



Iowa Department of
REVENUE

**Iowa's 2012 Tax Credit Claims
Tax Credits Program Report**

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**Tax Research and Program Analysis Section
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I. Introduction

During the 2005 Legislative Session, the Tax Credit Tracking and Analysis Program (TCTAP) was established. As a result of this program, the IA 148 Tax Credits Schedule was created to allow the Iowa Department of Revenue (IDR) to track the various nonrefundable and refundable tax credits claimed by Iowa taxpayers. This form was introduced in tax year 2006 and is required for all taxpayers making a claim of certain tax credits.¹ The tax year 2012 IA 148 schedule and its instructions can be found in the appendix of this paper. This paper reports the key details about claims of “other nonrefundable” and “other refundable” tax credits made by taxpayers for the 2012 tax year, which is the most recent complete tax year currently available.

These details include information about tax credit claims by tax type and tax credit type. For nonrefundable tax credit claims, information about the amount of tax credits carried forward from previous tax years, the amount of new tax credits available, the amount of tax credits used to reduce tax liability, the amount of tax credits expired, and the amount of tax credits carried forward to subsequent tax years are provided. For refundable tax credits, the amount of claims for the current tax year are provided, as well as additional information about the amount of the credit actually refunded to the taxpayer claiming the credit.

For awarded tax credits, taxpayers receive tax credit certificates to include with their tax return. As part of the TCTAP, each of these tax credit certificates is required to have a unique twelve digit tax credit certificate number. This certificate number should be reported by the taxpayer on the IA 148 Tax Credits Schedule.

In order for the data from the IA 148 to be useful for tracking claims, calculating statistics, and accurately reporting about those claims, it was necessary to clean and verify the data that was collected. Every tax credit claim reported on the IA 148 was examined and corrections were made to the claims when errors were identified. In some cases, cleaning the data involved looking at the filed tax return in order to attempt to identify which tax credit type the taxpayer intended to claim. For tax credit claims where the certificate number had inadvertently been omitted, the missing tax credit certificate number was determined and added to the claim when possible.

In some instances it was determined that a tax credit was claimed in error. Some billings have been sent to taxpayers for the errors made on their tax returns. Because of these efforts, it is possible that as billings are paid and the corresponding tax credit claims are corrected, and as more returns continue to be reviewed, that the numbers presented in this report may change. Updated summary information for tax year 2011 and prior years is provided and reflects updated information that has been received from taxpayers, including payments for incorrectly claimed credits. The amounts and statistics presented in this report are based on the data available through June 2015.

¹ Tax credits that were claimed on a separate line on the IA 1040 are not included in this report. These credits are the Child and Dependent Care Tax Credit, Early Childhood Development Tax Credit, Earned Income Tax Credit, Fuel Tax Credit (which also has a separate line on the IA 1120), and Tuition and Textbook Tax Credit.

This report contains a brief description of the tax credits that must be reported on the IA 148. A detailed description of the various tax credits can be found in the [Tax Credit User's Manual](#), which is located on the Department's website. The [2012 IA 148 Tax Credit Schedule](#), which is used to claim the tax credits in this report, can also be found on the Department's website.

When providing aggregate tax statistics, Iowa Department of Revenue policy does not allow the disclosure of information when the group of taxpayers falls below a small number (less than five in some instances, and less than 20 in others). However, due to the passage of the Iowa Transparency Act of 2009, IDR is required to release data regarding each separate tax credit claim and award. Because the data in this report is the basis of the data provided to the [Iowa DATAshare website](#) to meet the legislative requirement for tax credit reporting, summary claim information will be disclosed despite instances where certain claim information only applies to a small number of taxpayers.

II. Nonrefundable Tax Credit Claims

There were just over 37,000 nonrefundable tax credit claims made against all tax types in 2012 as reported on the IA 148. These claims totaled almost \$144.3 million in reduced tax liability. Claims were made against individual income tax, fiduciary tax, corporation income tax, franchise tax (paid by banks in Iowa), insurance premium tax, replacement tax and sales & use tax. There were \$136.5 million in nonrefundable tax credits that were carried forward to subsequent tax years. These claims include administrative and non-administrative tax credits.

Nonrefundable Administrative Tax Credits

There are three nonrefundable tax credits that are considered administrative, the Franchise Tax Credit, the Iowa Alternative Minimum Tax Credit, and the S-Corporation Apportionment Tax Credit. The Franchise Tax Credit and the S-Corporation Apportionment Tax Credit exist to prevent double taxation or the taxation of income earned outside of Iowa. The Iowa Alternative Minimum Tax Credit is used to offset tax paid in a prior year. All three of these tax credits can be claimed against individual income tax, but only the Franchise Tax Credit and the Iowa Alternative Minimum Tax Credit can be claimed against corporation income tax.

These administrative tax credit claims totaled \$88.4 million in tax year 2012, with \$86.3 million of that amount being claimed against individual income tax. Nonrefundable administrative credits accounted for 55.4 percent of the number of nonrefundable tax credit claims and 61.3 percent of the nonrefundable tax credit dollars claimed.

Franchise Tax Credit

The Franchise Tax Credit can be taken by the shareholders in a bank when the bank is organized as an S corporation or as a limited liability company. The amount of the credit is equal to the smaller of the taxpayer's pro-rata share of the Iowa franchise tax paid by the financial institution or the taxes levied on the income passed-through to the taxpayer by the financial institution. Any unused credit cannot be carried forward to subsequent tax years.

In tax year 2012, there were 2,667 claims of the Franchise Tax Credit made against both tax types. There were 2,664 claims totaling \$20.1 million made against individual income tax and 3 claims totaling \$11,118 made against corporation income tax.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

	Number of Tax Credit Claims	Amount of Tax Credits Applied in Tax Year	Amount of Expired Tax Credits
2006	2,157	\$11,260,897	\$1,416,164
2007	2,472	\$12,166,719	\$1,472,850
2008	2,548	\$11,643,697	\$2,251,119
2009	2,551	\$12,066,695	\$1,634,343
2010	2,520	\$15,754,530	\$1,399,510
2011	2,597	\$16,567,511	\$1,788,277
2012	2,667	\$20,084,433	\$1,252,146

Iowa Alternative Minimum Tax Credit

The Iowa Alternative Minimum Tax Credit can be claimed by taxpayers who paid Iowa alternative minimum tax in prior years.

Iowa Alternative Minimum Tax Credit claims totaled \$8.5 million in tax year 2012. This total was comprised of 14,796 claims against individual income tax totaling \$6.4 million and 115 claims against corporation income tax totaling \$2.0 million. The steady increase in the number of claims is likely due to more taxpayers being able to claim the credit after earning the credit in prior years, but not being able to utilize the credit due to their tax situation. The identification of taxpayers carrying credits forward has also increased as more years of data become available.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

	Number of Tax Credit Claims	Amount of Tax Credits Applied in Tax Year	Amount of Tax Credits Carried Forward to Next Tax Year
2006	4,044	\$4,728,013	\$17,741,833
2007	5,676	\$5,070,230	\$13,113,941
2008	8,327	\$4,757,348	\$14,783,535
2009	10,455	\$3,729,556	\$21,234,077
2010	12,339	\$6,939,948	\$23,146,589
2011	13,872	\$4,686,062	\$25,779,994
2012	14,914	\$8,471,011	\$33,270,908

S-Corporation Apportionment Tax Credit

The S-Corporation Apportionment Tax Credit can be claimed by resident shareholders of S corporations which conduct business within and outside Iowa. Any unused credit cannot be carried forward to subsequent tax years.

The total number of S-Corporation Apportionment Tax Credit claims against individual income tax in tax year 2012 was 2,968. These claims totaled \$59.8 million.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

	Number of Tax Credit Claims	Amount of Tax Credits Applied in Tax Year	Amount of Expired Tax Credits
2006	2,378	\$48,864,367	\$167,595
2007	2,533	\$39,311,536	\$342,368
2008	2,612	\$41,375,747	\$419,317
2009	2,349	\$32,239,585	\$1,020,597
2010	2,603	\$40,167,733	\$354,401
2011	2,660	\$45,314,026	\$136,578
2012	2,968	\$59,814,943	\$568,537

Nonrefundable Tax Credit Claims by Tax Year

The number of nonrefundable tax credit claims in tax year 2012, excluding administrative credits, decreased by 16.8 percent from tax year 2011, but the amount of credits applied against tax liability in tax year 2012 only decreased 0.2 percent or \$120,000 from 2011. There was \$11.7 million more in new credits reported by taxpayers than in the prior year. The largest growth in counts of claims was seen in the Wind Energy Production Tax Credit, which increased 650 percent from 2 claims in 2011 to 15 claims in 2012. The largest growth in claims was seen in the Charitable Conservation Contribution Tax Credit, which increased just over 50 percent from \$642,000 to \$966,000.

