

IOWA Department of REVENUE

Tax Credits Contingent Liabilities Report

October 14, 2011

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

This report presents six types of data:

1. Tax Credit Awards in State Fiscal Years 2003 through 2012
2. Tax Credit Claims in Tax Years 2001 through 2010
3. Sales and Use Tax Refunds by Tax Credit Program for State Fiscal Years 2000 through 2012
4. Withholding Tax Credit Claims by Quarter since September 2006 and by Fiscal Year since 2006
5. Forecasts of the Contingent Liabilities due to Tax Credits for FY 2012 through 2016
6. Forecasts of Expected Claims of Tax Credits for FY 2012 through 2016

Table 9, which presents expected claims of tax credits, is based on historical claims data and expected awards data. This table differs from the contingent liabilities estimates presented in Table 8, which reflect potential liabilities at amounts equal to the maximums made available by law to qualifying taxpayers and assumes 100 percent of the credits issued will be claimed. History indicates the actual tax credit liabilities in any fiscal year may be less than the contingent liability as it is likely less than the maximum awards allowed by law will be made available under some programs and in many cases less than 100 percent of awarded credits are claimed.

Summary

- Tax credit awards in FY 2011 decreased almost 12 percent from FY 2010 to \$160 million. FY 2011 awards were 54 percent below FY 2007, when a record \$345.8 million was awarded, a result of the recession and award caps being implemented in 2009 and 2010. Although in FY 2011 only 43 percent of the \$120 million EDA cap was awarded.
- Nonrefundable and refundable tax credit claims on the IA 148 against individual income, corporate income, insurance premium, franchise and sales & use taxes for tax year 2008, the most recent year with complete data, were just below \$193 million, up from \$184 million in tax year 2007.
- During FY 2011, over \$5.5 million in sales and use taxes were refunded under tax credit programs, down from almost \$9.2 million in FY 2010. An additional \$46.3 million in tax credit claims were made against individual income tax withholding.
- The estimated contingent liability of all tax credits excluding FILM awards currently under review is \$368.6 million for FY 2012 and \$389.7 million for FY 2013.
- Contingent liability and estimated claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. Because claims data are constantly updated, these forecasts will change each quarter based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

Tax Credit Awards

Iowa has two categories of tax credits: automatic and awarded. Awarded credits require application and a specific award in order for a taxpayer to claim the credit. The total amount of the awarded credits may also be capped. Automatic credits may be claimed by any eligible taxpayer and the amount of claims has no limit or cap. More information about each of Iowa's tax credit programs can be found in the Appendix at the end of this report and in the Tax Credit User's Manual which can be found at: <http://www.iowa.gov/tax/taxlaw/IDRTaxCreditsUsersManual.pdf>.

The amount of awarded tax credits substantially increased between FY 2003 and FY 2007, but has since declined and in FY 2009 was at its lowest level since FY 2005, which was likely due to the recession (see Table 1). The increase was due to higher utilization and rising caps for some of the existing programs as well as the addition of new tax credit programs. The substantial increase during FY 2007 was largely due to awards made to biofuel producers. Information on the amount of the awards was received from the agencies issuing the tax credits. For the Accelerated Career Education (ACE) Program, the Historic Preservation and Cultural and Entertainment District Tax Credit, the Redevelopment Tax Credit, and the School Tuition Organization Tax Credit it is assumed that the full amount of the tax credit cap will be awarded in the current fiscal year.

Total FY 2011 awards decreased almost 12 percent compared to FY 2010 awards. The program with the largest increase in awards for FY 2011 was the Targeted Jobs Tax Credit from Withholding. The biggest decreases in awards were seen in the 260E program and the Film Program Tax Credits due to the suspension of new projects. Several other programs experienced a cut to their program award cap.

Tax Credit Claims

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed tax credit claim data has improved. A summary of claims data from the IA 148 for tax years 2006 through 2008 has been published separately and can be found online at: <http://www.iowa.gov/tax/taxlaw/TaxCreditsClaimReport2008.pdf>.

After consistent growth in individual tax credit claims since tax year 2000, in 2007 there was some leveling off (see Table 2). Credit claims increased again in tax year 2008 by about \$12 million, but then decreased by \$5.5 million in tax year 2009. The biggest decrease in tax year 2009 was seen in "Other Nonrefundable Tax Credits" which saw a drop of almost \$9 million in claims. The decrease was likely due to the recession. For tax year 2010, claims are quite similar to tax year 2009.

