on Code Language and Administrative Rules: A manufacturer was eligible to take a credit equal to the costs incurred for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs had to be incurred after June 30, 2005, and before January 1, 2007, and the costs had to be incurred during the first 12 months of transition. This affected tax years ending after June 30, 2005, and beginning before January 1, 2007. The costs could not exceed two dollars per gallon, and the number of gallons eligible for the credit could not exceed 2,000 gallons.

E. Credit Award Mechanism: Credits did not require an award. Taxpayers claimed the credit, if eligible, on the individual or corporation income tax return.

F. Taxes to which Credit Applied: The Soy-Based Cutting Tool Oil Tax Credit applied to corporation income and individual income taxes.

G. Certification Requirements: None

H. Credit Limits: None

I. Transferability Provisions: Credits could not be sold or traded. Credits awarded to pass-through entities should have been claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. Refundability Provisions: Credits were refundable. Any credit in excess of the tax liability could be carried forward to the next tax year.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed in full.

L. Claims Filing Requirements: For taxpayers filing corporation income tax returns, Schedule C1 had to be attached. All claimants had to file Schedule IA 148.

M. Performance Monitoring Requirements: None

Soy-Based Transformer Fluid Tax Credit

A. Date Repealed: This program was repealed effective December 31, 2009.

B. Last Code Citation(s):

Section 476D, Code of Iowa 2007
Section 422.11R, Code of Iowa 2007
Section 422.33 (23), Code of Iowa 2007
Section 423.4 (7), Code of Iowa 2007
Section 437A.17C, Code of Iowa 2007

C. Year Program was Enacted or Modified: This program went into effect on July 1, 2006. During the 2008 Legislative session the credit was extended for an additional year. This program was repealed effective December 31, 2009.

D. Program Description Based on Code Language and Administrative Rules: Electric utilities may claim this credit for the costs incurred by the utility for the purchase and replacement costs relating to the transition from using nonsoy-based transformer fluid to using soy-based transformer fluid. The costs must be incurred after June 30, 2006, and before January 1, 2009, and the costs must be incurred during the first eighteen months of the transition. The cost of the purchase and replacement cannot exceed two dollars per gallon of soy-based transformer fluid, and the number of gallons eligible for the credit cannot exceed 20,000 gallons per electric utility. The total amount of soy-based transformer fluid eligible for a tax credit cannot exceed 60,000 gallons in the aggregate.

If the electric utility elects to take the tax credit, any costs incurred in the transition that are deductible for federal income tax purposes cannot be deducted for Iowa tax purposes.

E. Credit Award Mechanism: The Soy-Based Transformer Fluid Tax Credit was awarded based on application to the Department of Revenue.

F. **Taxes to which Credit Applied:** The Soy-Based Transformer Fluid Credit applied to corporation income, individual income, sales and use, and replacement taxes.

G. **Certification Requirements:** In addition to the application, the electric utility had to submit a copy of a signed purchase agreement or other agreement to purchase soy-based transformer fluid. The Department of Revenue calculated the amount of the credit and issued a tax credit certificate to the applicant. The tax credit certificate contained the taxpayer's name, address, tax identification number, a unique certificate number, the amount of credit, the first year the certificate may be used, the type of tax to which the credit will apply, and any other information required by the Department. The certificate could only list one type of tax for which the credit may be applied.

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities should have been claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable. Any credit in excess of the tax liability could also be carried forward to the next tax year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 had to be attached. For all taxpayers, Schedule IA 148 had to be attached.

M. **Performance Monitoring Requirements:** None

Venture Capital Tax Credit – Venture Capital Funds

A. **Date Repealed:** This program was repealed effective July 1, 2010.

B. **Last Code Citation(s):**

Section 15E.51, Code of Iowa 2009
Section 422.11G, Code of Iowa 2009
Section 422.33 (13), Code of Iowa 2009
Section 422.60 (6), Code of Iowa 2009
Section 432.12B, Code of Iowa 2009
Section 533.329 (2)(i), Code of Iowa 2009

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2002. Effective July 1, 2010 the tax credit was repealed.

D. **Program Description Based on Code Language and Administrative Rules:** A tax credit was allowed for 6 percent of the equity investment made in a venture capital fund approved by the Iowa Capital Investment Board. Investors had to apply to the Iowa Capital Investment Board by March 31 of the year following the date of the initial investment. Effective July 1, 2010 the tax credit was repealed. However, any qualifying investments made prior to July 1, 2010 remained eligible for the credit.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Iowa Capital Investment Board (staffed by the Department of Revenue).