It should be noted that there are many cases where the amount of credits carried forward from one tax year to the next will not match the credits reported the following year as being carried forward. For example, the amount of credits carried forward into 2012 was \$14.8 million below the amount reported as carried forward into tax year 2012 from 2011. In most cases this is due to taxpayers forgetting to carry the credit forward or because taxpayers could not make a tax credit claim in the subsequent year and so they failed to complete an IA 148 to report the available carryforward. There are also cases where taxpayers report carryforward from a prior tax year although they did not report carryforward in the prior tax year. In these cases, the taxpayer will be contacted to verify if the tax credit claim should be allowed.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	8,000	\$123,540,008	\$79,243,527	\$202,783,534	\$47,272,062	\$5,624,742	\$150,136,842
2007	11,309	\$138,191,496	\$71,921,954	\$210,113,448	\$70,444,848	\$2,406,559	\$137,305,949
2008	15,613	\$126,324,589	\$58,193,736	\$184,518,327	\$52,162,335	\$6,340,501	\$126,240,592
2009	19,580	\$109,373,296	\$75,837,620	\$185,247,636	\$63,625,900	\$2,022,238	\$119,682,373
2010	19,849	\$112,607,632	\$49,921,429	\$162,529,061	\$41,864,043	\$1,573,295	\$119,226,360
2011	19,858	\$115,966,706	\$61,219,014	\$177,185,720	\$56,007,986	\$3,989,276	\$117,434,275
2012	16,515	\$102,612,750	\$72,918,838	\$175,534,905	\$55,877,545	\$16,575,852	\$103,703,011

Nonrefundable Tax Credit Claims by Tax Type

In tax year 2012, there were 16,515 “other nonrefundable” tax credit claims made against Iowa taxes, including corporation income, franchise, individual income, insurance premium, replacement, and sales & use taxes. Of the \$175.5 million of credits reported by taxpayers as available to be claimed in 2012, \$55.9 million were claimed, \$16.6 million expired, and \$103.7 million were carried forward to subsequent tax years. These numbers do not include the nonrefundable administrative tax credit claims.

Tax Type	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	340	\$39,188,185	\$24,880,727	\$64,068,912	\$19,694,350	\$3,417,583	\$41,179,318
Franchise Tax	42	\$6,841,840	\$2,350,338	\$9,192,178	\$2,680,716	\$0	\$6,511,462
Individual Income Tax	16,074	\$56,384,927	\$41,145,223	\$97,533,467	\$29,194,899	\$13,158,269	\$55,579,463
Insurance Premium Tax	50	\$197,798	\$3,148,417	\$3,346,215	\$3,346,215	\$0	\$0
Replacement Tax	2	\$0	\$791,633	\$791,633	\$791,633	\$0	\$0
Sales & Use Tax	7	\$0	\$602,500	\$602,500	\$169,732	\$0	\$432,768
Total	16,515	\$102,612,750	\$72,918,838	\$175,534,905	\$55,877,545	\$16,575,852	\$103,703,011

Corporation Income Tax

Thirty-five percent of the dollars claimed using other nonrefundable tax credits were claimed against corporation income tax. The number of tax credits claimed against corporation income tax accounted for 2.0 percent of the number of tax credit claims. The average tax credit claim applied to tax liability was \$57,925.

There were \$64.1 million in tax credits available to be claimed against corporation income tax in 2012. Over 61 percent of these dollars (\$41.2 million) were carried forward from previous tax years and \$24.9 million were tax credits first available for tax year 2012. Corporations applied \$19.7 million (30.8 percent of available credits) toward tax year 2012 tax liability. \$3.4 million of credits expired and \$41.2 million were carried forward to the next tax year.

In addition to the claims in the table above, there were three nonrefundable tax credit claims made against the corporation income tax that are not included because the taxpayers did not indicate which type of tax credit was being claimed. The tax credit claims totaled \$601. Because of the lack of detail, the claims will not be included in any further analysis.

Franchise Tax

Tax credit claims against franchise tax, levied on banks, accounted for a quarter of one percent of the number of nonrefundable tax credit claims but 4.8 percent of the dollars of tax credit claims in 2012. The average tax credit claim reducing the tax liability against franchise tax was \$63,827.

There were \$9.2 million in tax credits available to be claimed against franchise tax in 2012. Almost 75 percent of these dollars (\$6.8 million) were carried forward from previous tax years and \$2.4 million were tax credits first available for tax year 2012. Banks applied \$2.7 million (29.2 percent of available credits) toward tax year 2012 tax liability. None of the credits expired and \$6.5 million were carried forward.

Individual Income Tax

Over 97 percent of other nonrefundable claims were made against individual income tax (including fiduciary tax). Claims against individual income tax accounted for 52.3 percent of the dollars of nonrefundable tax credit claims. The average tax credit claim reducing the tax liability against individual income tax was \$1,816.

There were \$97.5 million in credits reported by taxpayers as available to be taken against individual income tax in 2012. \$56.4 million (57.8 percent) of those credits had been carried forward from a previous tax year and \$41.1 million were new credits available for 2012. Of the \$97.5 million in tax credits available, 29.9 percent or \$29.2 million were applied to reducing tax liability, \$13.1 million (13.5 percent) expired, and \$55.6 million (57.8 percent) of credits were carried forward to subsequent tax years.

In addition to the amounts claimed in the table above, there were 122 nonrefundable tax credit claims made against individual income tax that were not included because taxpayers did not indicate which type of tax credit was being claimed or they attempted to claim a type of credit for which no awards had been made and the correct type of claim could not be determined during the verification process. These tax credit claims totaled \$191,967. Because of the lack of detail, they will not be included in any further analysis. IDR has been working to determine the correct tax credit claim types.

Insurance Premium Tax

Almost 6 percent of the dollar amount of nonrefundable tax credit claims made in 2012 was made against insurance premium taxes, and those claims accounted for 0.3 percent of the total number of claims. The average tax credit claim made against insurance premium tax was \$66,924.

There were \$3.3 million dollars in tax credits available in 2012. Almost 6 percent of these credits (\$0.2 million) had been carried forward from previous tax years. All of the credits were claimed with no credits being carried forward to subsequent tax years.

Replacement Tax

Tax credit claims made against replacement tax, levied on utilities in lieu of property taxes, in 2012 accounted for less than 0.1 percent of the number of claims and 1.4 percent of the amount of claims. The average tax credit claim made against replacement tax was \$395,817.

There were \$0.8 million dollars in tax credits available in 2012. None of these credits had been carried forward from previous tax years and all of the credits were claimed with no credits being carried forward to subsequent tax years.

Sales & Use Tax

There were seven tax credit claims made against sales & use tax in 2012 which accounted for less than 0.1 percent of the number of claims and 0.3 percent of the amount of claims. The average tax credit claim reducing the tax liability against sales & use tax was \$24,247.

There were \$602,500 in tax credits available to be claimed against sales & use tax in 2012. None of these credits had been carried forward from previous tax years. Businesses applied \$169,732 (28.2 percent of available credits) toward tax year 2012 tax liability. None of the credits expired and \$432,768 were carried forward.

Nonrefundable Tax Credit Claims by Credit Type

In tax year 2012, there were 21 nonrefundable tax credit types that could be claimed using the IA 148 Tax Credits Schedule against various tax types. Three of these are administrative credits that were addressed in a previous section and will not be discussed again below.

As mentioned in the introduction, erroneous claims have been identified and are in the process of being resolved. In the interim, for nonrefundable credits, the incorrect claims are only reflected in the “Amount of Tax Credits Applied in Current Tax Year” field and all other fields are set to zero. Therefore it is possible for the total amount of credits applied to exceed the total amount of credits available in the following tables.

Agricultural Assets Transfer Tax Credit

The Agricultural Assets Transfer Tax Credit is awarded to taxpayers who rent or lease agricultural assets to a beginning farmer. In tax year 2012, the tax credit equals five percent of the amount paid to the taxpayer under the rental agreement or fifteen percent of the amount paid to the taxpayer from crops or animals sold when the payment to the taxpayer is exclusively made from the sale of crops or animals. Tax credit awards were issued by the Iowa Agricultural Development Authority. In 2012, awards were capped at \$6 million. This credit could first be claimed in tax year 2007.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	4	\$44,350	\$59,263	\$103,613	\$9,539	\$0	\$94,074
Individual Income Tax	765	\$6,322,729	\$5,305,254	\$11,627,983	\$3,229,387	\$95,613	\$8,308,294
Total	769	\$6,367,079	\$5,364,517	\$11,731,596	\$3,238,926	\$95,613	\$8,402,368

In tax year 2012, Agricultural Assets Transfer Tax Credit claims were made by 769 taxpayers. These taxpayers claimed 1,657 credits totaling \$3.2 million dollars. Almost 100 percent of the tax credits were claimed by individual income tax taxpayers. The average claim per individual income tax taxpayer was \$4,221. Of the total amount of credits available, almost 28 percent of the credits were applied to reduce tax liability and 72 percent were carried forward to a subsequent tax year. Almost \$100,000 of tax credits issued in 2007 expired, future legislation extended the carryforward provision to 10 years for tax credits issued in 2008 and later, therefore no additional credits will expire until tax year 2018.