The majority of tax credits claims made against corporate income tax are for the Research Activities Tax Credit. In tax years 2001 through 2005, Research Activities Tax Credit claims accounted for over 80 percent of the dollars of all corporate income tax credit claims. In 2006 and 2007, the Research Activities Tax Credit accounted for about 55 percent of the total credits. Recently, there has been tremendous growth in the amount of "Other Credits" claimed. "Other Credits" claims historically accounted for 5 to 10 percent of all corporate claims; but in tax years 2006 through 2008, those claims accounted for about 40 percent of corporate tax credit claims. Due to the availability of IA 148 data, starting in 2006, "Other Credits" can be separated into nonrefundable and refundable credit claims and are presented as such in Table 2.

In tax years 2006 through 2008, around 75 percent of nonrefundable tax credit claims made on the IA 148 were claimed against individual income tax (see Table 3). In those years, nonrefundable tax credit claims were made against corporate income, franchise, individual income, insurance premium, and sales & use taxes. In 2006, refundable tax credit claims made on the IA 148 were only claimed against corporate income and individual income taxes (see Table 4). In 2007, refundable IA 148 tax credits were also claimed against franchise, insurance premium, and replacement taxes. In 2008, refundable IA 148 tax credits were claimed against all of the same tax types as 2007, except there were no claims made against replacement tax. The majority of IA 148 refundable claims in all three years were claimed against corporate income tax.

Sales & Use Tax Refunds for Tax Credit Programs

As part of the Enterprise Zone (including the Housing component), New Capital Investment, New Jobs and Income, and the High Quality Jobs Programs, taxpayers are allowed to file for refunds of sales and use taxes paid by contractors and subcontractors. The first refunds were made during FY 2000 through the Enterprise Zone Program (see Table 5). Refunds continue to be issued through these programs and in FY 2010 the amount of refunds hit an all-time high of over \$9 million. This was a nearly 13 percent increase over the previous high of \$8.2 million in FY 2007. In FY 2011, refunds decreased by nearly 40 percent to \$5.5 million.

Tax Credits from Withholding

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

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the September 2006 quarter (see Table 6). Withholding tax credit claims have held steady around \$50 million each fiscal year since FY 2007. It is apparent that total withholding credits are strongly driven by the Iowa Industrial New Jobs Tax Credit (260E) (see Figure 1). The "Credits Incorrectly Claimed on Return" in Table 6 are tax credits that were incorrectly claimed on the withholding tax return and does not include any credits that were claimed incorrectly due to lack of eligibility.

It appears that there may be a lag between when 260E credits are approved and claimed (see Table 7). The amount of 260E credits approved, the payments received by the community colleges from the employers, and the amount of 260E claims correctly filed through IDR vary quite a bit within the same fiscal year. The variance could also potentially be explained by taxpayers not reporting their withholding tax credit claims correctly. The Department is working with the Economic Development Authority and the community colleges to resolve the reporting problems. In addition, the 260E program has an income tax credit component that is included in Table 7.

Tax Credit Contingent Liabilities Projection

Forecasts of the liability facing General Fund revenues due to tax credits show that growth of potential tax credit claims may have begun to level off (see Table 8). The amounts of contingent liability were estimated using a number of methods, but in all cases it was assumed that 100 percent of awards under a cap would be made and 100 percent of awards issued would be claimed. The methods used for forecasting each tax credit are listed in the table footnotes.

For all capped credits it is assumed that the full amount of the cap will be awarded in each fiscal year. In FY 2012 the allocation of the \$120 million EDA cap is: Enterprise Zone Program - \$40 million, High Quality Jobs Program - \$50 million, Housing Enterprise Zone Program - \$15 million, Redevelopment Tax Credit - \$5 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualified Business or Community-Based Seed Capital Fund - \$2 million, and Assistive Device Tax Credit - \$0. Note that in FY 2011 only 43 percent of the \$120 million cap was awarded, but over 50 percent of the cap has already been awarded in FY 2012 (see Table 1).

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

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are sent to the Compliance Division of the Department of Revenue for review. FY 2009 was the first fiscal year in which all taxpayers were required to complete the IA 148. The historical numbers for FY 2010 and FY 2011 may continue to change as the review of tax credit claims in these years continues.