F. **Taxes to which Credit Applies:** The Venture Capital Tax Credit – Venture Capital Funds applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

G. **Certification Requirements:** The Department of Revenue issued tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it was used. The certificate had to contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits.

H. **Credit Limits:** The credits are capped in the aggregate at $5 million. Credits were awarded on a first-come, first-served basis.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Credits in excess of tax liability could be carried forward for up to five years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** The tax credit could not be claimed until three years after the investment was made, so investors who made investments in 2002 could not claim the tax credit until the 2005 tax return. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. All claimants had to attach Form IA 148 to their return.

M. **Performance Monitoring Requirements:** The Iowa Capital Investment Board was required to publish an annual report with credit activity, including a listing of eligible qualifying businesses and the number of tax credit certificates and the amount of tax credits issued.

Wage-Benefit Tax Credit

A. **Date Repealed:** This program was repealed effective June 30, 2008.

B. **Last Code Citation(s):**

Section 15I.1 through Section 15I.5, Code of Iowa, 2007 Supplement (program description)
Section 422.11L, Code of Iowa 2011(individual income tax)
Section 422.33 (18), Code of Iowa 2011(corporation income tax)
Section 422.60 (10), Code of Iowa 2011(franchise tax)
Section 432.12G, Code of Iowa 2011(insurance premium tax)
Section 533.329 (m), Code of Iowa 2011(moneys and credits tax)

C. **Year Program was Enacted or Modified:** This program went into effect on June 9, 2006. During the 2008 Legislative session this tax credit was repealed, but qualified new jobs in existence on June 30, 2008 could continue to be eligible to receive the tax credits for the remainder of the five year period. However, a business was not entitled to a tax credit for a qualified new job created on or after July 1, 2008.

D. **Program Description Based on Code Language and Administrative Rules:** A Wage-Benefit Tax Credit was available to non-retail, non-services businesses which created new jobs related to the location or expansion of a business in Iowa. The credit was effective in tax years ending on or after June 9, 2006 through tax year 2011. If the annual wage and benefits equaled at least 130 percent of the average county wage, but less than 160 percent, the tax credit equaled 5 percent of the wages and benefits paid. If the annual wage and benefits were 160 percent or greater of the average county wage, the tax credit equaled 10 percent of the wages and benefits paid. If the business retained the job, the tax credit would be allowed for the subsequent four years, although the credit was awarded for a specific employee and not for a specific position, so if an employee left the position, the credit could no longer be claimed. Companies that receive Wage-Benefit Tax Credits were not eligible to receive benefits from the Iowa Grow Values Fund or the High Quality Job Program, both of which were administered by the Economic Development Authority.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Department of Revenue.

F. **Taxes to which Credit Applied:** The Wage-Benefit Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

G. **Certification Requirements:** Tax credit certificates were issued to applicants determined to be eligible for the credit by the Department of Revenue. The tax credit certificate had to be attached to the taxpayer's return when the credit was claimed. The tax credit certificate had to identify the business claiming the tax credit and the wage and benefit costs incurred during the previous twelve months. The tax credit certificate had to contain the taxpayer's name, address, tax identification number, unique certificate number, the date of the qualified new job, the amount of credit, and other information required by the Department.

H. **Credit Limits:** The total amount of credits awarded per fiscal year was limited to $10 million in fiscal year 2007. In fiscal years 2008 through 2011, the total amount of credits awarded was limited to $4 million. The credits were issued on a first-come, first-served basis.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to pass-through entities could not be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. All claimants had to attach Schedule IA 148 to their return.

M. **Performance Monitoring Requirements:** According to Section 15H.4, Code of Iowa, IDR could develop definitions for the terms "job creation" and "job retention" to measure and identify the number of permanent, full-time positions which businesses actually create and retain and which can be documented by comparison of the payroll reports during the 24-month period before and after tax credits were earned.

