



# Iowa Department of **REVENUE**

## **Tax Credits Contingent Liabilities Report**

March 14, 2017

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

### **Summary**

- Tax credit awards in FY 2016 decreased 5.8 percent from FY 2015 to \$237.4 million. FY 2016 awards were 22.5 percent below FY 2012, when tax credit awards reached \$306.3 million. Although the number of awarded tax credits in FY 2016 was 19 compared to 17 in FY 2012, the decline in the total value of awards can be attributed to several programs being repealed, including the Enterprise Zone (including Housing) and the Film, Television, and Video Project Promotion Program. Awards made to-date in FY 2017 total \$143.9 million (see Table 1).
- Nonrefundable and refundable tax credit claims reported on the IA 148 Tax Credits Schedule against individual income, corporation income, insurance premium, franchise, replacement, and sales and use taxes for tax year 2013, the most recent year with complete data, were \$247.5 million, down from \$258.1 million in tax year 2012.
- Fiscal year 2016 sales and use tax refunds under EDA tax credit programs equaled \$17.1 million, the highest ever refunded in a fiscal year (see Table 5). In FY 2016, an additional \$45.7 million in tax credit claims were made against individual withholding tax (see Table 6).
- The estimated contingent liability of all tax credits is \$519.8 million for FY 2017, \$536.3 million for FY 2018, and \$524.6 million for FY 2019 (see Table 8). Expected claims for all tax credits, based on historical information showing some tax credit awards are not always fully claimed, are \$406.7 million for FY 2017, \$432.0 million for FY 2018 and \$454.0 million for FY 2019 (see Table 9).
- Contingent liability and expected claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. Because claims data are constantly updated, these forecasts will change based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

## ***Tax Credit Awards***

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

Since fiscal year 2008, the amount of awarded tax credits reached a peak in FY 2012 due to higher utilization of existing tax credit programs (see Table 1). The substantial increase during FY 2012 was mainly due to a large award made under the High Quality Jobs Program. In FY 2009, tax credit awards were at the lowest level since FY 2005. The decline was likely due to a combination of implemented tax credit caps and the recession.

Total FY 2016 awards decreased 5.8 percent compared to FY 2015 awards. The program with the largest decrease in awards for FY 2016 was the Targeted Jobs Tax Credit from Withholding, which decreased nearly 175 percent from FY 2015 and Historic Preservation and Cultural and Entertainment District Tax Credits which dropped from a peak in FY 2015 when the reallocation of revoked tax credits from prior award years was allowed. The only program to have a significant increase in awards was the Custom Farming Contract Tax Credit which experienced an increase of over 66 percent, but from a relatively small amount. Note that the award amounts in prior fiscal years have been updated to reflect revoked and amended awards which explain why some award amounts for prior fiscal years have changed from previous reports. Information on the amount of the awards was received from the agencies issuing the tax credits. Awards made to-date in FY 2017 total \$143.9 million with some programs still issuing awards.

## ***Tax Credit Claims***

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed tax credit claim data has improved. A summary of claims data from the IA 148 for tax years 2006 through 2012 has been published separately and can be found in [Iowa's 2012 Tax Credit Claims Report](#).

Between tax years 2008 and 2013, individual income tax credit claims averaged \$179.6 million per year (see Table 2). Total individual income tax credit claims in 2015 decreased 8.7 percent from claims made in 2014 with much of the drop reflecting the unavailability of the Taxpayers Trust Fund Tax Credit in tax year 2015. The Taxpayers Trust Fund Tax Credit is reported in Table 2, but is not reported in Tables 8 or 9 because it is not a contingent liability against the General Fund but is funded by a transfer from the Taxpayers Trust Fund. It is assumed that there will not be a Taxpayers Trust Fund Tax Credit in the upcoming tax years due to a lack of funds available.

The majority of tax credit claims made against corporation income tax are for the Research Activities Tax Credit. In tax years 2001 through 2005, Research Activities Tax Credit claims

accounted for over 80 percent of the dollars of all corporation income tax credit claims. Since 2008, the Research Activities Tax Credit has accounted for almost 54 percent of the total credits. The drop resulted from growth in the amount of “Other Credits” claimed. “Other Credits” claims historically accounted for 5 to 10 percent of all corporation claims; in tax years 2008 through 2013 as new credits were introduced, those claims accounted for nearly 45 percent of corporation tax credit claims. Tax year 2013 is the most recent complete year of claim data.

In tax years 2006 through 2013, on average, nearly 76 percent of nonrefundable tax credit claims made on the IA 148 were claimed against individual income tax (see Table 3). In those years, nonrefundable tax credit claims were made against corporation income, franchise, individual income, insurance premium, replacement, and sales and use taxes. The majority of IA 148 refundable tax credit claims made between 2006 and 2013 were claimed against corporation income tax, averaging almost 75 percent of all refundable tax credit claims (see Table 4). Since 2006, refundable tax credit claims made on the IA 148 have been claimed against corporation income, franchise, individual income, insurance premium, replacement, and sales and use taxes.

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

As part of the Enterprise Zone (including the Housing component) and the High Quality Jobs Programs, taxpayers are allowed to file for refunds of sales and use taxes paid by contractors and subcontractors after construction is completed. The New Capital Investment and New Jobs and Income Programs, predecessors to the High Quality Jobs Program, also included sales and use tax refund awards. The first refunds were made during FY 2000 through the Enterprise Zone Program (see Table 5). In FY 2011, refunds decreased by nearly 36 percent to \$5.5 million and decreased again in FY 2012 by over 60 percent, reflecting a construction slowdown during the recession. FY 2013 sales and use tax refunds under EDA tax credit programs returned to FY 2010 levels, but dipped again in FY 2014 to only \$4.4 million. In FY 2015, the amount of refunds reached \$12.0 million. Refunds in FY 2016 rose again exceeding \$17.0 million, with the majority of the refunds being issued under the High Quality Jobs Program. Year-to-date refunds in FY 2017 have exceeded \$2.8 million.

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

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

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the March 2012 quarter (see Table 6). Withholding tax credit claims have averaged \$50.7 million each fiscal year between 2012 and 2016 with FY 2016 having the lowest amount of claims, although those numbers will be revised as amended returns are filed. It is apparent that total withholding credits are strongly driven by the New Jobs Tax Credit (260E) (see Figure 1). The “Credits Incorrectly Claimed on Return” in Table 6 are tax credits that were incorrectly claimed on the withholding tax return but do not include any credits that were claimed incorrectly due to lack of eligibility. Beginning with the third quarter of 2012, IDR limits tax credit claims to those companies with active tax credit awards and tracks credit claims by certificate number. The improved tracking explains the drop in New Jobs Tax Credit claims and increase in Supplemental New Jobs Tax Credit claims.

On average, there have been \$41.6 million of New Jobs Tax Credits awarded each year since the program’s inception in FY 2001. Awards have fallen below that average for the last four fiscal years (see Table 7). In addition, participants in the 260E program with sufficient job creation are eligible to claim an income tax credit; the amount of the income tax credits claimed is included in Table 7.