Because this tax credit is an awarded tax credit, tax credit claims should have a certificate number included in the claim on the IA 148 Tax Credits Schedule. The claims with certificate numbers accounted for almost 100 percent of the dollars

claimed. Credits were claimed under 1,347 different tax credit certificate numbers. Multiple claims can be made under a single certificate number in the case of awards made to partnerships or limited liability companies.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward ten years, for awards made in 2008 and later.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2007	356	\$0	\$1,330,783	\$1,330,783	\$656,850	\$0	\$673,933
2008	795	\$671,158	\$2,148,151	\$2,819,309	\$1,315,858	\$0	\$1,503,455
2009	1,025	\$1,423,484	\$2,454,409	\$3,877,893	\$1,364,590	\$0	\$2,513,303
2010	1,328	\$2,467,641	\$3,482,851	\$5,950,492	\$1,797,553	\$0	\$4,152,960
2011	1,604	\$4,075,402	\$5,115,606	\$9,191,008	\$2,345,418	\$0	\$6,847,158
2012	1,657	\$6,367,079	\$5,364,517	\$11,731,596	\$3,238,926	\$95,613	\$8,402,368

Charitable Conservation Contribution Tax Credit

The Charitable Conservation Contribution Tax Credit is available to individual and corporation taxpayers who make an unconditional charitable donation of a qualified real property interest located in Iowa to a qualified organization exclusively for conservation purposes. The tax credit equals fifty percent of the fair market value of the donated property up to \$100,000. No award is required for this tax credit. The taxpayer claims the credit, if eligible, on the individual income tax or corporation income tax return. This credit could first be claimed in tax year 2008.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	1	\$6,110	\$0	\$6,110	\$1,872	\$0	\$4,238
Individual Income Tax	84	\$2,608,605	\$891,655	\$3,500,260	\$980,717	\$0	\$2,519,543
Total	85	\$2,614,715	\$891,655	\$3,506,370	\$982,589	\$0	\$2,523,781

In tax year 2012, Charitable Conservation Contribution Tax Credit claims were made by 85 taxpayers. These taxpayers claimed 94 credits totaling nearly \$1.0 million dollars. All but one of the tax credits were claimed by individual income tax taxpayers. The average claim per individual income tax taxpayer was \$11,675. Of the total amount of credits available, nearly 28 percent of the credits were applied to reduce tax liability and 72 percent were carried forward to a subsequent tax year.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the year of donation can be carried forward twenty years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2008	16	\$0	\$713,714	\$713,714	\$199,663	\$0	\$514,051
2009	45	\$486,470	\$867,027	\$1,353,497	\$434,577	\$0	\$918,920
2010	80	\$932,799	\$1,501,255	\$2,434,054	\$366,651	\$0	\$2,067,403
2011	84	\$2,013,233	\$1,329,288	\$3,342,521	\$642,245	\$0	\$2,700,276
2012	94	\$2,614,715	\$891,655	\$3,506,370	\$982,589	\$0	\$2,523,781

Endow Iowa Tax Credit

The Endow Iowa Tax Credit is awarded to taxpayers who make an endowment gift to a qualified community foundation. A single taxpayer's award cannot exceed five percent of the aggregate amount of awards (equal to \$300,000 in 2012). Effective for tax years 2011 and later, the tax credit was equal to twenty-five percent of the endowment gift, which was an increase from twenty percent in 2009 and prior tax years. In tax year 2012, the tax credit cap was \$6.0 million, which was an increase from \$3.5 million plus a percentage of the tax imposed on the adjusted gross receipts from gambling receipts in 2011. The tax credits are awarded by the Economic Development Authority. Credits could first be claimed in 2003.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	18	\$1,470	\$9,078	\$10,548	\$5,338	\$3,000	\$2,210
Franchise Tax	9	\$0	\$15,260	\$15,260	\$15,260	\$0	\$0
Individual Income Tax	1,711	\$2,405,722	\$4,786,023	\$7,191,745	\$4,025,272	\$281,803	\$2,895,782
Insurance Premium Tax	1	\$0	\$625	\$625	\$625	\$0	\$0
Total	1,739	\$2,407,192	\$4,810,986	\$7,218,178	\$4,046,495	\$284,803	\$2,897,992

In tax year 2012, Endow Iowa Tax Credit claims were made by 1,739 taxpayers. These taxpayers claimed 2,573 credits totaling \$4.0 million dollars. Over 99 percent of the tax credits were claimed by individual income tax taxpayers. The average claim per individual income tax taxpayer was \$2,353. Of the total amount of credits available, just over 56 percent of the credits were applied to reduce tax liability and 40 percent were carried forward to a subsequent tax year. Of the tax credits available to be claimed in 2012, nearly 4 percent of the tax credits expired.

Because this tax credit is an awarded tax credit, tax credit claims should have a certificate number included in the claim on the IA 148 Tax Credits Schedule. The claims with certificate numbers accounted for almost 100 percent of the dollars claimed. Claims were made against 2,139 tax credit awards.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	675	\$311,969	\$2,011,023	\$2,322,992	\$1,762,521	\$0	\$561,954
2007	948	\$582,885	\$1,995,050	\$2,577,935	\$1,583,270	\$0	\$996,275
2008	1,723	\$1,006,312	\$3,019,826	\$4,026,138	\$2,205,815	\$0	\$1,829,029
2009	1,927	\$1,760,897	\$2,173,341	\$3,934,238	\$1,882,769	\$0	\$2,052,672
2010	2,170	\$2,143,605	\$3,248,968	\$5,392,573	\$2,976,433	\$87,569	\$2,328,753
2011	2,869	\$2,059,582	\$4,402,621	\$6,462,203	\$3,444,718	\$207,655	\$2,823,798
2012	2,573	\$2,407,192	\$4,810,986	\$7,218,178	\$4,046,495	\$284,803	\$2,897,992

Film Expenditure Tax Credit

The Film Expenditure Tax Credit was awarded to taxpayers who had legitimate expenditures in an approved film project. The tax credit was equal to an amount not to exceed 25 percent of qualified expenditures on a qualified project. Tax credit awards were issued by the Economic Development Authority. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own. Although the first awards for this credit were made in fiscal year 2008, the credits could be claimed beginning in tax year 2007 because that is when the activity resulting in the tax credit occurred. This credit was repealed effective January 1, 2012.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	1	\$197	\$0	\$197	\$197	\$0	\$0
Individual Income Tax	6	\$68,485	\$0	\$68,485	\$68,485	\$0	\$0
Total	7	\$68,682	\$0	\$68,682	\$68,682	\$0	\$0

In tax year 2012, Film Expenditure Tax Credit claims were made by 7 taxpayers. These taxpayers claimed 9 credits totaling \$68,682. Almost all of the tax credits were claimed by individual income taxpayers. The average claim per individual income taxpayer was \$22,414. Of the total amount of credits available, all of the credits were applied to reduce tax liability.

Because this tax credit was an awarded tax credit, tax credit claims should have a certificate number included in the claim on the IA 148 Tax Credits Schedule. All of the Film Expenditure Tax Credit claims had certificate numbers.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2007	18	\$0	\$1,682,341	\$1,682,341	\$1,654,906	\$0	\$27,435
2008	32	\$27,435	\$8,477,662	\$8,505,097	\$8,190,842	\$0	\$314,255
2009	41	\$314,347	\$7,777,254	\$8,091,601	\$8,016,208	\$0	\$75,393
2010	27	\$75,393	\$425,183	\$500,576	\$368,973	\$0	\$131,603
2011	17	\$131,511	\$404,015	\$535,526	\$458,879	\$0	\$76,647
2012	9	\$68,682	\$0	\$68,682	\$68,682	\$0	\$0

Film Investment Tax Credit

The Film Investment Tax Credit was awarded to taxpayers who invested in an approved film project. The tax credit was equal to an amount not to exceed 25 percent of the investment in the project, and not to exceed 25 percent of the qualified expenditures for a project. Tax credit awards were issued by the Economic Development Authority. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own. Although the first awards for this credit were made in fiscal year 2008, the credits could be claimed beginning in tax year 2007 because that is when the activity resulting in the tax credit occurred. This credit was repealed effective January 1, 2012 although additional awards were made after that date as projects approved prior to that date completed work.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	1	\$0	\$1,712,507	\$1,712,507	\$1,712,507	\$0	\$0
Individual Income Tax	6	\$19,900	\$0	\$19,900	\$2,631	\$379	\$16,890
Total	7	\$19,900	\$1,712,507	\$1,732,407	\$1,715,138	\$379	\$16,890

In tax year 2012, Film Investment Tax Credit claims were made by 7 taxpayers. These taxpayers claimed 9 credits totaling \$1.7 million. Most of the tax credits were claimed by individual income tax taxpayers. The average claim per individual income tax taxpayer was \$4,275. Of the total amount of credits available, nearly 97 percent of the credits were applied to reduce tax liability and about three percent were carried forward to a subsequent tax year.

Because this tax credit was an awarded tax credit, tax credit claims should have a certificate number included in the claim on the IA 148 Tax Credits Schedule. One hundred percent of the dollars claimed had certificate numbers.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2007	117	\$0	\$248,416	\$248,416	\$236,846	\$0	\$11,601
2008	77	\$11,283	\$3,359,026	\$3,370,309	\$3,300,651	\$0	\$70,027
2009	40	\$69,119	\$7,048,247	\$7,117,366	\$7,113,997	\$0	\$3,410
2010	16	\$2,512	\$107,154	\$109,666	\$79,814	\$0	\$29,852
2011	18	\$30,231	\$78,754	\$108,985	\$105,581	\$0	\$3,404

Geothermal Heat Pump Tax Credit

In tax year 2012, a tax credit was made available to individual taxpayers who installed geothermal heat pumps on a residence located in Iowa. The tax credit is equal to 20 percent of the federal residential energy efficient property tax credit and can only be claimed against individual income tax.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Individual Income Tax	1,253	\$1,733	\$1,933,394	\$1,935,127	\$1,679,730	\$0	\$319,410
Total	1,253	\$1,733	\$1,933,394	\$1,935,127	\$1,679,730	\$0	\$319,410

In tax year 2012, claims were made by 1,253 taxpayers. These taxpayers claimed 1,261 credits totaling \$1.7 million dollars. The average claim per taxpayer was \$1,341. Of the total amount of credits available, almost \$1.7 million of the available credits were applied to reduce tax liability and almost 17 percent were carried forward to a subsequent tax year.