The Film, Television, and Video Project Promotion Program (FILM) is still being reviewed by State officials. As new information is received from other State departments the estimates are adjusted. Estimates of tax credit awards for the projects that are still being reviewed are found at the bottom of Table 8. Future claims of awards that will potentially be awarded when the program is scheduled to be reinstated in FY 2014 are found on the FILM –Awarded and Future Awards line of Table 8.

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

Tax Credit Expected Claims Projection

Forecasts of expected tax credit claims indicate that tax credit claims may begin to decrease after FY 2011 (see Table 9). This table estimates the amount of tax credits that are likely to be claimed versus the maximum amount of credits that can be claimed as shown in Table 8. The amounts of expected claims were estimated using a number of methods. The methods used for forecasting each tax credit are listed in the table footnotes.

The historical numbers provided are the same numbers presented in Table 8. The primary difference between the Contingent Liabilities Projection (Table 8) and the Expected Claims Projection is the amount of awarded credits that are actually expected to be awarded and claimed. For example, the amounts presented in Table 8 for the Venture Capital Tax Credit – Fund of Funds are reduced to zero for Table 9 as historically no awards have been made and are not expected to be awarded in the future. The difference between contingent liabilities and expected claims estimates can be seen in Figure 2.

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

Table 1: Tax Credit Awards by Fiscal Year

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012*
Accelerated Career Education Program (ACE) [†]	\$2,900,752	\$3,900,872	\$5,814,485	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit [†]	n/a	n/a	n/a	n/a	\$0	\$1,358,604	\$2,212,946	\$2,605,826	\$3,593,111	\$3,466,818
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit [†]	n/a	\$1,003,773	\$2,000,000	\$2,000,000	\$2,000,000	\$1,710,453	\$1,490,283	\$2,737,444	\$3,190,406	\$4,500,000
Enterprise Zone Program [†]	\$13,282,669	\$20,455,353	\$37,386,889	\$73,762,466	\$78,614,080	\$29,362,503	\$11,549,313	\$16,762,698	\$21,019,350	\$30,015,814
Enterprise Zone Program - Housing Component [†]	\$5,780,202	\$9,250,129	\$9,934,520	\$13,193,311	\$6,616,974	\$9,148,473	\$12,946,731	\$14,486,032	\$9,246,203	\$1,871,114
Film Expenditure Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$383,934	\$15,372,554	\$3,826,560	\$342,878	\$0
Film Investment Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$206,397	\$8,557,107	\$3,621,091	\$245,623	\$0
High Quality Jobs Program [†]	n/a	n/a	n/a	\$36,596,120	\$162,980,334	\$72,872,775	\$9,444,374	\$28,974,204	\$20,759,334	\$30,947,475
Historic Preservation and Cultural and Entertainment District Tax Credit [†]	\$2,400,000	\$2,400,000	\$2,370,000	\$6,400,000	\$6,400,000	\$9,800,000	\$15,000,000	\$50,000,000	\$45,000,000	\$45,000,000
Iowa Industrial New Jobs Training Program (260E)	\$26,705,000	\$26,746,500	\$60,659,000	\$37,020,000	\$66,296,000	\$68,440,000	\$51,025,000	\$34,070,000	\$22,517,459	\$2,980,000
New Capital Investment Program	n/a	\$24,174,619	\$13,464,864	n/a						
New Jobs and Income Program	\$47,523,776	\$35,375,781	\$40,402,878	n/a						
Redevelopment Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$1,000,000	n/a	\$5,000,000
Renewable Energy Tax Credit [†]	n/a	n/a	n/a	\$0	\$0	\$1,492,898	\$2,570,197	\$2,398,784	\$2,503,361	\$0
School Tuition Organization Tax Credit [†]	n/a	n/a	n/a	n/a	\$2,500,000	\$4,886,880	\$6,200,378	\$7,402,023	\$7,476,821	\$8,750,000
Soy-Based Transformer Fluid Tax Credit [†]	n/a	n/a	n/a	n/a	\$17,062	\$17,540	\$3,394	n/a	n/a	n/a
Targeted Jobs Tax Credit from Withholding	n/a	n/a	n/a	n/a	\$845,700	\$5,714,588	\$8,014,000	\$2,638,177	\$14,132,679	\$167,000
Venture Capital Tax Credit - Fund of Funds [†]	n/a	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Seed Capital Fund [†]	\$374,419	\$719,535	\$824,872	\$2,166,308	\$3,784,713	\$2,130,133	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Venture Capital Fund [†]	\$200,448	\$384,600	\$185,625	\$764,411	\$620,404	\$59,760	\$140,856	\$217,320	\$0	\$0
Wage Benefit Tax Credit [†]	n/a	n/a	n/a	n/a	\$10,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	n/a
Wind Energy Production Tax Credit [†]	n/a	n/a	n/a	\$0	\$0	\$0	\$0	\$516,821	\$726,025	\$0
Total Credits Awarded Each Fiscal Year	\$99,167,266	\$124,411,162	\$173,043,133	\$177,902,616	\$346,675,268	\$217,584,938	\$154,527,132	\$181,256,980	\$160,153,250	\$138,098,221