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

Forecasts of the liability facing General Fund revenues due to tax credits show an upward trend in potential tax credit claims over the next two fiscal years before decreasing in fiscal years 2019 or 2020 (see Table 8). The decline can be attributed to tax credits that are expiring or tapering down due to revocation. The contingent liability amounts were estimated using a number of methods, but in all cases it was assumed that 100 percent of awards under a cap would be made each fiscal year and 100 percent of awards issued would be claimed, with the timing of claims based on the observed timing of past claims. The methods used for forecasting each tax credit are listed in the table footnotes.

Based on the award history and current information, the FY 2017 allocation of the \$170 million EDA cap is: High Quality Jobs Program - \$105 million, Workforce Housing Tax Incentive Program - \$20 million, Redevelopment Tax Credit - \$10 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualifying Business - \$2 million, and Assistive Device Tax Credit - \$0; \$25 million is to be unallocated to finance future expected costs of the new Renewable Chemical Production Tax Credit enacted during the 2016 Legislative session. For FY 2018 through FY 2027, there will also be \$10 million allocated to the Renewable Chemical Production Tax Credit Program.

The Tax Credit Contingent Liabilities Projection table is based in large part on claim data that has been collected from the IA 148 Tax Credits Schedule. The information collected from the IA 148 is used to estimate the timing of when awards or forecasted automatic tax credits are likely to be claimed. In the case of nonrefundable tax credits, the timing may be adjusted in order to meet the assumption that 100 percent of credits are claimed before expiration. Due to the nature of this data it is likely that credit forecasts will vary between reports as the forecasted timing is updated with the receipt and verification of more data.

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040, although FY 2016 numbers are likely to increase marginally as tax credit claims continue to be verified. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are reviewed by IDR staff. The historical numbers for FY 2014 and FY 2015 may also change as the review of tax credit claims in these years continues.

A line is also included at the bottom of Tables 8 and 9, "Funds Recovered from Defaulted Awards." EDA notifies IDR when companies that received tax credit awards under its programs did not meet the required investment or hiring levels established by the tax credit agreement. These amounts reflect tax credit claims that have been recovered by IDR from those companies or their shareholders.

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

Forecasts of expected tax credit claims are based on historical claims data and expected awards data and indicate that tax credit claims will likely continue to increase before decreasing in later years as several tax credits are set to expire (see Table 9). This table presents the amounts of tax credits that are likely to be claimed versus the maximum amount of credits that can be claimed as shown in Table 8. The amounts of expected claims were forecasted using a number of methods listed in the table footnotes.

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

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

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

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017*
Accelerated Career Education Program (ACE) <sup>†</sup>	\$6,000,000	\$6,000,000	\$6,000,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$0
Agricultural Assets Transfer Tax Credit <sup>†</sup>	\$1,358,604	\$2,032,760	\$2,663,338	\$3,598,502	\$5,222,987	\$5,756,759	\$5,981,266	\$6,508,811	\$6,959,738	\$8,505,027
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	\$28,975	\$30,046	\$89,704	\$114,786
Endow Iowa Tax Credit <sup>††</sup>	\$1,999,591	\$3,167,065	\$2,394,446	\$3,461,445	\$4,523,397	\$5,779,542	\$5,999,996	\$6,000,000	\$6,000,000	\$6,000,000
Enterprise Zone Program <sup>†</sup>	\$25,941,194	\$11,488,992	\$14,423,497	\$28,562,725	\$6,569,013	\$6,340,963	\$16,549,566	n/a	n/a	n/a
Enterprise Zone Program - Housing Component <sup>†</sup>	\$9,148,473	\$12,946,731	\$14,326,032	\$6,973,408	\$14,644,071	\$25,823,382	\$45,922,284	n/a	n/a	n/a
Farm to Food Donation Tax Credit	n/a	\$12,500	\$14,089	\$9,097						
Film, Television, And Video Project Promotion Program <sup>†</sup>	\$9,148,473	\$12,946,731	\$14,326,032	\$6,973,408	\$14,644,071	\$89,047	n/a	n/a	n/a	n/a
High Quality Jobs Program <sup>†</sup>	\$75,145,906	\$7,334,594	\$28,291,439	\$28,509,910	\$144,378,886	\$111,703,217	\$44,800,309	\$62,512,648	\$76,919,263	\$38,740,673
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>†</sup>	\$10,000,001	\$14,966,072	\$44,820,924	\$42,075,186	\$39,454,075	\$38,260,797	\$25,214,072	\$73,249,554	\$43,227,494	\$26,311,386
Iowa Industrial New Jobs Training Program (260E)	\$58,965,850	\$48,925,000	\$32,127,000	\$40,755,000	\$48,500,000	\$35,655,727	\$38,667,132	\$39,860,995	\$41,194,972	\$7,830,000
Redevelopment Tax Credit <sup>†</sup>	n/a	\$0	\$546,510	n/a	\$4,959,562	\$4,970,562	\$9,855,735	\$10,000,000	\$10,000,000	\$10,000,000
Renewable Energy Tax Credit <sup>†</sup>	\$1,492,898	\$2,570,197	\$2,398,784	\$2,503,361	\$3,010,850	\$3,918,708	\$5,519,767	\$5,403,737	\$4,811,830	\$5,197,908
School Tuition Organization Tax Credit <sup>††</sup>	\$4,886,880	\$6,200,378	\$7,402,023	\$7,476,821	\$7,499,025	\$8,749,061	\$8,749,980	\$11,997,890	\$12,000,000	\$12,000,000
Solar Energy System Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	\$652,144	\$1,498,364	\$4,407,969	\$5,083,754	\$4,987,853
Soy-Based Transformer Fluid Tax Credit <sup>†</sup>	\$17,540	\$3,394	n/a							
Targeted Jobs Tax Credit from Withholding	\$5,714,588	\$8,014,000	\$2,638,177	\$14,911,793	\$6,113,937	\$9,685,051	\$0	\$2,214,081	\$805,900	\$0
Venture Capital Tax Credit - Fund of Funds <sup>†</sup>	\$0	\$0	\$0	\$0	\$0	\$11,295,681	\$12,772,951	\$0	\$358,689	\$756,169
Venture Capital Tax Credit - Innovation Fund <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	\$0	\$890,590	\$2,739,754	\$1,652,922	\$1,066,879
Venture Capital Tax Credit - Qualifying Business <sup>†</sup>	\$2,130,133	\$0	\$0	\$96,000	\$598,832	\$545,425	\$0	\$0	\$1,234,707	\$794,730
Venture Capital Tax Credit - Venture Capital Fund <sup>†</sup>	\$59,760	\$140,856	\$217,320	n/a						
Wage Benefit Tax Credit <sup>†</sup>	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	n/a	n/a	n/a	n/a	n/a	n/a
Wind Energy Production Tax Credit <sup>†</sup>	\$0	\$0	\$516,821	\$726,025	\$763,797	\$1,582,498	\$935,260	\$1,669,734	\$1,650,877	\$1,657,603
Workforce Housing Tax Incentive Program <sup>†</sup>	n/a	\$20,000,000	\$20,000,000	\$19,961,598						
Total Credits Awarded Each Fiscal Year	\$216,009,891	\$140,736,770	\$177,092,343	\$196,023,584	\$306,282,503	\$276,208,564	\$228,786,247	\$252,007,718	\$237,403,939	\$143,933,709