The table below provides total claim information from tax year 2012.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2012	1,261	\$0	\$1,935,127	\$1,935,127	\$1,679,730	\$0	\$319,410

Historic Preservation and Cultural and Entertainment District Tax Credit

In tax year 2006, the Historic Preservation and Cultural and Entertainment District (HPCED) Tax Credit was a nonrefundable tax credit although the credit could be claimed as a refundable credit, but at a discounted rate. In tax year 2007, the credit was made fully refundable. The refundable credit will be addressed in a later section of this paper. The tax credits are issued by the Department of Cultural Affairs.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Individual Income Tax	2	\$18,327	\$62,500	\$80,827	\$20,228	\$0	\$60,599
Total	2	\$18,327	\$62,500	\$80,827	\$20,228	\$0	\$60,599

In tax year 2012, Historic Preservation and Cultural and Entertainment District Tax Credit claims were made by 2 taxpayers. These taxpayers claimed 2 credits totaling \$20,228. Both of the tax credits were claimed by individual income tax taxpayers. The average claim per individual income tax taxpayer was \$10,114. Of the total amount of credits available, 25 percent of the credits were applied to reduce tax liability and 75 percent were carried forward to a subsequent tax year. These taxpayers chose to make nonrefundable claims because the Historic Preservation and Cultural and Entertainment District Tax Credits were reserved under the program when the credit was nonrefundable but awarded for a year when it was refundable. Therefore the taxpayers thought the credit was still nonrefundable. The taxpayers were informed that they were able to make a refundable claim; one taxpayer chose to do that with the remaining amount while the other chose to continue to claim nonrefundable credits.

Because this tax credit was an awarded tax credit, tax credit claims should have a certificate number included in the claim on the IA 148 Tax Credits Schedule. One hundred percent of the dollars claimed had certificate numbers.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	23	\$1,496	\$1,294,411	\$1,295,907	\$1,283,652	\$0	\$12,255
2007	1	\$0	\$112,533	\$112,533	\$112,533	\$0	\$0
2008	0	\$0	\$0	\$0	\$0	\$0	\$0
2009	0	\$0	\$0	\$0	\$0	\$0	\$0
2010	0	\$0	\$0	\$0	\$0	\$0	\$0
2011	1	\$0	\$23,813	\$23,813	\$5,486	\$0	\$18,327
2012	2	\$18,327	\$62,500	\$80,827	\$20,228	\$0	\$60,599

Enterprise Zone Housing Investment Tax Credit

The Housing Investment Tax Credit is a credit issued under the Enterprise Zone Program. The credit is equal to ten percent of investment directly related to the building or rehabilitating of single-family homes or multiple dwelling units in an area designated as an Enterprise Zone by the Economic Development Authority. The tax credits are awarded to taxpayers by the Economic Development Authority. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	12	\$294,429	\$1,136,154	\$1,430,583	\$935,695	\$0	\$494,888
Franchise Tax	4	\$107,782	\$322,057	\$429,839	\$395,430	\$0	\$34,409
Individual Income Tax	196	\$3,256,334	\$1,868,484	\$5,124,818	\$1,538,787	\$199,263	\$3,393,705
Insurance Premium Tax	8	\$197,798	\$911,513	\$1,109,311	\$1,109,311	\$0	\$0
Total	220	\$3,856,343	\$4,238,208	\$8,094,551	\$3,979,223	\$199,263	\$3,923,002

Almost \$4.0 million in Housing Investment Tax Credits were claimed in 2012. These credits were claimed by 220 taxpayers claiming 283 credits. The average tax credit claimed against 2012 tax liability by a taxpayer was \$14,061. The average claim, excluding the many small claims made by individual income tax taxpayers, was almost \$101,685. Over 48 percent of tax credits available were carried forward to subsequent tax years.

Claims for this credit should include a certificate number. Over 87 percent of the claims made had a valid certificate number for their claim, which accounted for 99 percent of the dollars claimed.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward seven years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	128	\$2,122,375	\$4,489,644	\$6,612,019	\$3,837,116	\$2,441	\$2,772,462
2007	266	\$2,750,848	\$5,337,596	\$8,088,444	\$4,195,090	\$42,388	\$3,850,966
2008	346	\$3,654,114	\$6,978,048	\$10,632,162	\$4,136,254	\$93,155	\$6,402,797
2009	358	\$6,038,730	\$4,300,788	\$10,339,518	\$4,796,291	\$116,488	\$5,426,858
2010	321	\$5,205,079	\$4,597,248	\$9,802,327	\$4,550,936	\$20,886	\$5,230,505
2011	316	\$5,066,332	\$6,563,248	\$11,629,580	\$6,841,133	\$222,087	\$4,566,360
2012	283	\$3,856,343	\$4,238,208	\$8,094,551	\$3,979,223	\$199,263	\$3,923,002

Investment Tax Credit

The Investment Tax Credit (ITC) is awarded by the Economic Development Authority to businesses who complete an agreement to create or expand their business and/or create or retain jobs in Iowa. The amount of the credit is generally no more than ten percent of the business' investment. An Investment Tax Credit claimed in tax year 2012 could have been awarded under four different tax incentive programs. These programs are: the Enterprise Zone Program (EZ), the High Quality Jobs Program (HQJP), the New Capital Investment Program (NCIP), and the New Jobs and Income Program (NJIP). More detailed information on these programs can be found in the Tax Credits User's Manual.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	116	\$35,179,134	\$13,571,068	\$48,750,202	\$9,232,218	\$3,413,577	\$36,326,201
Franchise Tax	3	\$6,734,058	\$18	\$6,734,076	\$257,023	\$0	\$6,477,053
Individual Income Tax	2,889	\$35,360,513	\$4,068,931	\$39,429,444	\$6,654,070	\$893,123	\$31,963,176
Total	3,008	\$77,273,705	\$17,640,017	\$94,913,722	\$16,143,311	\$4,306,700	\$74,766,430

Over 3,000 taxpayers claimed \$16.1 million in Investment Tax Credits in tax year 2012. The claims were made against corporation income tax, franchise tax, and individual income tax, with 57 percent of claims being taken against corporation income tax and 41 percent being claimed against individual income tax. The average claim per taxpayer was \$5,366. The large number of individual income tax claims and the small average claim is likely due to pass-through entities passing the

credit through to shareholders. Almost 79 percent of available credits were carried forward to a subsequent tax year. Just over 17 percent of credits were applied to 2012 tax liability and over four percent of tax credits expired.

Of the 4,696 tax credit claims made by 3,008 taxpayers, over 90 percent included the required tax credit certificate number. The claims with certificate numbers accounted for over 94 percent of the dollars applied toward tax liability. The certificate numbers that were provided attributed claims to 198 different tax credit awards under the four programs.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward seven years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	4,159	\$108,504,900	\$63,994,767	\$172,499,666	\$32,690,975	\$5,622,125	\$134,186,566
2007	5,576	\$122,897,536	\$22,439,494	\$145,337,028	\$23,125,605	\$2,339,583	\$119,874,009
2008	6,951	\$108,904,647	\$20,305,379	\$129,210,028	\$21,125,109	\$6,153,773	\$101,936,489
2009	9,493	\$86,675,225	\$36,606,171	\$123,282,116	\$26,055,822	\$637,086	\$96,595,085
2010	9,291	\$90,296,172	\$21,666,797	\$111,962,969	\$16,901,047	\$1,326,732	\$93,826,655
2011	8,933	\$91,580,417	\$29,104,805	\$120,685,222	\$28,384,033	\$3,520,791	\$88,937,175
2012	4,696	\$77,273,705	\$17,640,017	\$94,913,722	\$16,143,311	\$4,306,700	\$74,766,430

Of the Investment Tax Credit claims that can be attributed to a particular tax incentive program, using the tax credit certificate number, over 96 percent of the number of claims was awarded under either EZ or HQJP. Excluding the claims that could not be attributed to a tax incentive program, 85 percent of the ITC dollars claimed were awarded under EZ and HQJP and accounted for 89 percent of all dollars claimed. Credits claimed under EZ and HQJP reported the largest amount of credits carried forward. NCIP had the largest average tax credit claim at \$6,890. The program with the next highest average tax credit claim was NJIP with an average claim of \$4,543. HQJP replaced NCIP and NJIP in fiscal year 2006, which explains why there are many more HQJP claims.