[†] Awards made on CY basis, but reflected in FY in which the credits can be claimed

Source: Awarding Agencies

n/a = program not yet created, or discontinued

[†]=tax credit programs that have capped awards

*=partial award year

Table 2: Tax Credit Claims by Tax Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
Total Individual Income Tax Credits	\$51,410,455	\$72,705,744	\$81,418,844	\$84,959,270	\$105,116,138	\$131,474,130	\$131,075,941	\$143,050,245	\$137,476,138	\$135,154,050
Child & Dependent Care Tax Credit	\$6,236,660	\$6,160,402	\$8,354,236	\$8,120,963	\$8,241,622	\$8,918,055	\$8,800,473	\$8,209,472	\$7,934,918	\$7,867,862
Early Childhood Development Tax Credit	n/a	n/a	n/a	n/a	n/a	\$457,802	\$506,182	\$521,513	\$553,533	\$604,205
Earned Income Tax Credit	\$6,504,698	\$8,304,908	\$8,534,392	\$8,902,719	\$9,800,348	\$10,736,848	\$23,594,812	\$24,994,270	\$28,496,272	\$27,733,645
Tuition and Textbook Tax Credit	\$12,379,883	\$13,138,193	\$13,772,790	\$14,267,756	\$15,235,560	\$15,054,930	\$15,287,421	\$15,135,572	\$15,190,303	\$15,107,697
Other Nonrefundable Tax Credits	\$24,668,908	\$42,394,881	\$46,272,542	\$49,359,183	\$65,243,453	\$88,913,714	\$71,942,135	\$81,301,296	\$72,319,359	\$70,897,219
Other Refundable Tax Credits	\$1,620,306	\$2,707,360	\$4,484,884	\$4,308,649	\$6,595,155	\$7,392,781	\$10,944,918	\$12,888,122	\$12,981,753	\$12,943,422

	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010*
Total Corporate Income Tax Credits	\$30,104,747	\$31,471,143	\$35,389,626	\$38,240,868	\$46,901,289	\$75,593,916	\$90,986,770	\$84,361,110	\$83,622,130	\$26,268,349
Other Credits (Nonrefundable)	\$2,875,980	\$1,232,011	\$2,712,166	\$3,500,669	\$3,982,311	\$17,690,609	\$21,657,052	\$19,876,280	#	#
Other Credits (Refundable)						\$15,098,909	\$14,440,707	\$14,953,536	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$1,875,798	\$2,209,527	\$2,297,027	\$1,513,298	\$5,226,650	\$2,254,517	\$2,157,850	\$1,231,641	#	#
Research Activities Credit	\$25,352,969	\$28,029,605	\$30,380,433	\$33,226,901	\$37,692,328	\$40,549,881	\$52,731,161	\$48,299,653	#	#

Source: IDR data

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

* = incomplete data for tax year

n/a = program not yet created, or discontinued

= tax credit detail not yet available

Table 3: Nonrefundable Tax Credit Claims from IA 148

Tax Type	TY 2006	TY 2007	TY 2008
Corporate Income Tax	\$19,945,126	\$23,918,289	\$21,004,912
Franchise Tax	\$717,319	\$632,919	\$4,000,899
Individual Income Tax	\$88,913,714	\$71,942,135	\$81,301,296
Insurance Premium Tax	\$3,278,104	\$1,977,196	\$3,694,340
Sales & Use Tax	\$0	\$0	\$241,264
Total	\$112,854,263	\$98,470,539	\$110,242,711