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

Source: Awarding Agencies

n/a = program not yet created or discontinued program

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

\* = partial award year

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016*
Total Individual Income Tax Credits	\$143,588,996	\$137,611,226	\$148,782,711	\$161,006,705	\$196,307,618	\$290,148,864	\$272,507,966	\$248,768,067	\$2,888,904
Child & Dependent Care Tax Credit	\$8,209,472	\$7,934,918	\$7,797,680	\$7,494,943	\$4,488,530	\$3,813,708	\$4,061,279	\$5,686,294	\$201,555
Early Childhood Development Tax Credit	\$521,513	\$553,533	\$591,995	\$753,173	\$846,434	\$784,165	\$728,777	\$683,919	\$47,715
Earned Income Tax Credit	\$24,994,270	\$28,496,272	\$27,536,092	\$30,258,024	\$31,031,962	\$65,570,550	\$71,094,646	\$71,931,413	\$590,663
Taxpayers Trust Fund Tax Credit	n/a	n/a	n/a	n/a	n/a	\$88,258,180	\$24,945,414	\$0	\$0
Tuition and Textbook Tax Credit	\$15,135,572	\$15,190,303	\$15,164,401	\$15,088,982	\$15,319,837	\$15,168,557	\$15,356,667	\$15,489,317	\$1,244,391
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit	n/a	n/a	n/a	n/a	n/a	\$634,705	\$1,366,107	\$1,366,431	\$147,939
Other Nonrefundable Tax Credits	\$80,639,036	\$71,442,861	\$80,970,362	\$90,040,596	\$117,342,799	\$99,942,491	\$137,869,472	\$130,836,104	\$640,175
Other Refundable Tax Credits	\$14,089,133	\$13,993,339	\$16,722,181	\$17,370,987	\$27,278,056	\$15,976,508	\$17,085,604	\$22,774,589	\$16,466

	2008	2009	2010	2011	2012	2013	2014*	2015*	2016*
Total Corporation Income Tax Credits	\$83,385,160	\$84,897,859	\$95,535,450	\$92,132,809	\$92,813,346	\$105,715,979	\$106,470,582	\$54,864,580	\$2,281,514
Other Credits (Nonrefundable)	\$19,898,765	\$26,213,747	\$15,880,154	\$17,298,332	\$22,145,918	\$38,294,956	#	#	#
Other Credits (Refundable)	\$15,127,563	\$12,404,598	\$27,628,162	\$20,776,252	\$18,961,698	\$14,683,224	#	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$1,483,337	\$815,839	\$2,332,811	\$1,321,067	\$903,919	\$1,318,935	#	#	#
Research Activities Tax Credit	\$46,875,495	\$45,463,675	\$49,694,323	\$52,737,158	\$50,801,811	\$51,418,864	#	#	#

Source: IDR data

\* = incomplete data for tax year

n/a = program not yet created, or discontinued

# = tax credit detail not yet available

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

Tax Year	Tax Type						Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Replacement Tax	Sales & Use Taxes	
2006	\$19,225,169	\$717,319	\$88,708,745	\$3,282,851	\$0	\$0	\$111,934,084
2007	\$23,753,064	\$632,919	\$71,536,240	\$1,981,714	\$0	\$0	\$97,903,937
2008	\$21,382,102	\$4,002,099	\$80,639,036	\$3,699,015	\$0	\$241,264	\$109,963,516
2009	\$27,029,586	\$1,072,601	\$71,442,861	\$11,442,624	\$516,821	\$0	\$111,504,493
2010	\$18,212,965	\$3,123,120	\$80,970,362	\$1,396,120	\$726,025	\$0	\$104,428,592
2011	\$18,619,399	\$2,194,248	\$90,040,596	\$9,109,119	\$763,797	\$43,801	\$120,770,960
2012	\$23,049,837	\$3,432,968	\$117,342,799	\$3,184,455	\$791,633	\$169,732	\$147,971,424
2013	\$39,613,891	\$3,374,791	\$100,311,310	\$4,151,252	\$780,983	\$36,212	\$148,268,439

Source: IDR data

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

Tax Year	Tax Type						Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Replacement Tax	Sales & Use Taxes	
2006	\$55,559,228	\$0	\$7,378,578	\$0	\$0	\$0	\$62,937,806
2007	\$65,641,514	\$3,762,902	\$10,931,524	\$3,833,435	\$23,090	\$0	\$84,192,465
2008	\$62,002,991	\$4,358,006	\$14,089,133	\$4,433,454	\$0	\$0	\$84,883,584
2009	\$57,868,206	\$2,347,810	\$13,993,339	\$1,771,058	\$0	\$0	\$75,980,413
2010	\$77,053,710	\$9,899,916	\$16,722,181	\$2,353,410	\$0	\$0	\$106,029,217
2011	\$73,513,410	\$4,522,792	\$17,370,987	\$131,286	\$0	\$0	\$95,538,475
2012	\$69,705,924	\$11,057,276	\$27,278,056	\$2,118,789	\$0	\$0	\$110,160,045
2013	\$65,991,748	\$10,248,752	\$21,288,212	\$1,700,232	\$0	\$0	\$99,228,944

Source: IDR data

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

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Jobs Program	Total Refunds
FY 2000	\$104,215	\$36,527				\$140,742
FY 2001	\$370,922	\$209,927	\$893,857			\$1,474,706
FY 2002	\$875,824	\$221,315	\$545			\$1,097,684
FY 2003	\$1,546,062	\$304,471	\$447,793			\$2,298,326
FY 2004	\$979,526	\$428,709	\$753,322			\$2,161,557
FY 2005	\$611,539	\$687,770	\$432,916	\$70,059		\$1,802,284
FY 2006	\$474,368	\$1,078,597	\$246,119	\$905,215	\$0	\$2,704,299
FY 2007	\$387,155	\$1,977,623	\$1,656,558	\$4,096,721	\$0	\$8,118,057
FY 2008	\$1,468,636	\$1,095,621	\$1,139,050	\$237,571	\$2,272,699	\$6,213,577
FY 2009	\$2,399,603	\$1,628,914	\$0	\$0	\$2,365,679	\$6,394,196
FY 2010	\$1,578,001	\$1,218,516	\$20,497	\$0	\$5,863,385	\$8,680,399
FY 2011	\$452,019	\$2,745,872	\$0	\$0	\$2,316,456	\$5,514,347
FY 2012	\$509,821	\$821,271	\$0	\$0	\$659,917	\$1,991,009
FY 2013	\$3,879,619	\$1,680,078	\$0	\$0	\$2,935,645	\$8,495,342
FY 2014	\$849,233	\$899,211	\$0	\$0	\$2,683,331	\$4,431,775
FY 2015	\$2,368,988	\$2,825,770	\$0	\$0	\$6,827,581	\$12,022,339
FY 2016	\$341,302	\$3,386,103	\$0	\$0	\$13,335,639	\$17,063,044
FY 2017 YTD	\$1,312,384	\$1,251,831	\$0	\$0	\$276,322	\$2,840,537