Program	Count by Certificate Number	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Enterprise Zone Program	1,813	\$29,565,946	\$6,050,125	\$35,616,071	\$5,680,908	\$1,767,191	\$28,218,054
High Quality Job Creation Program	2,272	\$26,671,146	\$11,276,578	\$37,947,724	\$8,769,194	\$8,884	\$29,406,154
New Capital Investment Program	46	\$7,209,376	\$24,147	\$7,233,523	\$316,957	\$247,319	\$6,669,247
New Jobs and Income Program	103	\$5,486,366	\$54	\$5,486,420	\$467,946	\$2,131,729	\$2,887,898
Unknown Program	462	\$8,340,871	\$289,113	\$8,629,984	\$908,306	\$151,577	\$7,585,077
Total	4,696	\$77,273,705	\$17,640,017	\$94,913,722	\$16,143,311	\$4,306,700	\$74,766,430

Iowa New Jobs (260E) Tax Credit

In addition to the withholding tax credits that are available under the Iowa Industrial New Jobs Training Program (260E), an income tax credit that can be claimed against individual and corporation income taxes is also available. The program's goal is to assist businesses that create new positions with new employee training. The tax credits are available to businesses that enter into a 260E agreement with one of the Iowa Community Colleges and who increase employment by at least 10 percent.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporate Income Tax	46	\$3,637,622	\$1,358,363	\$4,995,985	\$809,316	\$0	\$4,186,669
Franchise Tax	1	\$0	\$17	\$17	\$17	\$0	\$0
Individual Income Tax	751	\$2,990,512	\$1,358,518	\$4,349,030	\$1,355,530	\$10,314	\$2,986,353
Total	798	\$6,628,134	\$2,716,898	\$9,345,032	\$2,164,863	\$10,314	\$7,173,022

In 2012, 798 taxpayers claimed 920 New Jobs Tax Credits totaling \$2.2 million in reduced tax liability. Individual income tax taxpayers claimed over 94 percent of the number of claims, but corporation income tax taxpayers claimed over 37 percent of the dollars under this program. The average claim for taxpayers filing an individual income tax return was

\$1,805. The average claim for corporation income tax taxpayers was \$17,594. Nearly 77 percent of the tax credits available in 2012 were carried forward to subsequent tax years.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward ten years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	1,330	\$12,448,804	\$3,007,375	\$15,456,179	\$3,449,362	\$176	\$12,006,641
2007	1,403	\$11,387,030	\$3,278,005	\$14,665,035	\$4,060,695	\$24,588	\$10,579,799
2008	1,739	\$10,819,365	\$3,264,108	\$14,083,473	\$3,328,410	\$93,573	\$10,808,643
2009	1,734	\$9,866,079	\$1,950,868	\$11,816,947	\$2,315,392	\$1,238,417	\$8,263,191
2010	1,290	\$8,102,126	\$3,026,117	\$11,128,243	\$3,126,393	\$132,725	\$7,869,367
2011	1,159	\$7,540,378	\$2,771,199	\$10,311,577	\$2,535,284	\$25,090	\$7,752,692
2012	920	\$6,628,134	\$2,716,898	\$9,345,032	\$2,164,863	\$10,314	\$7,173,022

Redevelopment Tax Credit

The Redevelopment Tax Credit is available to taxpayers that invest in redeveloping a Brownfield or Grayfield site. The amount of the tax credit is contingent upon the completion of the project and the submission of a project audit performed by an independent certified public account licensed in Iowa. The tax credit program cap was \$1 million for the 2010 fiscal year. The program was suspended in fiscal year 2011, although projects approved in 2010 continued to be awarded tax credits once the projects were completed. The program was reinstated for fiscal year 2011 with a program cap of \$5 million.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	1	\$0	\$4,974	\$4,974	\$3,508	\$0	\$1,466
Individual Income Tax	7	\$74,324	\$59,294	\$133,618	\$20,331	\$0	\$113,287
Total	8	\$74,324	\$64,268	\$138,592	\$23,839	\$0	\$114,753

In tax year 2012, Redevelopment Tax Credit claims were made by eight taxpayers. These taxpayers claimed eight credits totaling \$23,839. The average claim among all taxpayers was \$2,980. Of the total amount of credits available, only 17

percent of the credits were applied to reduce tax liability and the remaining 83 percent were carried forward to a subsequent tax year.

The table below compares total claim information from tax year 2012 to updated claim information from the prior tax year. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2010	5	\$0	\$183,036	\$183,036	\$80,505	\$0	\$102,531
2011	11	\$102,531	\$355,500	\$458,031	\$383,707	\$0	\$74,324
2012	8	\$74,324	\$64,268	\$138,592	\$23,839	\$0	\$114,753

Renewable Energy Tax Credit

The Renewable Energy Tax Credit is available for a producer or purchaser of energy from an eligible renewable energy facility. The amount of the credit depends on the amount of energy generated. The facilities must be approved by the Iowa Utilities Board, but the tax credit awards are issued by the Department of Revenue. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	4	\$0	\$1,261,520	\$1,261,520	\$1,261,429	\$0	\$91
Franchise Tax	2	\$0	\$743,967	\$743,967	\$743,967	\$0	\$0
Individual Income Tax	35	\$65,554	\$121,984	\$187,538	\$167,136	\$0	\$54,115
Insurance Premium Tax	2	\$0	\$1,288,152	\$1,288,152	\$1,288,152	\$0	\$0
Sales & Use Tax	1	\$0	\$115,000	\$115,000	\$115,000	\$0	\$0
Total	44	\$65,554	\$3,530,623	\$3,596,177	\$3,575,684	\$0	\$54,206

Renewable Energy Tax Credits were claimed by taxpayers filing corporation income tax, franchise tax, individual income tax, insurance premium tax, and sales & use tax returns. There were 44 taxpayers claiming 102 tax credits. Over 99 percent of the tax credits available in 2012 were used to reduce tax liability and only \$54,206 was carried forward.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward seven years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	5	\$0	\$960,970	\$960,970	\$960,970	\$0	\$0
2007	15	\$0	\$909,266	\$909,266	\$721,571	\$0	\$187,954
2008	47	\$187,954	\$2,411,023	\$2,598,977	\$1,831,604	\$0	\$767,373
2009	27	\$767,373	\$2,321,842	\$3,089,215	\$2,768,378	\$0	\$320,872
2010	41	\$294,400	\$2,142,599	\$2,436,999	\$2,389,710	\$0	\$47,349
2011	70	\$47,354	\$2,453,456	\$2,500,810	\$2,437,658	\$0	\$65,870
2012	102	\$65,554	\$3,530,623	\$3,596,177	\$3,575,684	\$0	\$54,206

School Tuition Organization Tax Credit

The School Tuition Organization Tax Credit is available to taxpayers who make a voluntary contribution to a school tuition organization (STO). The amount of the credit is equal to 65 percent of the contribution made to the STO. The tax credits are awarded by the STO to which the contribution is made. In tax year 2012, there was a cap of \$8.75 million for the STO Tax Credit.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	11	\$3,952	\$36,075	\$40,027	\$35,552	\$0	\$4,475
Individual Income Tax	3,169	\$1,888,522	\$8,607,544	\$10,496,066	\$8,492,370	\$27,437	\$2,020,745
Total	3,180	\$1,892,474	\$8,643,619	\$10,536,093	\$8,527,922	\$27,437	\$2,025,220

In 2012, there were 3,180 taxpayers who claimed 4,041 tax credits. Total tax credit claims applied against tax liability were \$8.5 million. The average claim per taxpayer was \$2,682. Almost 81 percent of the available tax credits were used against tax liability and 19 percent were carried forward to subsequent tax years.

This is an awarded credit and a certificate number should be used to claim the credit. Information for all of the awards made under this program since its inception, in 2006, is available, so if a taxpayer did not include the certificate number, it was added to the claim while the claim was being reviewed. If an award could not be found for the taxpayer or the

taxpayer's spouse then a request was sent to the taxpayer for more information. Almost 100 percent of the dollars claimed had a valid certificate number.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	1,119	\$0	\$2,425,691	\$2,425,691	\$2,190,454	\$0	\$253,312
2007	2,022	\$239,335	\$4,824,812	\$5,064,147	\$4,473,937	\$0	\$591,865
2008	3,169	\$565,622	\$6,068,983	\$6,634,605	\$5,592,242	\$0	\$1,054,843
2009	3,798	\$1,004,732	\$7,305,290	\$8,310,022	\$6,862,841	\$0	\$1,450,721
2010	3,994	\$1,268,922	\$7,417,615	\$8,686,537	\$7,217,042	\$0	\$1,475,814
2011	3,906	\$1,509,164	\$7,489,793	\$8,998,957	\$6,799,179	\$7,281	\$2,202,724
2012	4,041	\$1,892,474	\$8,643,619	\$10,536,093	\$8,527,922	\$27,437	\$2,025,220

Solar Energy System Tax Credit

The Solar Energy System Tax Credit is awarded to taxpayers who installed a solar energy system at a residence or business located in Iowa. First available in tax year 2012, the tax credit for residential installations was equal to 50 percent of the federal residential energy efficient property tax credit and could not exceed \$3,000. For corporations, the tax credit was equal to 50 percent of the federal energy credit and could not exceed \$15,000. The program tax credits were capped at \$1.5 million in 2012.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	9	\$0	\$89,932	\$89,932	\$45,242	\$0	\$44,690
Individual Income Tax	226	\$0	\$608,847	\$608,847	\$412,423	\$0	\$198,779
Total	235	\$0	\$698,779	\$698,779	\$457,665	\$0	\$243,469

In 2012, there were 235 taxpayers who claimed 246 tax credits. Total tax credit claims applied against tax liability were \$8.5 million. The average claim per taxpayer was \$2,682. Over 65 percent of the available tax credits were used against tax liability and almost 35 percent were carried forward to subsequent tax years. This is an awarded tax credit and almost

92 percent of claims were made using a valid tax credit certificate number. Claims were made against 198 distinct awards.