Source: IDR data

Table 4: Refundable Tax Credit Claims from IA 148

Tax Type	TY 2006	TY 2007	TY 2008
Corporate Income Tax	\$55,648,790	\$67,171,868	\$63,284,065
Franchise Tax	\$0	\$3,762,902	\$4,358,006
Individual Income Tax	\$7,392,781	\$10,944,918	\$12,888,122
Insurance Premium Tax	\$0	\$3,833,435	\$2,170,074
Replacement Tax	\$0	\$23,090	\$0
Total	\$63,041,571	\$85,736,213	\$82,700,267

Source: IDR data

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

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Jobs Program	Total Refunds
FY 2000	\$104,215	\$36,527				\$140,742
FY 2001	\$370,922	\$209,927	\$893,857			\$1,474,706
FY 2002	\$875,824	\$221,315	\$545			\$1,097,684
FY 2003	\$1,546,062	\$304,471	\$447,793			\$2,298,326
FY 2004	\$979,526	\$428,709	\$753,322			\$2,161,557
FY 2005	\$747,109	\$612,061	\$575,704	\$70,059		\$2,004,933
FY 2006	\$482,531	\$856,435	\$404,974	\$924,309	\$0	\$2,668,249
FY 2007	\$438,370	\$1,956,763	\$1,656,558	\$4,096,721	\$4,258	\$8,152,670
FY 2008	\$1,511,690	\$1,095,621	\$1,139,050	\$237,571	\$2,468,854	\$6,452,786
FY 2009	\$2,752,079	\$1,634,631	\$0	\$0	\$2,503,096	\$6,889,806
FY 2010	\$1,641,058	\$1,248,869	\$20,497	\$0	\$6,282,647	\$9,193,071
FY 2011	\$452,019	\$2,745,872	\$0	\$0	\$2,322,827	\$5,520,718
FY 2012*	\$186,671	\$58,197	\$0	\$0	\$267,150	\$512,018