Refunds are reported on a cash basis

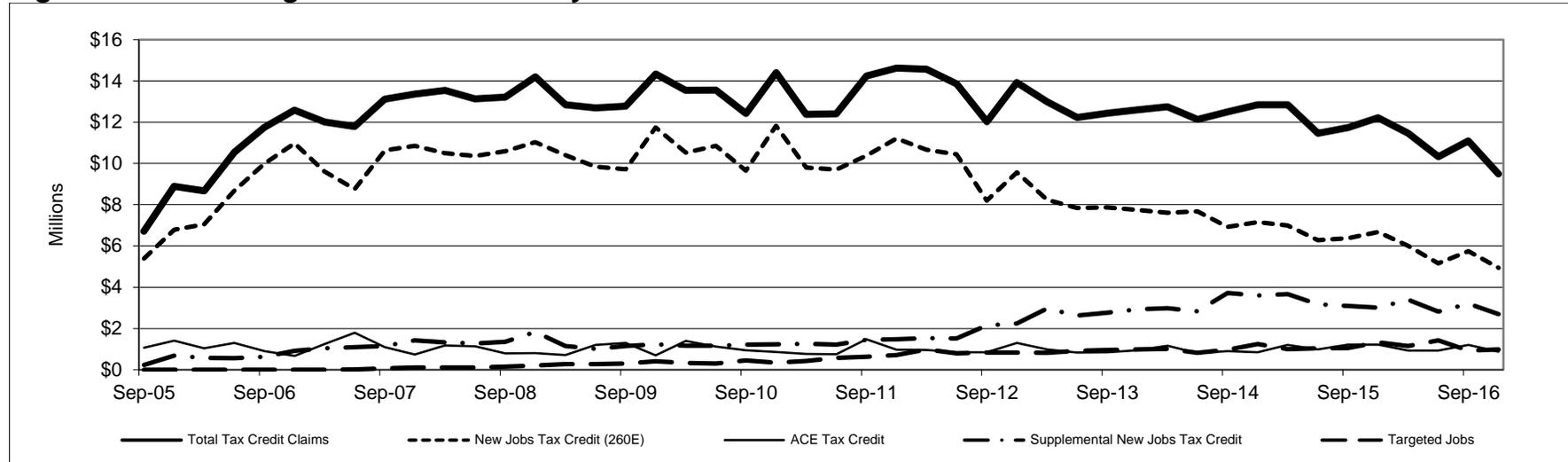
Source: IDR data

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

Quarter	Number of Claims	Total Tax Credit Claims	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit	Credits Incorrectly Claimed on Return
3/31/2012	618	\$14,562,618	\$10,662,275	\$1,534,666	\$983,241	\$960,820	\$421,617
6/30/2012	610	\$13,858,470	\$10,437,526	\$1,521,661	\$783,944	\$840,767	\$274,571
9/30/2012	677	\$12,017,264	\$8,195,454	\$2,151,937	\$830,169	\$839,704	\$0
12/31/2012	704	\$13,925,999	\$9,563,405	\$2,243,508	\$826,740	\$1,292,346	\$0
3/31/2013	701	\$12,996,853	\$8,235,457	\$2,961,366	\$817,396	\$982,634	\$0
6/30/2013	683	\$12,224,266	\$7,846,332	\$2,629,071	\$915,983	\$832,880	\$0
9/30/2013	651	\$12,435,151	\$7,868,939	\$2,766,873	\$949,016	\$850,323	\$0
12/31/2013	663	\$12,592,801	\$7,742,972	\$2,923,187	\$980,644	\$945,998	\$0
3/31/2014	642	\$12,749,165	\$7,606,256	\$2,978,755	\$1,003,276	\$1,160,878	\$0
6/30/2014	652	\$12,136,230	\$7,677,478	\$2,830,877	\$822,293	\$805,582	\$0
9/30/2014	651	\$12,504,712	\$6,916,985	\$3,725,147	\$966,571	\$896,009	\$0
12/31/2014	630	\$12,841,953	\$7,153,629	\$3,602,613	\$1,246,983	\$838,728	\$0
3/31/2015	623	\$12,847,146	\$6,994,815	\$3,660,147	\$994,220	\$1,197,964	\$0
6/30/2015	641	\$11,464,624	\$6,274,781	\$3,169,411	\$1,034,430	\$986,002	\$0
9/30/2015	621	\$11,729,285	\$6,371,452	\$3,086,172	\$1,055,744	\$1,215,917	\$0
12/31/2015	619	\$12,216,656	\$6,670,787	\$3,001,545	\$1,328,375	\$1,215,949	\$0
3/31/2016	610	\$11,466,128	\$6,009,805	\$3,385,421	\$1,147,903	\$922,999	\$0
6/30/2016	595	\$10,326,253	\$5,154,825	\$2,814,750	\$1,424,162	\$932,516	\$0
9/30/2016	578	\$11,085,672	\$5,744,095	\$3,204,162	\$932,950	\$1,204,465	\$0
12/31/2016	531	\$9,487,177	\$4,941,264	\$2,688,483	\$980,115	\$877,315	\$0
FY 2013	2,765	\$51,164,382	\$33,840,648	\$9,985,882	\$3,390,288	\$3,947,564	\$0
FY 2014	2,608	\$49,913,347	\$30,895,645	\$11,499,692	\$3,755,229	\$3,762,781	\$0
FY 2015	2,545	\$49,658,435	\$27,340,210	\$14,157,318	\$4,242,204	\$3,918,703	\$0
FY 2016	2,445	\$45,738,322	\$24,206,869	\$12,287,888	\$4,956,184	\$4,287,381	\$0
YTD FY 2017	1,109	\$20,572,849	\$10,685,359	\$5,892,645	\$1,913,065	\$2,081,780	\$0
CY 2012	2,609	\$54,364,351	\$38,858,660	\$7,451,772	\$3,424,094	\$3,933,637	\$696,188
CY 2013	2,698	\$50,249,071	\$31,693,700	\$11,280,497	\$3,663,039	\$3,611,835	\$0
CY 2014	2,575	\$50,232,060	\$29,354,348	\$13,137,392	\$4,039,123	\$3,701,197	\$0
CY 2015	2,504	\$48,257,711	\$26,311,835	\$12,917,275	\$4,412,769	\$4,615,832	\$0
CY 2016	2,314	\$42,365,230	\$21,849,989	\$12,092,816	\$4,485,130	\$3,937,295	\$0