Appendix

List of Iowa's Economic Developers at the Community Colleges

Fiscal Year 2014 Wage Thresholds for Laborsheds

Legislative Tax Expenditure Committee Tax Credit Review Schedule

List of Iowa's Economic Developers at the Community Colleges

State of Iowa
Department of Education
Director Brad Buck

Jeremy Varner, Administrator
Division of Community Colleges

Kent Farver, Bureau Chief
Bureau of Adult, Career,
and Community Colleges

Iowa's Economic Developers

Merged Area	Name	College	Contact Information
I	Wendy Mihm-Herold Vice President of Economic Development	Northeast Iowa Community College PO Box 400 Calmar, IA 52132	800-728-2256 X-221 Fax #: 563-562-3719 mihm-heroldw@nicc.edu
II	Terry Schumaker Director of Economic Development	North Iowa Area Community College 500 College Drive Mason City, IA 50401	641-422-4170 Fax #: 641-422-4129 schumter@niacc.edu
III	Jolene Rogers Exec. Director Community and Business Relations	Iowa Lakes Community College 19th South 7th Street Estherville, IA 51334-2295	712-362-0431 Fax #: 712-362-0480 jrogers@iowalakes.edu
IV	Frank DeMilia Dean of Workforce and Continuing Education	Northwest Iowa Community College 603 West Park Street Sheldon, IA 51201	712-324-5061 Fax #: 712-324-4136 fdemilia@nwicc.edu
V	Shelly Blunk Director of Economic Dev and Industrial Training	Iowa Central Community College One Triton Circle Fort Dodge, IA 50501	515-574-1901 Fax # 515-576-1576 blunk@iowacentral.edu
VI	Jacque Goodman Vice Chancellor of Continuing Education and Training	Iowa Valley Community College 3702 South Center Street Marshalltown, IA 50158	641-844-5640 Fax #. 641-752-1692 jacque.goodman@iavalley.edu
VII	Pam Wright Business Development Manager	Hawkeye Community College 1501 East Orange Road PO Box 8015 Waterloo, IA 50702	319-296-2320 X-3012 Fax #: 319-296-4423 pamela.wright@hawkeyecollege.edu
	Aaron Sauerbrei Executive Director Business & Community Education	Hawkeye Community College 5330 Nordic Drive Cedar Falls, IA 50613	319-296-2320 X-3003 Fax #: 319-266-6772 aaron.sauerbrei@hawkeyecollege.edu
IX	Mark Kapfer Executive Director of Econ. Dev. and Marketing	Eastern Iowa Community College 306 West River Drive Davenport, IA 52801-1221	563-336-3315 Fax #: 563-336-3350 mkapfer@eicc.edu