*Fiscal year-to-date

Source: IDR data

Table 6: Withholding Tax Credits Claimed by Quarter

Quarter	Number	Total Tax Credits	New Jobs Tax Credit (260E)	Supplemental Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit	Credits Incorrectly Claimed on Return	Total of Paper Filed Returns Without Credit Detail
9/30/2006	804	\$11,961,186	\$10,046,672	\$630,633	\$0	\$997,242	\$236,465	\$50,174
12/31/2006	894	\$12,676,045	\$10,885,718	\$906,277	\$0	\$759,043	\$107,791	\$17,217
3/31/2007	814	\$11,473,164	\$8,855,258	\$1,025,555	\$1,864	\$1,287,368	\$286,488	\$16,633
6/30/2007	807	\$11,355,195	\$8,255,593	\$1,118,868	\$6,085	\$1,838,466	\$124,095	\$12,089
9/30/2007	827	\$12,734,485	\$10,241,714	\$1,160,858	\$63,101	\$1,134,442	\$124,603	\$9,767
12/31/2007	893	\$12,978,790	\$10,385,484	\$1,452,832	\$100,322	\$830,391	\$188,748	\$21,013
3/31/2008	824	\$12,893,961	\$9,790,312	\$1,328,020	\$99,217	\$1,238,707	\$430,399	\$7,306
6/30/2008	819	\$12,459,570	\$9,381,544	\$1,261,227	\$87,832	\$1,272,347	\$209,123	\$247,497
9/30/2008	793	\$12,345,452	\$9,749,285	\$1,375,677	\$121,179	\$856,238	\$241,024	\$2,049
12/31/2008	919	\$12,943,177	\$9,838,153	\$1,832,083	\$166,873	\$888,139	\$178,195	\$39,734
3/31/2009	769	\$11,742,422	\$9,478,981	\$1,153,451	\$128,448	\$820,340	\$155,959	\$3,545
6/30/2009	875	\$11,836,547	\$9,056,194	\$1,007,971	\$135,908	\$1,386,004	\$247,593	\$2,877
9/30/2009	816	\$12,213,180	\$9,210,208	\$1,162,187	\$163,904	\$1,525,439	\$149,605	\$1,837
12/31/2009	581	\$13,591,730	\$11,176,262	\$1,291,322	\$231,802	\$881,055	\$11,289	\$0
3/31/2010	565	\$12,588,225	\$9,747,714	\$1,160,111	\$145,087	\$1,512,632	\$22,681	\$0
6/30/2010	576	\$12,762,187	\$10,042,775	\$1,146,565	\$171,525	\$1,354,944	\$46,378	\$0
9/30/2010	587	\$11,465,764	\$8,835,023	\$1,225,259	\$245,901	\$1,090,045	\$69,536	\$0
12/31/2010	560	\$13,274,141	\$10,886,450	\$1,160,905	\$247,326	\$923,485	\$55,975	\$0
3/31/2011	539	\$11,293,159	\$9,165,414	\$1,162,210	\$227,129	\$676,924	\$61,364	\$118
6/30/2011	504	\$10,247,126	\$8,175,077	\$1,087,008	\$220,459	\$680,263	\$84,319	\$0
Fiscal Year Summary								
FY 2006	2,683	\$35,693,676	\$28,058,136	\$2,022,585	\$0	\$5,143,915	\$179,692	\$289,354
FY 2007	3,319	\$47,465,590	\$38,043,241	\$3,681,333	\$7,949	\$4,882,119	\$754,839	\$96,113
FY 2008	3,363	\$51,066,806	\$39,799,054	\$5,202,937	\$350,472	\$4,475,887	\$952,873	\$285,583
FY 2009	3,356	\$48,867,598	\$38,122,613	\$5,369,182	\$552,408	\$3,950,721	\$822,771	\$48,205
FY 2010	2,538	\$51,155,322	\$40,176,959	\$4,760,185	\$712,318	\$5,274,070	\$229,953	\$1,837
FY 2011	2,190	\$46,280,190	\$37,061,964	\$4,635,382	\$940,815	\$3,370,717	\$271,194	\$118
Cash Year Summary								
CY 2005	2,321	\$29,567,675	\$22,444,232	\$1,471,052	\$0	\$3,799,720	\$68,414	\$1,784,266
CY 2006	3,063	\$43,571,155	\$35,979,987	\$2,660,428	\$0	\$4,299,126	\$456,934	\$174,682
CY 2007	3,341	\$48,541,634	\$37,738,049	\$4,758,113	\$171,372	\$5,090,667	\$723,934	\$59,502
CY 2008	3,355	\$50,642,160	\$38,759,294	\$5,797,007	\$475,101	\$4,255,431	\$1,058,741	\$296,586
CY 2009	3,041	\$49,383,879	\$38,921,645	\$4,614,931	\$660,062	\$4,612,838	\$564,446	\$8,259
CY 2010	2,288	\$50,090,317	\$39,511,962	\$4,692,840	\$809,839	\$4,881,106	\$194,570	\$0
YTD CY 2011	1,043	\$21,540,285	\$17,340,491	\$2,249,218	\$447,588	\$1,357,187	\$145,683	\$118

Source: IDR data

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

	Amount of 260E Credits Awarded	Payments Received by the Community Colleges	Amount of 260E and Supplemental Credit Claimed on Withholding Returns	Amount of 260E Income Tax Credit Claims	Total 260E Claims
FY 2001	\$38,567,500	n/a	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	n/a	
FY 2004	\$26,746,500	\$40,667,329	n/a	n/a	
FY 2005	\$60,659,000	\$42,218,828	n/a	n/a	
FY 2006	\$37,020,000	\$42,763,460	\$30,080,721	n/a	
FY 2007	\$66,296,000	\$46,110,828	\$41,724,574	\$4,417,618	\$46,142,192
FY 2008	\$68,440,000	\$43,088,634	\$45,001,991	\$4,590,454	\$49,592,445
FY 2009	\$51,025,000	\$52,783,363	\$43,491,795	\$4,251,466	\$47,743,261
FY 2010	\$34,070,000	\$46,848,545	\$44,937,144	\$3,042,485	\$47,979,629
FY 2011	\$22,517,459	\$49,581,137	\$41,697,346	\$1,870,568	\$43,567,914