Source: IDR data

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



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

	260E Withholding Credits Awarded	260E and Supplemental Credit Claims on Withholding Returns	New Jobs Income Tax Credit Claims	Total 260E Withholding and Income Tax Credit Claims
FY 2001	\$38,567,500	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	
FY 2004	\$26,746,500	n/a	n/a	
FY 2005	\$51,995,000	n/a	n/a	
FY 2006	\$40,280,000	\$29,928,649	n/a	
FY 2007	\$60,110,000	\$42,996,886	\$4,421,145	\$47,418,031
FY 2008	\$58,965,850	\$47,507,655	\$4,608,919	\$52,116,574
FY 2009	\$48,925,000	\$47,189,017	\$4,492,790	\$51,681,807
FY 2010	\$32,127,000	\$47,526,601	\$2,953,712	\$50,480,313
FY 2011	\$40,755,000	\$45,892,441	\$2,396,294	\$48,288,735
FY 2012	\$48,500,000	\$48,660,167	\$2,827,120	\$51,487,287
FY 2013	\$35,655,727	\$43,826,530	\$3,180,494	\$47,007,024
FY 2014	\$38,667,132	\$42,395,337	\$1,964,482	\$44,359,819
FY 2015	\$39,860,995	\$41,497,528	\$1,740,244	\$43,237,772
FY 2016	\$41,194,972	\$36,494,757	\$2,391,677	\$38,886,434
YTD FY 2017	\$7,830,000	\$16,578,004	\$708,835	\$17,286,839

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

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

Capped Programs	History*			Forecast				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Accelerated Career Education Tax Credit <sup>2</sup>	\$3,762,781	\$3,918,703	\$4,287,381	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit <sup>3</sup>	\$3,157,370	\$3,690,766	\$3,360,861	\$6,534,480	\$7,694,281	\$7,152,104	\$7,022,060	\$7,248,859
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>3</sup>	\$12,599	\$16,716	\$35,067	\$70,414	\$737,060	\$416,217	\$403,249	\$140,968
Endow Iowa Tax Credit <sup>3</sup>	\$5,685,974	\$5,185,201	\$5,280,032	\$6,808,043	\$6,836,808	\$6,516,207	\$6,401,864	\$6,270,465
Enterprise Zone Program <sup>4</sup>	\$7,197,867	\$14,990,864	\$7,861,407	\$42,398,367	\$28,376,881	\$18,082,593	\$7,692,962	\$4,741,635
Enterprise Zone Program - Housing Component <sup>5</sup>	\$5,913,117	\$9,180,415	\$12,937,210	\$25,322,587	\$16,473,540	\$1,859,371	\$4,385,649	\$4,031,351
Film, Television, and Video Project Promotion Program <sup>6</sup>	\$1,750,173	\$27,458	\$0	\$0	\$0	\$0	\$0	\$0
High Quality Jobs Program <sup>4</sup>	\$13,543,712	\$18,954,129	\$38,177,183	\$94,512,884	\$106,464,891	\$89,850,076	\$66,326,922	\$69,790,507
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>3</sup>	\$33,781,754	\$14,997,103	\$36,464,555	\$65,777,757	\$65,961,934	\$66,176,841	\$52,744,183	\$51,351,691
Redevelopment Tax Credit <sup>3</sup>	\$1,921,717	\$2,912,984	\$3,098,451	\$8,763,540	\$9,469,635	\$9,894,118	\$10,189,910	\$10,846,234
Renewable Chemical Production Tax Credit Program <sup>7</sup>	\$0	\$0	\$0	\$0	\$0	\$1,470,725	\$4,197,900	\$6,456,950
Renewable Energy Tax Credit <sup>3</sup>	\$5,045,426	\$3,250,877	\$5,265,100	\$6,110,256	\$8,296,830	\$13,257,314	\$14,244,232	\$14,267,034
School Tuition Organization Tax Credit <sup>3</sup>	\$8,328,260	\$10,103,365	\$10,657,738	\$12,401,791	\$12,462,303	\$13,051,668	\$12,871,371	\$12,470,069
Solar Energy System Tax Credit <sup>3</sup>	\$867,603	\$2,231,597	\$3,099,651	\$3,664,954	\$3,843,043	\$4,015,409	\$4,189,274	\$4,362,721
Venture Capital Tax Credit - Innovation Fund <sup>8</sup>	\$0	\$1,115,103	\$2,018,594	\$1,822,332	\$3,154,166	\$6,709,460	\$7,600,942	\$7,702,386
Venture Capital Tax Credit - Iowa Fund of Funds <sup>9</sup>	\$12,182,951	\$0	\$948,689	\$1,168,062	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>8</sup>	\$166,435	\$154,802	\$1,109,000	\$2,181,318	\$2,240,963	\$2,221,762	\$2,202,025	\$2,072,055
Venture Capital Tax Credit - Venture Capital Funds <sup>8</sup>	\$53,005	\$43,374	\$13,873	\$20,315	\$9,730	\$3,525	\$535	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$949,203	\$989,298	\$800,275	\$2,235,160	\$1,818,445	\$1,659,115	\$1,659,405	\$1,659,405
Workforce Housing Tax Incentive Program <sup>10</sup>	\$0	\$0	\$0	\$1,995,498	\$17,681,814	\$33,639,532	\$28,584,797	\$20,904,553
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$104,319,947</b>	<b>\$91,762,755</b>	<b>\$135,415,067</b>	<b>\$287,187,757</b>	<b>\$296,922,323</b>	<b>\$281,376,037</b>	<b>\$236,117,280</b>	<b>\$229,716,883</b>

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

<sup>3</sup> Estimates are based on claim information collected from the IA 148 and the assumption that the full amount of the cap will be awarded each future year and fully claimed.

<sup>4</sup> Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds, Investment Tax Credits, and Corporation Tax Credit for Third Party Sales Tax. Supplemental Research Activities Tax Credit (RAC) awards are accounted for under the Supplemental RAC estimates. This program is included in the \$170 million EDA tax credit award cap.

<sup>5</sup> Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds and Investment Tax Credits. This program was included in the \$170 million EDA tax credit award cap.

<sup>6</sup> Estimates are based on claim information collected from the IA 148, awards issued after full review, and the elimination of the program.

<sup>7</sup> Estimates are based on the Fiscal Note completed for SF 2300, 2016 Legislative Session.

<sup>8</sup> Estimates are based on claim information collected from the IA 148 and the assumption that the full amount of the cap will be awarded each future year and fully claimed. This program is included in the \$170 million EDA tax credit award cap.

<sup>9</sup> Estimates are based on amounts verified by ICIB and claim information collected from the IA 148.

<sup>10</sup> Estimate is based on actual award allocations and estimated timing based on information received from the awarding agency and the fiscal estimate that was completed for HF 2448, 2014 Legislative Session. This program is included in the \$170 million EDA tax credit award cap.