The table below provides total claim information from tax year 2012.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2012	246	\$0	\$698,779	\$698,779	\$457,665	\$0	\$243,469

Venture Capital Tax Credit – Iowa Fund of Funds

The Venture Capital Tax Credit – Iowa Fund of Funds (VC-FOF) is a contingent tax credit that is awarded to investors in the Iowa Fund of Funds only when the return on their investments does not meet the guaranteed rate of return. If a taxpayer qualifies for the tax credit, awards will be issued by the Department of Revenue.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	2	\$0	\$5,475,000	\$5,475,000	\$5,475,000	\$0	\$0
Franchise Tax	6	\$0	\$1,268,880	\$1,268,880	\$1,268,880	\$0	\$0
Insurance Premium Tax	2	\$0	\$948,127	\$948,127	\$948,127	\$0	\$0
Total	10	\$0	\$7,692,007	\$7,692,007	\$7,692,007	\$0	\$0

In 2012, 10 taxpayers claimed 18 VC-FOF tax credits. Total VC-FOF claims equaled \$7.7 million in reduced tax liability. Franchise tax taxpayers claimed 60 percent of the number of claims, but only 17 percent the dollars claimed. Corporation income tax taxpayers claimed only 20 percent of the number of claims, but over 71 percent of the dollars under this program. Insurance premium tax taxpayers also made VC-FOF claims. The average claim for VC-FOF tax credits was over \$769,200, with corporation income tax taxpayers having the largest average claim of \$2.7 million. All of the tax credits were claimed and none were carried forward.

The table below provides total claim information from tax year 2012, the first year tax credits were awarded under this program.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2012	18	\$0	\$7,692,007	\$7,692,007	\$7,692,007	\$0	\$0

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

The Venture Capital Tax Credit – Qualifying Business or Community-Based Seed Capital Fund (VC-QBSC) is awarded to taxpayers who make an equity investment into a qualifying business or community-based seed capital fund. For investments made prior to July 1, 2011, the businesses and funds were approved by the Iowa Capital Investment Board and tax credit awards were issued by the Department of Revenue; after that date, the Economic Development Authority took over administration of the tax credit program. In tax year 2012, VC-QBSC equals 20 percent of the investment and requires taxpayers to wait three years from the time of the investment before claiming the tax credit.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	4	\$8,029	\$0	\$8,029	\$85	\$1,006	\$6,938
Individual Income Tax	176	\$967,765	\$4,290	\$972,055	\$273,406	\$26,661	\$673,419
Total	180	\$975,794	\$4,290	\$980,084	\$273,491	\$27,667	\$680,357

In tax year 2012, 180 taxpayers claimed 238 VC-QBSC tax credits. These tax credit claims totaled \$0.3 million. Most of the claims were made against individual income tax with the average claim by an individual being \$1,553.

Of the credits available to be claimed in 2012, almost 28 percent were applied toward 2012 tax liability and just over 69 percent of the credits were carried forward. There were 228 claims that included tax credit certificate numbers, which accounted for almost 100 percent of the dollars claimed.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	291	\$30,037	\$589,101	\$619,138	\$452,935	\$0	\$166,587
2007	414	\$154,369	\$512,993	\$667,362	\$487,850	\$0	\$179,606
2008	495	\$228,714	\$1,302,370	\$1,531,084	\$760,322	\$0	\$770,963
2009	756	\$706,307	\$2,357,675	\$3,099,982	\$1,259,592	\$4,000	\$1,836,432
2010	958	\$1,571,150	\$1,346,783	\$2,917,933	\$1,165,758	\$5,383	\$1,750,206
2011	555	\$1,631,815	\$47,543	\$1,679,358	\$512,983	\$6,372	\$1,160,388
2012	238	\$975,794	\$4,290	\$980,084	\$273,491	\$27,667	\$680,357

Venture Capital Tax Credit – Venture Capital Funds

The Venture Capital Tax Credit – Venture Capital Funds (VC-VC) is a tax credit equal to six percent of the equity investment made in a venture capital fund approved by the Iowa Capital Investment Board. Like the VC-QBSC, the VC-VC also requires taxpayers to wait three years before claiming the tax credit. The Department of Revenue issues the tax credit awards to the taxpayer.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	5	\$12,892	\$486	\$13,378	\$0	\$0	\$13,378
Franchise Tax	1	\$0	\$139	\$139	\$139	\$0	\$0
Individual Income Tax	147	\$61,258	\$53,214	\$114,472	\$80,509	\$0	\$33,963
Total	153	\$74,150	\$53,839	\$127,989	\$80,648	\$0	\$47,341

There were 153 taxpayers who claimed 218 VC-VC tax credits in 2012. The tax credit claims totaled \$80,648. Over 63 percent of the tax credits available in 2012 were applied to tax liability and almost 37 percent were carried forward. The average claim for a taxpayer filing an individual income tax return was \$393. Certificate numbers are required for this awarded tax credit, and almost 97 percent of the claims were made using the certificate number.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward five years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2006	27	\$30,671	\$401,633	\$432,304	\$398,030	\$0	\$34,274
2007	82	\$37,871	\$390,735	\$428,606	\$233,849	\$0	\$194,757
2008	130	\$110,236	\$126,849	\$237,085	\$104,628	\$0	\$132,457
2009	240	\$124,350	\$154,086	\$278,436	\$165,502	\$2,064	\$110,870
2010	257	\$134,828	\$49,791	\$184,619	\$84,153	\$0	\$100,466
2011	236	\$68,535	\$289,500	\$358,035	\$280,534	\$0	\$77,501
2012	218	\$74,150	\$53,839	\$127,989	\$80,648	\$0	\$47,341

Wind Energy Production Tax Credit

The Wind Energy Production Tax Credit is issued to electrical production facilities that produce electricity from wind. The credit is equal to \$0.01 per kilowatt-hour of electricity sold or generated for on-site consumption. The facilities are approved through the Iowa Utilities Board, but the credits are issued by the Department of Revenue. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own.

Tax Type	Number of Taxpayers	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
Corporation Income Tax	1	\$0	\$166,251	\$166,251	\$166,251	\$0	\$0
Individual Income Tax	7	\$0	\$5,920	\$5,920	\$4,528	\$0	\$1,392
Replacement Tax	1	\$0	\$791,633	\$791,633	\$791,633	\$0	\$0
Sales & Use Tax	5	\$0	\$487,500	\$487,500	\$54,732	\$0	\$432,768
Total	14	\$0	\$1,451,304	\$1,451,304	\$1,017,144	\$0	\$434,160

There were 14 taxpayers that claimed 15 Wind Energy Production Tax Credits in 2012. The tax credit claims totaled \$1.0 million. Over 70 percent of the tax credits available in 2012 were applied to tax liability and almost 30 percent were carried forward. Certificate numbers are required for this awarded tax credit, and almost all of the claims were made using a valid certificate number.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years. Credits not applied in the awarded year can be carried forward seven years.

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of New Tax Credits for Current Tax Year	Total Amount of Tax Credits for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount of Tax Credits Carried Forward to Next Tax Year
2009	2	\$0	\$516,821	\$516,821	\$516,821	\$0	\$0
2010	2	\$0	\$726,025	\$726,025	\$726,025	\$0	\$0
2011	2	\$0	\$763,797	\$763,797	\$763,797	\$0	\$0
2012	15	\$0	\$1,451,304	\$1,451,304	\$1,017,144	\$0	\$434,160

III. Refundable Tax Credit Claims

There were 2,770 refundable tax credit claims made in 2012 as reported on the IA 148; these claims totaled over \$107.3 million. Claims were made against corporation income tax, franchise tax, individual income tax, and insurance premium tax. There were \$72.0 million in refundable tax credits that exceeded tax liability and were refunded to taxpayers in 2012. These claims include administrative and non-administrative tax credits.

Refundable Administrative Tax Credit

Claim of Right

The only refundable administrative tax credit claimed on the IA 148 Tax Credits Schedule is the Claim of Right Tax Credit. This credit can be taken if the taxpayer repaid income in the current tax year that was reported and taxed on a prior Iowa tax return.

The credit can only be claimed against individual income tax. In tax year 2012, there were 47 claims totaling \$61,134.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

	Number of Tax Credit Claims	Amount of Tax Credits Applied in Tax Year
2006	19	\$12,071
2007	22	\$17,930
2008	48	\$39,498
2009	27	\$41,529
2010	33	\$40,851
2011	38	\$31,959
2012	47	\$61,134

Refundable Tax Credit Claims by Tax Year

The number of refundable tax credit claims in tax year 2012 decreased over 25 percent from tax year 2011, but the amount claimed increased by over thirteen percent or \$12.6 million. The average claim increased by \$13,600. The largest decrease in refundable tax credit claims was seen in Supplemental Research Activities Tax Credit claims which decreased by \$7.4 million from 2011 claims. The decrease in claims of this and the Ethanol Promotion Tax Credit was offset by increases in all other tax credit claims. The biggest percent decrease in the number of claims was seen for the Research Activities Tax Credit which decreased over 34 percent, but the amount of those claims increased by over 10 percent from 2011. These numbers do not include the refundable administrative tax credit claims.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credit Claims
2006	2,755	\$62,665,121
2007	4,380	\$84,325,778
2008	3,623	\$85,098,505
2009	2,961	\$75,206,895
2010	2,926	\$102,702,794
2011	3,672	\$94,722,951
2012	2,723	\$107,275,087

Refundable Tax Credit Claims by Tax Type

In 2012, there were 2,723 “other refundable” tax credit claims made against Iowa taxes. Refundable tax credit claims were made against corporation income tax, franchise tax, individual income tax, and insurance premium tax. These claims totaled \$107.3 million. These numbers do not include the refundable administrative tax credit claims.