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

Figure 1: Graph of Withholding Tax Credit Claims by Quarter

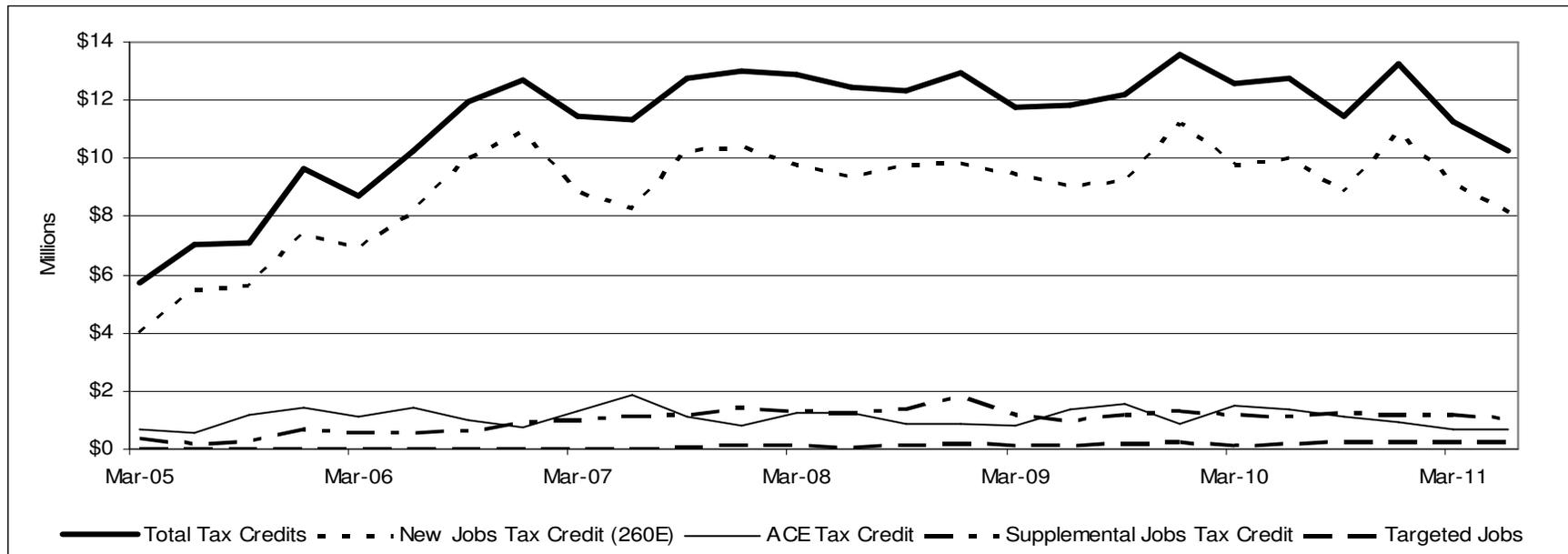


Table 8: Tax Credit Contingent Liabilities Projection

Capped Programs	History*			Forecast				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Accelerated Career Education Tax Credit ²	\$3,950,721	\$5,274,070	\$3,370,717	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit ³	\$1,260,044	\$1,319,747	\$1,673,025	\$2,936,297	\$4,271,926	\$5,069,960	\$5,479,656	\$5,685,362
Assistive Device Tax Credit ⁴	\$327	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0
Cow-Calf Tax Credit ⁵	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit ³	\$2,048,005	\$2,051,561	\$2,432,093	\$3,700,769	\$4,373,564	\$4,647,154	\$4,543,947	\$4,479,386
Enterprise Zone Program ⁶	\$15,331,044	\$9,197,544	\$9,126,033	\$32,648,481	\$38,243,981	\$41,432,150	\$43,253,684	\$44,359,289
Enterprise Zone Program - Housing Component ⁷	\$5,412,230	\$4,945,489	\$5,886,334	\$11,677,993	\$12,153,734	\$12,779,456	\$12,548,111	\$12,826,312
Film, Television, and Video Project Promotion Program (FILM) - Awarded and Future Awards ⁸	\$9,977,756	\$14,917,798	\$3,648,316	\$2,994,451	\$263,298	\$998,775	\$1,686,312	\$1,818,490
High Quality Jobs Program ⁶	\$7,810,566	\$13,800,278	\$7,758,437	\$44,945,264	\$47,687,309	\$50,979,251	\$62,574,364	\$59,886,084
Historic Preservation and Cultural and Entertainment District Tax Credit ³	\$7,241,428	\$7,228,392	\$22,737,267	\$30,334,140	\$33,459,020	\$36,772,913	\$39,240,861	\$41,962,062
Redevelopment Tax Credit ⁹	\$0	\$0	\$0	\$550,000	\$200,000	\$2,800,000	\$3,800,000	\$4,050,000
Renewable Energy Tax Credit ³	\$2,045,735	\$1,639,554	\$1,073,053	\$10,323,780	\$18,783,597	\$18,954,079	\$18,954,079	\$18,954,079
School Tuition Organization Tax Credit ³	\$5,642,798	\$6,539,083	\$6,439,898	\$7,283,741	\$8,192,582	\$8,557,625	\$8,640,605	\$8,680,671
Soy-Based Transformer Fluid Tax Credit ⁵	\$14,355	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Innovation Fund ¹⁰	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,400,000
Venture Capital Tax Credit - Iowa Fund of Funds ²	\$0	\$0	\$0	\$20,000,000	\$20,000,000	\$20,000,000	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund ³	\$685,823	\$1,171,146	\$1,112,599	\$1,236,887	\$1,134,075	\$1,390,105	\$2,159,274	\$967,982
Venture Capital Tax Credit - Venture Capital Funds ³	\$149,398	\$121,343	\$107,290	\$275,381	\$257,044	\$306,827	\$159,864	\$74,440
Wage-Benefits Tax Credit ³	\$6,416,639	\$2,758,530	\$3,214,637	\$3,819,981	\$1,668,699	\$679,587	\$0	\$0
Wind Energy Production Tax Credit ³	\$0	\$516,821	\$726,025	\$1,458,540	\$1,458,540	\$1,458,540	\$1,458,540	\$1,458,540
TOTAL OF CAPPED PROGRAMS	\$69,986,869	\$71,482,856	\$69,305,724	\$179,585,705	\$197,547,369	\$212,226,422	\$209,899,297	\$213,002,697