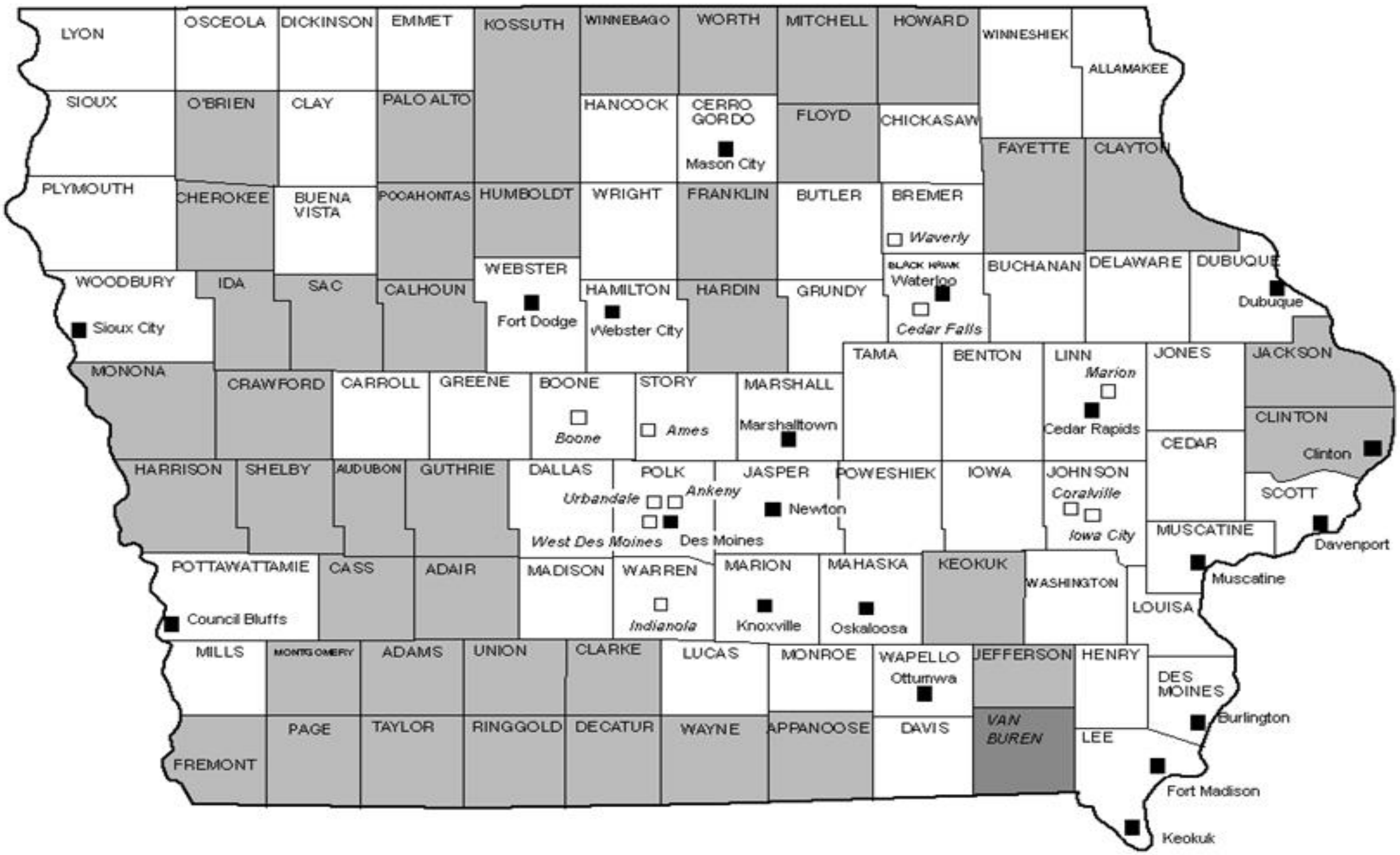
Iowa's Economic Developers

Merged Area	Name	College	Contact Information
X	Amy Lasack Senior Director, Corporate Training	Kirkwood Community College 6301 Kirkwood Blvd SW Box 2068 Cedar Rapids, IA 52406	319-398-5435 Fax# 319-398-5698 amy.lasack@kirkwood.edu
	Stephanie Bredman Iowa New Jobs Training Manager	Kirkwood Community College 6301 Kirkwood Blvd SW Box 2068 Cedar Rapids, IA 52406	319-398-5580 Fax# 319-398-5432 stephanie.bredman@kirkwood.edu
XI	Kim Didier Exec. Dir. DMACC Business Resources	Des Moines Area Community College 1111 Army Post Road Des Moines, IA 50315	515-971-6953 kmdidier@dmacc.edu
XII	Dar Raye Hunwardsen	Western Iowa Tech Community College 4647 Stone Avenue Sioux City, IA 51102	712-274-6419 Fax #: 712-274-6429 DarRayeHunwardsen@witcc.edu
XIII	Mark Stanley Executive Director of Economic Development	Iowa Western Community College 2700 College Road Box 4-C Council Bluffs, IA 51503	712-325-3375 Fax #: 712-325-3408 mstanley@iwcc.edu
	Star Isaacson Coordinator of Economic Development	Iowa Western Community College 2700 College Road Box 4-C Council Bluffs, IA 51503	712-325-3705 Fax #: 712-325-3408 sisaacson@iwcc.edu
XIV	Thomas Lesan Vice President of Economic Development	Southwestern Community College 1501 West Townline Street Creston, IA 50801	641-782-1443 Fax #: 641-782-3312 lesan@swcciowa.edu
XV	Mick Lawson Asst. to the President, College/Industrial Relations	Indian Hills Community College 525 Grandview Ottumwa, IA 52501	641-683-5182 Fax #: 641-683-5148 mlawson@indianhills.edu
XVI	Brenda Rubey Economic Development Coordinator	Southeastern Iowa Community College Center for Business and Industry River Park Place Suite 220 610 North 4th Street Burlington, Iowa 52601	319-208-5384 Fax #: 319-752-3407 brubey@scciowa.edu

Iowa Economic Development Authority
Fiscal Year 2015 Wage Thresholds for Select Laborsheds