Tax Type	Number of Tax Credit Claims	Amount of Tax Credit Claims
Corporation Income Tax	489	\$67,773,782
Franchise Tax	14	\$10,383,631
Individual Income Tax	2,215	\$26,998,885
Insurance Premium Tax	5	\$2,118,789
Total	2,723	\$107,275,087

Corporation Income Tax

Other refundable tax credit claims made against corporation income tax in 2012 totaled almost \$67.8 million. These 489 claims accounted for over 63 percent of the dollars claimed and almost 18 percent of the number of claims made. The average claim was \$138,597.

There was also one refundable tax credit claim made against corporation income tax that was not included because the taxpayer did not indicate which type of tax credit was being claimed. This tax credit claim was \$243. The taxpayer has been contacted to gather more information about the claim. Because of the lack of detail, this claim will not be included in any further analysis.

Franchise Tax

In tax year 2012, there were 14 refundable tax credit claims made against franchise tax. These tax credit claims totaled \$10.4 million. While these claims accounted for less than one percent of the number of refundable tax credit claims, they accounted for almost ten percent

of the dollars claimed. The average refundable tax credit claim against franchise tax was \$741,688.

Individual Income Tax

There were 2,215 refundable tax credit claims made against individual income tax (including fiduciary tax) in 2012. These claims totaled \$27.0 million or almost 25 percent of refundable tax credit claim dollars. The average claim was \$12,189.

There were also 62 refundable tax credit claims made against individual income tax that were not included because taxpayers did not indicate which type of tax credit was being claimed. These tax credit claims totaled \$40,256. Taxpayers have been contacted to gather more information about the claims. Because of the lack of detail, these claims will not be included in any further analysis.

Insurance Premium Tax

There were five refundable tax credit claims made against insurance premium tax in 2012. These claims totaled \$2.1 million or 2.0 percent of refundable tax credit claim dollars. The average claim was \$423,758.

Refundable Tax Credit Claims by Credit Type

In tax year 2012, there were eleven refundable tax credits that could be claimed using the IA 148 Tax Credits Schedule against various tax types. This includes the one administrative credit that will not be addressed in this section.

Assistive Device Tax Credit

The Assistive Device Tax Credit is available to taxpayers who operate a small business and 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 small business. The credit is limited to 50 percent of the first \$5,000 paid for the device or modification. The awards are issued by the Economic Development Authority.

There have been no awards made under this program since 2006.

Biodiesel Blended Fuel Tax Credit

The Biodiesel Blended Fuel Tax Credit is available to retail dealers who sell biodiesel blended fuel through motor fuel pumps during the tax year. In calendar years 2009 through 2011, the credit equaled \$0.03 per gallon of biodiesel blended fuel sold at retail locations where at least 50% of diesel sales were biodiesel. In calendar year 2012, the credit equals to \$0.02 per gallon of biodiesel blended fuel between B2 and B4 and \$0.045 per gallon for blends classified as B5 or higher sold at retail locations regardless of the share of biodiesel

sold. No award is required for this tax credit. The taxpayer claims the credit, if eligible, on the individual income tax or corporation income tax return.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	32	\$3,253,431
Individual Income Tax	215	\$7,182,734
Total	247	\$10,436,165

There were 247 taxpayers who claimed 266 Biodiesel Blended Fuel Tax Credits in 2012. These tax credit claims totaled \$10.4 million. Of the \$10.4 million claimed, \$6.1 million was issued in refunds to the taxpayer. Individual income tax filers claimed 87 percent of the number of credits, but 69 percent of the amount of dollars claimed. The average claim for an individual income tax taxpayer was \$33,408 and the average claim for a corporation income tax taxpayer was \$101,670.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	72	\$2,173,218
2007	167	\$4,730,883
2008	153	\$4,673,623
2009	162	\$5,369,320
2010	97	\$5,694,082
2011	156	\$7,016,572
2012	266	\$10,436,165

Corporation Tax Credit for Third Party Sales Tax

A Corporation Tax Credit for Third Party Sales Tax is available to taxpayers with an incentive contract under the High Quality Jobs Program, New Capital Investment Program, or New Jobs and Income Program. The taxpayer must submit a credit application with the Department of Revenue documenting sales and use paid by third-party developers during the construction on behalf of the taxpayer. The tax credit award is then issued, with a certificate number, by the Department of Revenue.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	2	\$138,733
Total	2	\$138,733

Tax year 2012 was the first year in which valid Corporation Tax Credit for Third Party Sales Tax claims made. There were 2 taxpayers who claimed 2 Corporation Tax Credits for Third Party Sales Tax in 2012. These tax credit claims totaled \$138,733, of which all was issued in refunds to the taxpayers.

The table below provides total claim information from tax year 2012.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2012	2	\$138,733

E15 Plus Gasoline Promotion Tax Credit

The E15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell E15 Plus gasoline through motor fuel pumps during the tax year. E15 Plus is defined as gasoline blends with between 15 and 69 percent ethanol. The credit equals \$0.03 cents per gallon of E15 Plus sold. No award is required for this tax credit. The taxpayer claims the credit, if eligible, on the individual income tax or corporation income tax return. This credit was first available January 1, 2011.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	21	\$27,000
Individual Income Tax	35	\$7,066
Total	56	\$34,066

There were 56 taxpayers who claimed 58 E15 Plus Gasoline Promotion Tax Credits in 2012. These tax credit claims totaled \$34,066, of which \$4,947 was paid out in refunds. Corporation income tax filers claimed over 37 percent of the number of credits, but almost 80 percent of the amount of dollars claimed. The average claim for an individual income tax taxpayer was \$202 and the average claim for a corporation income tax taxpayer was \$1,286.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2011	27	\$18,243
2012	58	\$34,066

E85 Gasoline Promotion Tax Credit

The E85 Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell E85 gasoline through motor fuel pumps during the tax year. The credit was equal to \$0.25 per gallon of E85 gasoline sold during calendar years 2006, 2007, and 2008. In calendar years 2009 and 2010, the amount of the credit was equal to \$0.20 per gallon of E85, in 2011 the amount of the credit was equal to \$0.10 per gallon of E85, but beginning in calendar year 2012 the credit equaled \$0.16 per gallon of E85. No award is required for this tax credit. The taxpayer claims the credit, if eligible, on the individual income tax or corporation income tax return.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	53	\$418,601
Individual Income Tax	188	\$975,668
Total	241	\$1,394,269

There were 241 taxpayers who claimed 262 E85 Gasoline Promotion Tax Credits in 2012. These tax credit claims totaled almost \$1.4 million, of which \$0.9 million was paid out in refunds. Individual income tax filers claimed 78 percent of the number of credits, and 70 percent of the amount of dollars claimed. The average claim for an individual income tax taxpayer was \$5,190 and the average claim for a corporation income tax taxpayer was \$7,898.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	109	\$518,811
2007	152	\$975,973
2008	207	\$1,367,919
2009	309	\$1,308,351
2010	238	\$1,510,233
2011	271	\$1,113,837
2012	262	\$1,394,269

Ethanol Blended Gasoline Tax Credit

The Ethanol Blended Gasoline Tax Credit was available to retail dealers with service stations at which more than 60 percent of the total gasoline sold was ethanol blended gasoline. The credit was equal to \$0.025 for each gallon of ethanol blended gasoline sold in excess of 60 percent. No award was required for this tax credit. The taxpayer claimed the credit, if eligible, on the individual income tax or corporation income tax return. This credit was replaced by the Ethanol Promotion Tax Credit in 2009.

The table below presents total claim information from tax years 2006 through 2009.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	974	\$6,356,167
2007	1,061	\$7,410,644
2008	1,078	\$5,761,627
2009	7	\$46,647

Ethanol Promotion Tax Credit

The Ethanol Promotion Tax Credit is available to retail dealers with sales of ethanol blended gasoline. The amount of the tax credit varies depending on how many gallons of motor fuel the taxpayer sells during the year and whether the biofuel threshold percentage is attained, where those thresholds increase each year. Credit rates in 2012 ranged from \$0.025 to \$0.08 per gallon of pure ethanol sold. No award is required for this tax credit. The taxpayer claims the credit, if eligible, on the individual income tax or corporation income tax return. This credit was first available January 1, 2009.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	73	\$688,861
Individual Income Tax	413	\$1,249,722
Total	486	\$1,938,583

In tax year 2012, there were 486 taxpayers who claimed the Ethanol Promotion Tax Credit. The total amount of tax credits claimed \$1.9 million. Of the total amount claimed, \$1.2 million was refunded to taxpayers. On average, individual income tax taxpayers claimed \$3,026 and corporation income tax taxpayers claimed \$9,436.

The table below compares total claim information from tax year 2012 to updated claim information from the prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2008	82	\$1,109,303
2009	981	\$4,624,492
2010	903	\$3,749,724
2011	705	\$3,321,798
2012	519	\$1,938,583

Historic Preservation and Cultural and Entertainment District Tax Credit

In tax year 2007, the Historic Preservation and Cultural and Entertainment District Tax Credit (HPCED) was made fully refundable. The credit is equal to 25 percent of qualified rehabilitation expenses used to preserve historic property in Iowa. In fiscal year 2012, the tax credit was capped at \$50 million. The tax credits are issued by the Department of Cultural Affairs. These tax credits are transferable, meaning taxpayers awarded the credits can sell the tax credits to other taxpayers, including taxpayers filing a type of tax different from their own.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	19	\$13,849,412
Franchise Tax	4	\$10,383,631
Individual Income Tax	32	\$12,316,620
Insurance Premium Tax	5	\$2,118,789
Total	60	\$38,668,452

There were 60 taxpayers that claimed 95 HPCED Tax Credits totaling \$38.7 million in tax year 2012. \$25.9 million of the claims of this credit were paid to taxpayers as a refund. Individual income tax taxpayers claimed the highest number of credits, but the highest amount of claims was made against corporation income tax. Of the 95 tax credit claims, 94 included an issued tax credit certificate number.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	10	\$3,634,889
2007	35	\$6,005,683
2008	57	\$14,932,856
2009	64	\$8,926,769
2010	114	\$33,826,439
2011	103	\$23,810,995
2012	95	\$38,668,452

Refundable Investment Tax Credit

A Refundable Investment Tax Credit was available under the Enterprise Zone Program and the High Quality Jobs Program. The refundable credits were only issued to projects that were value-added agricultural or biotechnology projects and had an annual fiscal year cap of \$4 million. The credits were issued by the Economic Development Authority, but the credit was repealed effective April 15, 2010.