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

Uncapped Programs	History*			Forecast				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Adoption Tax Credit <sup>11</sup>	\$0	\$371,668	\$357,841	\$497,696	\$922,929	\$922,929	\$930,929	\$938,929
Biodiesel Blended Fuel Tax Credit <sup>12</sup>	\$10,751,772	\$15,664,999	\$15,429,369	\$17,995,053	\$17,754,080	\$18,415,078	\$21,073,027	\$21,289,256
Charitable Conservation Contribution Tax Credit <sup>13</sup>	\$520,357	\$661,201	\$443,797	\$696,148	\$742,412	\$783,060	\$810,414	\$832,626
Child & Dependent Care Tax Credit <sup>14</sup>	\$3,813,708	\$4,061,279	\$5,686,294	\$6,722,975	\$6,514,817	\$6,242,216	\$5,978,811	\$5,777,959
E15 Plus Gasoline Promotion Tax Credit <sup>12</sup>	\$39,385	\$69,356	\$102,364	\$374,389	\$496,527	\$507,236	\$609,181	\$705,436
E85 Gasoline Promotion Tax Credit <sup>12</sup>	\$1,467,246	\$1,684,359	\$1,899,316	\$2,012,387	\$2,408,571	\$2,404,757	\$2,603,913	\$2,816,635
Early Childhood Development Tax Credit <sup>14</sup>	\$784,165	\$728,777	\$683,919	\$704,463	\$726,271	\$752,864	\$782,671	\$808,413
Earned Income Tax Credit <sup>14</sup>	\$65,570,550	\$71,094,646	\$71,931,413	\$71,308,786	\$70,547,925	\$69,343,557	\$70,310,477	\$72,322,185
Ethanol Promotion Tax Credit <sup>12</sup>	\$2,019,524	\$2,094,530	\$1,790,875	\$1,334,955	\$1,211,953	\$1,037,157	\$936,642	\$849,305
Farm to Food Donation Tax Credit <sup>15</sup>	\$0	\$9,882	\$9,510	\$7,985	\$9,596	\$11,490	\$13,254	\$15,201
Geothermal Heat Pump Tax Credit <sup>16</sup>	\$1,851,468	\$2,161,028	\$1,646,412	\$2,515,593	\$396,056	\$197,077	\$166,599	\$182,232
Geothermal Tax Credit <sup>17</sup>	\$0	\$0	\$0	\$0	\$1,500,000	\$2,000,000	\$2,100,000	\$2,300,000
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$44,359,819	\$43,237,772	\$38,886,434	\$42,572,826	\$43,838,966	\$43,951,309	\$43,027,935	\$43,822,189
New Capital Investment Program <sup>19</sup>	\$303,784	\$262,299	\$11,196	\$267,723	\$0	\$0	\$0	\$0
New Jobs and Income Program <sup>19</sup>	\$391,074	\$81,093	\$10,684	\$253,245	\$0	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$48,399,022	\$51,410,490	\$55,286,170	\$56,830,700	\$62,702,407	\$68,287,232	\$72,802,518	\$77,616,363
Supplemental Research Activities Tax Credit <sup>21</sup>	\$15,874,152	\$6,777,198	\$6,936,963	\$6,373,426	\$6,285,647	\$5,937,386	\$5,980,301	\$7,099,880
Targeted Jobs Tax Credit from Withholding <sup>22</sup>	\$4,262,588	\$4,773,262	\$5,872,976	\$5,715,786	\$6,800,405	\$5,755,085	\$4,789,763	\$3,175,855
Tuition and Textbook Tax Credit <sup>14</sup>	\$15,168,557	\$15,356,667	\$15,489,317	\$15,135,854	\$15,228,840	\$15,344,055	\$15,412,052	\$15,462,772
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>14</sup>	\$634,705	\$1,366,107	\$1,366,431	\$1,330,414	\$1,336,471	\$1,343,215	\$1,348,309	\$1,352,372
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$216,211,876</b>	<b>\$221,866,613</b>	<b>\$223,841,281</b>	<b>\$232,650,404</b>	<b>\$239,423,874</b>	<b>\$243,235,703</b>	<b>\$249,676,797</b>	<b>\$257,367,608</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$320,531,823</b>	<b>\$313,629,368</b>	<b>\$359,256,348</b>	<b>\$519,838,161</b>	<b>\$536,346,197</b>	<b>\$524,611,739</b>	<b>\$485,794,077</b>	<b>\$487,084,491</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$780,832</b>	<b>\$1,230,715</b>	<b>\$143,666</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$319,750,991</b>	<b>\$312,398,653</b>	<b>\$359,112,682</b>					

\* The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2015 and 2016 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

<sup>11</sup> Estimates are based on actual claim information and the IDR fiscal estimate completed for HF 2468, 2016 Legislative Session.

<sup>12</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Retailers Annual Fuel Gallons Report for 2016.

<sup>13</sup> Estimates are based on claim information collected from the IA 148 and the average new claims from 2008 through 2014 for future new claims.

<sup>14</sup> Estimates are based on the IDR individual income tax micro model.

<sup>15</sup> Estimates are based on claim information collected from the IA 148 and forecasted awards based on historical awards.

<sup>16</sup> Estimates are based on claim information collected from the IA 148 and new claims are forecasted to equal average new claims from tax years 2012 through 2014.

<sup>17</sup> Estimates are based on the Fiscal Note for HF 2468, 2016 Legislative Session.

<sup>18</sup> Estimates are based on the assumption that awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims.

<sup>19</sup> Estimates are based on information from the awarding agency and claim information from the IA 148. This program ended July 1, 2005.

<sup>20</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the compound annual growth rate from past claims.

<sup>21</sup> Estimates account for EDA capping the amount of Supplemental RAC that can be claimed and changes to the credit calculation based on corporate gross revenues. The credit is included in the \$170 million EDA tax credit cap.

<sup>22</sup> Estimates are based on claim information collected from the IA 148 and new claims are forecasted to equal average new awards from tax years 2007 through 2016.