Laborshed	FY15 100% Wage	FY15 90% Wage	FY15 120% Wage
Adel	$20.64	$18.58	$24.77
Albia	$14.84	$13.36	$17.81
Algona	$15.48	$13.93	$18.58
Allison	$14.73	$13.26	$17.68
Alton	$16.35	$14.72	$19.62
Altoona	$21.27	$19.14	$25.52
Amanas	$18.75	$16.88	$22.50
Ames	$19.34	$17.41	$23.21
Ankeny	$21.27	$19.14	$25.52
Atlantic	$15.53	$13.98	$18.64
Audubon	$15.22	$13.70	$18.26
Avoca	$16.28	$14.65	$19.54
Bedford	$13.20	$11.88	$15.84
Belle Plaine	$15.76	$14.18	$18.91
Belmond	$14.76	$13.28	$17.71
Bloomfield	$14.09	$12.68	$16.91
Boone	$17.51	$15.76	$21.01
Britt	$15.72	$14.15	$18.86
Burlington	$14.73	$13.26	$17.68
Carlisle	$21.27	$19.14	$25.52
Carroll	$15.13	$13.62	$18.16
Cedar Falls	$15.94	$14.35	$19.13
Cedar Rapids	$19.54	$17.59	$23.45
Centerville	$14.31	$12.88	$17.17
Chariton	$15.05	$13.55	$18.06
Charles City	$14.93	$13.44	$17.92
Cherokee	$15.39	$13.85	$18.47
Clarinda	$13.82	$12.44	$16.58
Clarion	$16.06	$14.45	$19.27
Clear Lake	$14.79	$13.31	$17.75
Clinton	$14.56	$13.10	$17.47
Columbus Junction	$16.34	$14.71	$19.61
Coralville	$18.69	$16.82	$22.43
Corning	$14.44	$13.00	$17.33
Corydon	$14.01	$12.61	$16.81
Council Bluffs	$17.46	$15.71	$20.95
Cresco	$15.11	$13.60	$18.13
Creston	$14.72	$13.25	$17.66
Davenport	$17.47	$15.72	$20.96
Decorah	$13.92	$12.53	$16.70
Denison	$15.08	$13.57	$18.10
Des Moines	$21.27	$19.14	$25.52
Dubuque	$16.72	$15.05	$20.06
Elkader	$13.70	$12.33	$16.44
Emmetsburg	$14.91	$13.42	$17.89
Estherville	$15.22	$13.70	$18.26
Fairfield	$16.69	$15.02	$20.03
Forest City	$14.86	$13.37	$17.83
Fort Dodge	$16.45	$14.81	$19.74
Fort Madison	$14.45	$13.01	$17.34
Garner	$14.68	$13.21	$17.62
Glenwood	$16.10	$14.49	$19.32
Greenfield	$15.11	$13.60	$18.13
Grimes	$21.27	$19.14	$25.52
Grinnell	$15.85	$14.27	$19.02
Grundy Center	$16.46	$14.81	$19.75
Guthrie Center	$16.38	$14.74	$19.66
Hamburg	$14.52	$13.07	$17.42
Hampton	$15.78	$14.20	$18.94
Harlan	$15.00	$13.50	$18.00
Hawarden	$13.62	$12.26	$16.34
Humboldt	$16.03	$14.43	$19.24
Ida Grove	$14.83	$13.35	$17.80
Independence	$14.53	$13.08	$17.44
Indianola	$16.34	$14.71	$19.61
Iowa City	$18.69	$16.82	$22.43
Iowa Falls	$16.00	$14.40	$19.20
Jefferson	$15.62	$14.06	$18.74
Johnston	$21.27	$19.14	$25.52
Kalona	$16.21	$14.59	$19.45
Keokuk	$13.39	$12.05	$16.07
Knoxville	$15.79	$14.21	$18.95
Lake Mills	$13.74	$12.37	$16.49
Le Mars	$16.56	$14.90	$19.87
Leon	$13.39	$12.05	$16.07
Manchester	$14.53	$13.08	$17.44
Maquoketa	$15.99	$14.39	$19.19
Marshalltown	$16.19	$14.57	$19.43
Mason City	$14.79	$13.31	$17.75
Missouri Valley	$17.18	$15.46	$20.62
Monticello	$15.45	$13.91	$18.54
Montour	$15.68	$14.11	$18.82
Mount Ayr	$14.12	$12.71	$16.94
Mount Pleasant	$15.86	$14.27	$19.03
Muscatine	$17.06	$15.35	$20.47
Nevada	$18.78	$16.90	$22.54
New Hampton	$14.77	$13.29	$17.72
Newton	$15.87	$14.28	$19.04
North Liberty	$19.09	$17.18	$22.91
Northwood	$15.13	$13.62	$18.16
Norwalk	$17.32	$15.59	$20.78
Oelwein	$13.55	$12.20	$16.26
Onawa	$15.50	$13.95	$18.60
Orange City	$16.35	$14.72	$19.62
Osage	$14.89	$13.40	$17.87
Osceola	$14.96	$13.46	$17.95
Oskaloosa	$15.20	$13.68	$18.24
Ottumwa	$16.67	$15.00	$20.00
Pella	$15.52	$13.97	$18.62
Perry	$19.56	$17.60	$23.47
Pocahontas	$15.81	$14.23	$18.97
Polk City	$21.27	$19.14	$25.52
Red Oak	$14.46	$13.01	$17.35
Rock Rapids	$15.24	$13.72	$18.29
Rock Valley	$15.24	$13.72	$18.29
Rockwell City	$15.67	$14.10	$18.80
Sac City	$14.02	$12.62	$16.82
Sheldon	$15.20	$13.68	$18.24
Shenandoah	$14.53	$13.08	$17.44
Sibley	$15.29	$13.76	$18.35
Sigourney	$14.51	$13.06	$17.41
Sioux Center	$16.50	$14.85	$19.80
Sioux City	$17.22	$15.50	$20.66
Solon	$18.06	$16.25	$21.67
Spencer	$15.41	$13.87	$18.49
Spirit Lake	$15.25	$13.73	$18.30
Storm Lake	$14.18	$12.76	$17.02
Tama	$15.68	$14.11	$18.82
Tiffin	$18.19	$16.37	$21.83
Tipton	$15.14	$13.63	$18.17
Toledo	$15.68	$14.11	$18.82
Urbandale	$21.27	$19.14	$25.52
Vinton	$17.01	$15.31	$20.41
Wapello	$15.80	$14.22	$18.96
Washington	$14.34	$12.91	$17.21
Waterloo	$15.94	$14.35	$19.13
Waukon	$13.86	$12.47	$16.63
Waverly	$15.86	$14.27	$19.03
Webster City	$16.83	$15.15	$20.20
West Branch	$17.43	$15.69	$20.92
West Des Moines	$21.27	$19.14	$25.52
West Liberty	$17.10	$15.39	$20.52
West Union	$13.89	$12.50	$16.67
Winterset	$16.58	$14.92	$19.90