The table below presents total claim information from tax years 2006 through 2010.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	95	\$1,559,226
2007	181	\$3,663,584
2008	423	\$3,707,169
2009	83	\$2,218,842
2010	84	\$296,675

Research Activities Tax Credit

The Research Activities Tax Credit is available to taxpayers conducting qualifying research activities in Iowa. The credit is equal to 6.5 percent of Iowa's apportioned share of increased qualifying research expenditures. The credit can also be claimed using an alternative simplified calculation method based on the increase in qualifying research expenditures as compared to the prior three years. No award is required for this tax credit. If a taxpayer is eligible for the credit, it is claimed on the individual income tax or corporation income tax return.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	241	\$41,996,830
Individual Income Tax	984	\$4,475,532
Total	1,225	\$46,472,362

There were 1,225 taxpayers claiming 1,376 Research Activities Tax Credits. These tax credit claims totaled \$46.5 million in tax year 2012. The amount refunded to taxpayers in 2012 was \$30.2 million or 65 percent of the dollars claimed. Individual income tax taxpayers accounted for 80 percent of the number of claims, but less than ten percent of the dollars claimed. The average claim for a taxpayer filing individual income taxes was \$4,548 while the average claim for a corporation taxpayer was \$174,261.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	985	\$30,731,665
2007	1,344	\$35,671,858
2008	1,195	\$33,587,057
2009	953	\$33,749,538
2010	1,073	\$37,929,728
2011	2,098	\$42,200,293
2012	1,376	\$46,472,362

Supplemental Research Activities Tax Credit

The Supplemental Research Activities Tax Credit is available to taxpayers who have been approved by the Economic Development Authority under the Enterprise Zone Program, the High Quality Jobs Program, the New Capital Investment Program, or the New Jobs and Income Program. Depending on their agreement with the Economic Development Authority, in 2012 taxpayers could claim a Supplemental credit up to the amount of their Research Activities Tax Credit.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Corporation Income Tax	25	\$7,400,914
Individual Income Tax	111	\$787,736
Total	136	\$8,188,650

In tax year 2012, there were 136 taxpayers who claimed 141 Supplemental Research Activities Tax Credits totaling \$8.2 million; \$7.5 million of those claims were paid as refunds to the taxpayers. Similar to the Research Activities Tax Credit, individual taxpayers accounted for 82 percent of the number of claims, but less than ten percent of the dollars claimed. Because the Supplemental credit is an awarded credit, the claims should have included a tax credit certificate number. Over 99 percent of the dollars claimed included a certificate number. Claims were made using 43 different certificate numbers.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	187	\$13,070,968
2007	514	\$19,052,467
2008	140	\$17,046,971
2009	157	\$15,845,384
2010	145	\$15,821,698
2011	181	\$15,562,345
2012	141	\$8,188,650

Soy-Based Cutting Tool Oil Tax Credit

The Soy-Based Cutting Tool Oil Tax Credit was available to manufacturers that transitioned from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The amount of the credit was equal to the purchase and replacement costs relating to the transition. These costs could not exceed \$2 per gallon and the number of gallons eligible for the credit could not exceed 2,000 gallons.

The history presents the claims made in 2006 as that is the only year that credits were claimed.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	7	\$4,659

Soy-Based Transformer Fluid Tax Credit

The Soy-Based Transformer Fluid Tax Credit was available to electric utilities that transitioned from using nonsoy-based transformer fluid to using soy-based transformer fluid. The amount of the credit was equal to the purchase and replacement costs relating to the transition. These costs could not exceed \$2 per gallon and the number of gallons eligible for the credit could not exceed 20,000 gallons per electric utility and could not exceed 60,000 gallons in the aggregate. The tax credit awards were issued by the Department of Revenue.

The history presents the claims made in 2007 as that is the only year that credits were claimed.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2007	6	\$23,641

Wage-Benefit Tax Credit

The Wage-Benefit Tax Credit was available to businesses which created new jobs related to the location or expansion of a business in Iowa. The amount of the credit depended upon the amount of annual wages and benefits, as a percent of the average county wage, paid to the employee hired and were available for five years. In fiscal year 2007, the amount of awards was capped at \$10 million. In subsequent years, the amount of awards was capped at \$4 million. The credit was repealed July 1, 2008, but participating businesses with qualified new jobs in existence on June 30, 2008 were eligible to receive the tax credits for the remainder of the five year period. The tax credit awards were issued by the Department of Revenue.

Tax Type	Number of Taxpayers	Amount of Tax Credits Applied in Current Tax Year
Individual Income Tax	4	\$3,807
Total	4	\$3,807

In tax year 2012, there were only 4 Wage-Benefit Tax Credit claims made. All of those claims were made against individual income tax. None of the tax credit claims were refunded to the taxpayer.

The table below compares total claim information from tax year 2012 to updated claim information from prior tax years.

Tax Year	Number of Tax Credit Claims	Amount of Tax Credits Applied in Current Tax Year
2006	316	\$4,615,518
2007	920	\$6,791,045
2008	285	\$2,789,039
2009	243	\$3,116,315
2010	284	\$3,883,051
2011	129	\$1,677,862
2012	4	\$3,807

IV. Results Summary

The summary of the tax credit claims made in tax year 2012 are separated into nonrefundable and refundable tax credit claims. For the nonrefundable tax credit claims, the table includes the amount of tax credits used to reduce tax liability in 2012 and the amount being carried forward to subsequent tax years. The table for refundable tax credit claims includes both the amount of the claims made and the amount of claims that were refunded to taxpayers in 2012 and the percentage of claims refunded.

Summary of 2012 Nonrefundable Tax Credit Claims

	Amount of Tax Credits Applied in Current Tax Year	Amount of Tax Credits Carried Forward to Next Tax Year
Agricultural Assets Transfer Tax Credit	\$3,238,926	\$8,402,368
Charitable Conservation Contribution Tax Credit	\$982,589	\$2,523,781
Endow Iowa Tax Credit	\$4,046,495	\$2,897,992
Film Expenditure Tax Credit	\$68,682	\$0
Film Investment Tax Credit	\$1,715,138	\$16,890
Franchise Tax Credit	\$20,084,433	\$0
Geothermal Heat Pump Tax Credit	\$1,679,730	\$319,410
Historic Preservation and Cultural and Entertainment District Tax Credit	\$20,228	\$60,599
Enterprise Zone Housing Investment Tax Credit	\$3,979,223	\$3,923,002
Investment Tax Credit	\$16,143,311	\$74,766,430
Iowa Alternative Minimum Tax Credit	\$8,471,011	\$33,270,908
Iowa New Jobs (260E) Tax Credit	\$2,164,863	\$7,173,022
Redevelopment Tax Credit	\$23,839	\$114,753
Renewable Energy Tax Credit	\$3,575,684	\$54,206
S Corporation Apportionment Tax Credit	\$59,814,943	\$0
School Tuition Organization Tax Credit	\$8,527,922	\$2,025,220
Solar Energy System Tax Credit	\$457,665	\$243,469
Venture Capital Tax Credit - Iowa Fund of Funds	\$7,692,007	\$0
Venture Capital Tax Credit - Qualifying Business or Community-Based Seed Capital Fund	\$273,491	\$680,357
Venture Capital Tax Credit - Venture Capital Funds	\$80,648	\$47,341
Wind Energy Production Tax Credit	\$1,017,144	\$434,160
Total	\$144,057,972	\$136,953,908

Summary of 2012 Refundable Tax Credit Claims

	Amount of Tax Credits Applied in Current Tax Year	Amount Refunded	Percent Refunded
Assistive Device Tax Credit	\$0	\$0	NA
Biodiesel Blended Fuel Tax Credit	\$10,436,165	\$6,120,825	58.65%
Claim of Right Tax Credit	\$61,134	\$56,220	91.96%
Corporation Tax Credit for Third Party Sales Tax	\$138,733	\$138,733	100.00%
E15 Plus Gasoline Promotion Tax Credit	\$34,066	\$4,947	14.52%
E85 Gasoline Promotion Tax Credit	\$1,394,269	\$923,436	66.23%
Ethanol Promotion Tax Credit	\$1,938,583	\$1,172,524	60.48%
Historic Preservation and Cultural and Entertainment District Tax Credit	\$38,668,452	\$25,945,047	67.10%
Research Activities Tax Credit	\$46,472,362	\$30,213,697	65.01%
Supplemental Research Activities Tax Credit	\$8,188,650	\$7,450,023	90.98%
Wage-Benefit Tax Credit	\$3,807	\$0	0.00%
Total	\$107,332,414	\$72,025,452	67.11%