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

Capped Programs	History*			Forecast				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Accelerated Career Education Tax Credit <sup>23</sup>	\$3,762,781	\$3,918,703	\$4,287,381	\$3,939,275	\$3,939,275	\$3,939,275	\$3,939,275	\$3,939,275
Agricultural Assets Transfer Tax Credit <sup>24</sup>	\$3,157,370	\$3,690,766	\$3,360,861	\$4,773,010	\$5,501,962	\$4,998,631	\$4,723,973	\$4,631,994
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>25</sup>	\$12,599	\$16,716	\$35,067	\$65,152	\$198,473	\$116,228	\$101,214	\$38,743
Endow Iowa Tax Credit <sup>26</sup>	\$5,685,974	\$5,185,151	\$5,280,032	\$5,136,060	\$5,105,008	\$5,109,211	\$5,109,211	\$5,109,211
Enterprise Zone Program <sup>27</sup>	\$7,197,867	\$14,990,864	\$7,861,407	\$7,081,382	\$3,910,762	\$2,902,857	\$1,911,119	\$909,294
Enterprise Zone Program - Housing Component <sup>27</sup>	\$5,913,117	\$9,180,415	\$12,937,210	\$16,867,667	\$10,769,104	\$6,347,774	\$2,719,363	\$1,785,258
Film, Television, and Video Project Promotion Program <sup>27</sup>	\$1,750,173	\$27,458	\$0	\$0	\$0	\$0	\$0	\$0
High Quality Jobs Program <sup>26</sup>	\$13,543,712	\$18,954,129	\$38,177,183	\$40,060,962	\$52,127,214	\$50,641,038	\$40,836,161	\$43,577,885
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>28</sup>	\$33,781,754	\$14,997,103	\$36,464,555	\$59,286,326	\$57,755,790	\$59,013,178	\$48,855,373	\$51,472,183
Redevelopment Tax Credit <sup>28</sup>	\$1,921,717	\$2,912,984	\$3,098,451	\$7,173,113	\$7,504,623	\$7,720,476	\$7,495,620	\$7,513,643
Renewable Chemical Production Tax Credit <sup>7</sup>	\$0	\$0	\$0	\$0	\$0	\$1,470,725	\$4,197,900	\$6,456,950
Renewable Energy Tax Credit <sup>24</sup>	\$5,045,426	\$3,250,877	\$5,265,100	\$6,110,256	\$8,296,830	\$13,257,314	\$14,244,232	\$14,267,034
School Tuition Organization Tax Credit <sup>26</sup>	\$8,328,260	\$10,103,365	\$10,657,738	\$11,315,177	\$11,350,202	\$11,363,070	\$11,371,062	\$11,371,067
Solar Energy System Tax Credit <sup>3</sup>	\$867,603	\$2,231,597	\$3,099,651	\$3,664,954	\$3,843,043	\$4,015,409	\$4,189,274	\$4,362,721
Venture Capital Tax Credit - Innovation Fund <sup>29</sup>	\$0	\$1,115,103	\$2,018,594	\$1,822,332	\$3,154,166	\$6,709,460	\$7,600,942	\$7,702,386
Venture Capital Tax Credit - Iowa Fund of Funds <sup>9</sup>	\$12,182,951	\$0	\$948,689	\$1,168,062	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>30</sup>	\$166,435	\$154,802	\$1,109,000	\$2,101,164	\$2,124,815	\$2,072,588	\$2,040,334	\$2,044,324
Venture Capital Tax Credit - Venture Capital Funds <sup>8</sup>	\$53,005	\$43,374	\$13,873	\$20,315	\$9,730	\$3,525	\$535	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$949,203	\$989,298	\$800,275	\$2,235,160	\$1,818,445	\$1,659,115	\$1,659,405	\$1,659,405
Workforce Housing Tax Incentive Program <sup>31</sup>	\$0	\$0	\$0	\$1,766,453	\$15,932,507	\$30,075,553	\$25,489,849	\$18,815,524
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$104,319,947</b>	<b>\$91,762,705</b>	<b>\$135,415,067</b>	<b>\$174,586,820</b>	<b>\$193,341,950</b>	<b>\$211,415,427</b>	<b>\$186,484,841</b>	<b>\$185,656,898</b>

<sup>23</sup> Estimates are based on the average of historical claims.

<sup>24</sup> Estimates are based on claim information from the IA 148 and estimated future awards based on historical awards.

<sup>25</sup> Estimates are based on claim information from the IA 148 and information that it is unlikely that the full tax credit cap will be awarded; this tax credit is set to expire in 2018.

<sup>26</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims.

<sup>27</sup> Estimates are based on the program being repealed and the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims.

<sup>28</sup> Estimates are based on the expectation that less than 100 percent of allocated projects will be completed and thus some projects will not ever receive awards.

<sup>29</sup> Estimates are based on the expectation that 10 percent of awards will not be claimed before expiration.

<sup>30</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims for nonrefundable tax credit awards. It is assumed that 100 percent of the tax credit awards that are refundable, beginning in 2016, will be claimed.

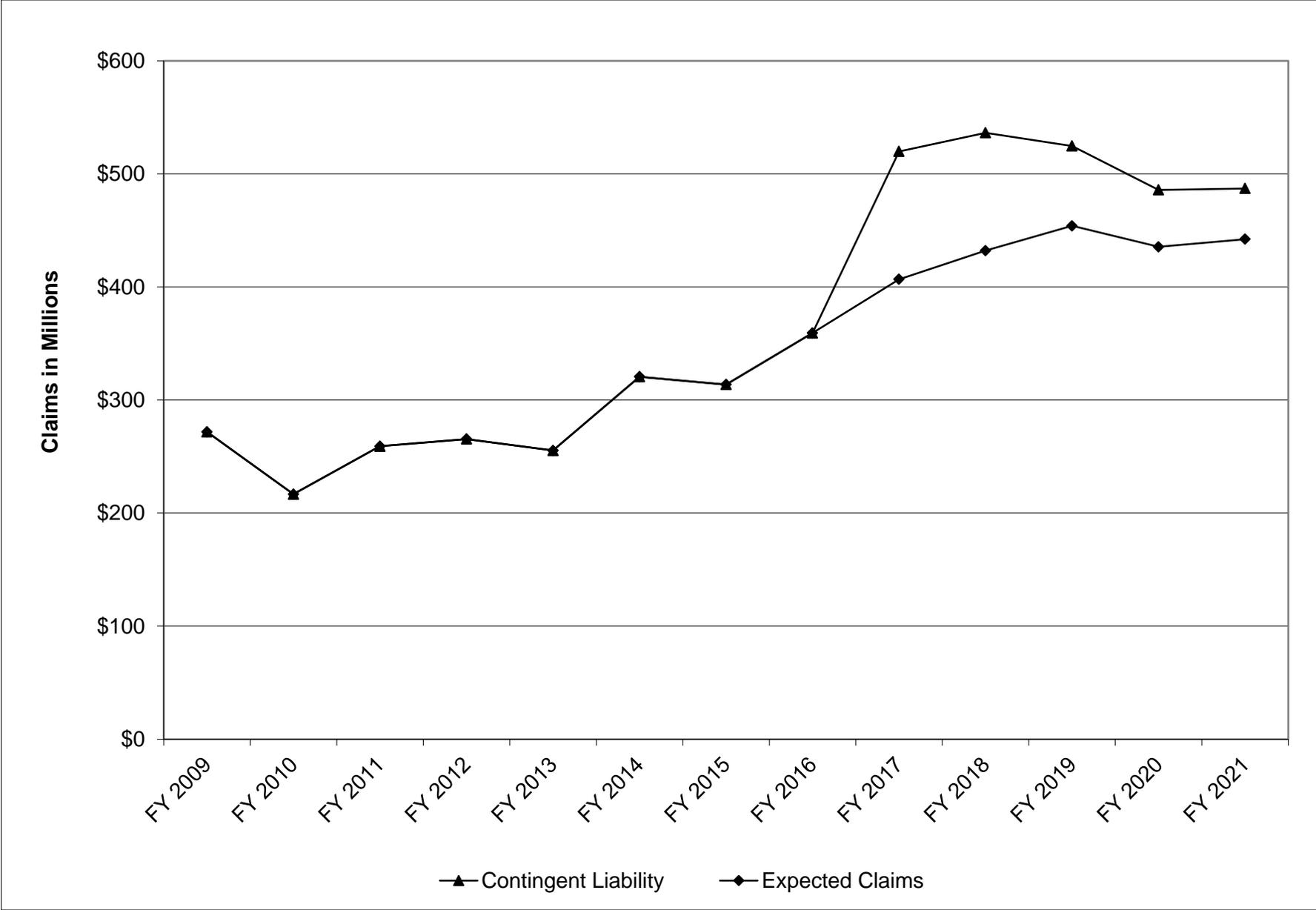
<sup>31</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims of the Housing Enterprise Zone awards.