Iowa Counties & Cities which had Certified Enterprise Zones



	Eligible County with Existing Zones	■	Eligible City with Existing Zones
	Eligible County – No Established Zones	□	*Eligible City – No Established Zones*

Legislative Tax Expenditure Committee Tax Credit Review Schedule

Based on Code of Iowa, Section 2.48

Year	Tax Credit
2013	Brownfield - Grayfield Redevelopment Tax Credit
2013	Child and Dependent Care Tax Credit
2013	Disaster Recovery Housing Tax Credits
2013	Early Childhood Development Tax Credit
2013	Endow Iowa Tax Credit
2013	Property Tax Increment Financing for Urban Renewal Areas
2014	Biodiesel Blended Fuel Tax Credit
2014	E15 Plus Gasoline Promotion Tax Credit
2014	E85 Gasoline Promotion Tax Credit
2014	Ethanol Promotion Tax Credit
2014	Historic Preservation and Cultural and Entertainment District Tax Credit (updated and expanded)
2014	Qualifying Businesses and Community-Based Seed Capital Fund Tax Credit
2014	Renewable Energy Tax Credit
2014	Wind Energy Production Tax Credit
2015	Beginning Farmer Tax Credit Program
2015	Assistive Device Tax Credit for C-Corporations
2015	Charitable Conservation Contribution Tax Credit
2015	Claim of Right Tax Credit
2015	Enterprise Zone Program Financial Assistance
2015	Minimum Tax Credit
2015	Motor Vehicle Fuel Tax Credit
2015	New Jobs Tax Credit Program
2015	S-Corporation Apportionment Tax Credit
2016	Earned Income Tax Credit
2016	Franchise Tax Credit
2016	High Quality Jobs Program
2016	Research Activities Tax Credit
2017	Increased Local Option Sales Tax Funding of Urban Renewal Projects
2017	Innovation Fund Tax Credit
2017	Iowa Fund of Funds - Contingent Venture Capital Tax Credits
2017	School Tuition Organization Tax Credit
2017	Targeted Jobs Withholding Tax Credit
2017	Tuition and Textbook Tax Credit