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

Uncapped Programs	History*			Forecast				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Adoption Tax Credit <sup>11</sup>	\$0	\$371,668	\$357,841	\$497,696	\$922,929	\$922,929	\$930,929	\$938,929
Biodiesel Blended Fuel Tax Credit <sup>12</sup>	\$10,751,772	\$15,664,999	\$15,429,369	\$17,995,053	\$17,754,080	\$18,415,078	\$21,073,027	\$21,289,256
Charitable Conservation Contribution Tax Credit <sup>13</sup>	\$520,357	\$661,201	\$443,797	\$696,148	\$742,412	\$783,060	\$810,414	\$832,626
Child & Dependent Care Tax Credit <sup>14</sup>	\$3,813,708	\$4,061,279	\$5,686,294	\$6,722,975	\$6,514,817	\$6,242,216	\$5,978,811	\$5,777,959
E15 Plus Gasoline Promotion Tax Credit <sup>12</sup>	\$39,385	\$69,356	\$102,364	\$374,389	\$496,527	\$507,236	\$609,181	\$705,436
E85 Gasoline Promotion Tax Credit <sup>12</sup>	\$1,467,246	\$1,684,359	\$1,899,316	\$2,012,387	\$2,408,571	\$2,404,757	\$2,603,913	\$2,816,635
Early Childhood Development Tax Credit <sup>14</sup>	\$784,165	\$728,777	\$683,919	\$704,463	\$726,271	\$752,864	\$782,671	\$808,413
Earned Income Tax Credit <sup>14</sup>	\$65,570,550	\$71,094,646	\$71,931,413	\$71,308,786	\$70,547,925	\$69,343,557	\$70,310,477	\$72,322,185
Ethanol Promotion Tax Credit <sup>12</sup>	\$2,019,524	\$2,094,530	\$1,790,875	\$1,334,955	\$1,211,953	\$1,037,157	\$936,642	\$849,305
Farm to Food Donation Tax Credit <sup>15</sup>	\$0	\$9,882	\$9,510	\$7,985	\$9,596	\$11,490	\$13,254	\$15,201
Geothermal Heat Pump Tax Credit <sup>16</sup>	\$1,851,468	\$2,161,028	\$1,646,412	\$2,515,593	\$396,056	\$197,077	\$166,599	\$182,232
Geothermal Tax Credit <sup>17</sup>	\$0	\$0	\$0	\$0	\$1,500,000	\$2,000,000	\$2,100,000	\$2,300,000
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$44,359,819	\$43,237,772	\$38,886,434	\$42,572,826	\$43,838,966	\$43,951,309	\$43,027,935	\$43,822,189
New Capital Investment Program <sup>27</sup>	\$303,784	\$262,299	\$11,196	\$360	\$0	\$0	\$0	\$0
New Jobs and Income Program <sup>27</sup>	\$391,074	\$81,093	\$10,684	\$26,289	\$0	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$48,399,022	\$51,410,490	\$55,286,170	\$56,830,700	\$62,702,407	\$68,287,232	\$72,802,518	\$77,616,363
Supplemental Research Activities Tax Credit <sup>26</sup>	\$15,874,152	\$6,777,198	\$6,936,963	\$6,335,247	\$5,562,798	\$5,254,586	\$5,292,566	\$6,283,394
Targeted Jobs Tax Credit from Withholding <sup>26</sup>	\$4,262,588	\$4,773,262	\$5,872,976	\$5,715,786	\$6,800,405	\$5,755,085	\$4,789,763	\$3,175,855
Tuition and Textbook Tax Credit <sup>14</sup>	\$15,168,557	\$15,356,667	\$15,489,317	\$15,135,854	\$15,228,840	\$15,344,055	\$15,412,052	\$15,462,772
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>14</sup>	\$634,705	\$1,366,107	\$1,366,431	\$1,330,414	\$1,336,471	\$1,343,215	\$1,348,309	\$1,352,372
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$216,211,876</b>	<b>\$221,866,613</b>	<b>\$223,841,281</b>	<b>\$232,117,906</b>	<b>\$238,701,025</b>	<b>\$242,552,903</b>	<b>\$248,989,063</b>	<b>\$256,551,122</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$320,531,823</b>	<b>\$313,629,318</b>	<b>\$359,256,348</b>	<b>\$406,704,726</b>	<b>\$432,042,975</b>	<b>\$453,968,330</b>	<b>\$435,473,904</b>	<b>\$442,208,020</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$780,832</b>	<b>\$1,230,715</b>	<b>\$217,263</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$319,750,991</b>	<b>\$312,398,603</b>	<b>\$359,039,085</b>					

\*The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2015 and 2016 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

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



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

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

**Adoption Tax Credit:** This credit is available to individual taxpayers who pay or incur qualified adoption expenses. Section 422.12A, Code of Iowa

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

**Assistive Device Tax Credit:** This credit is awarded by the Economic Development Authority (EDA) to taxpayers who make investments in assistive devices that allow for disability workplace accommodation. Section 422.33 (9), Code of Iowa.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Geothermal Tax Credit:** This tax credit is equal to 10 percent of qualified expenditures on equipment that uses the ground or groundwater as a thermal energy source to heat the taxpayer's dwelling, or as a thermal energy sink to cool the dwelling in any year in which the federal tax credit is not available. Section 422.10A, Code of Iowa.

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

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

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

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

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

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

**Renewable Chemical Production Tax Credit Program:** The tax credit, administered by EDA, is equal to \$0.05 per pound of renewable chemicals produced from biomass feedstock in Iowa. The renewable chemicals must be produced on or after January 1, 2017, and on or before December 31, 2026. Sections 15.316 through 15.322, 422.10A, and 422.33, Code of Iowa.

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

**Research Activities Tax Credit:** This credit is available to taxpayers who increase research activities in Iowa. The Iowa research tax credit relies on the federal definition of qualified research expenditures. Sections 15.335, 422.10 and 422.33(5), Code of Iowa.

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

**Solar Energy System Tax Credit:** This credit is available to individual and corporation taxpayers who install solar energy systems located in Iowa. Sections 422.11L and 422.33, Code of Iowa.

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

**Taxpayers Trust Fund Tax Credit:** The 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 proceeding the year in which the credit is allowed. Section 422.11E, Code of Iowa.

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

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

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

**Venture Capital Tax Credit – Qualifying Business:** Effective July 1, 2015 this credit, administered by EDA, is 25 percent of the equity investment made into a qualifying business. Sections 15E.41 through 15E.46, Code of Iowa.

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

**Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit:** This credit is available for volunteer firefighters, volunteer emergency medical services personnel, and reserve peace officers. Section 422.12, Code of Iowa.

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

**Workforce Housing Tax Incentive Program:** This tax credit program, administered by EDA, is available to taxpayers who complete a qualifying housing project in Iowa. Sections 15.351 through 15.356, Code of Iowa.