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

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

⁴ Only one award has been made under this program since its inception. The program is included in the \$120 million EDA tax credit cap.

⁵ This tax credit has expired; therefore, no future claims are expected.

⁶ Estimates are based on information from the awarding agency and include sales and use tax refunds and investment tax credits. Supplemental 260E and Supplemental Research Activities Tax Credit (RAC) awards are accounted for under the 260E and Supplemental RAC estimates. This program is included in the \$120 million EDA tax credit cap.

⁷ Estimates are based on information from the awarding agency and include sales and use tax refunds and investment tax credits. This program is included in the \$120 million EDA tax credit cap.

⁸ Estimates are based on claim information collected from the IA 148, the current program suspension, recent awards issued after full review, and estimated future awards. The program is included in the \$120 million EDA tax credit cap.

⁹ Estimates are based on information from the Fiscal Note for HF 2687, 2008 Legislative Session, and the \$1 million cap for FY 2010 in the original legislation. Effective in FY 2012, the program cap is \$5 million and is included in the \$120 million EDA tax credit cap. Due to a delay in issuing credits the fiscal impact has been lagged by two fiscal years.

¹⁰ Estimate is based on the assumption that the full amount of the cap will be awarded and that the timing of claims will be similar to the Venture Capital Tax Credit – Qualified Business of Community-Based Seed Capital Fund.

Table 8 Continued: Tax Credit Contingent Liabilities Projection

Uncapped Programs	History*			Forecast				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Biodiesel Blended Fuel Tax Credit ¹¹	\$4,629,290	\$4,018,724	\$4,565,434	\$6,614,552	\$7,360,218	\$6,027,920	\$2,620,793	\$2,575,945
Charitable Conservation Contribution Tax Credit ¹²	\$82,900	\$184,358	\$607,279	\$625,610	\$896,517	\$1,082,094	\$1,201,033	\$1,242,140
Child & Dependent Care Tax Credit ¹³	\$8,209,472	\$7,934,918	\$7,867,862	\$7,020,414	\$7,667,219	\$5,420,449	\$5,066,388	\$4,738,205
E15 Gasoline Promotion Tax Credit ¹¹	\$0	\$0	\$0	\$13,248	\$63,867	\$109,460	\$144,711	\$189,453
E85 Gasoline Promotion Tax Credit ¹¹	\$1,001,082	\$1,371,188	\$1,308,254	\$1,734,025	\$1,744,650	\$2,569,271	\$3,273,879	\$0
Early Childhood Development Tax Credit ¹³	\$521,513	\$553,533	\$604,205	\$487,041	\$495,660	\$479,064	\$458,642	\$433,695
Earned Income Tax Credit ¹³	\$24,994,270	\$28,496,272	\$27,733,645	\$34,689,615	\$34,221,584	\$30,300,490	\$30,759,867	\$30,927,471
Ethanol Blended Gasoline Tax Credit ⁵	\$7,266,537	\$4,214,871	\$97,233	\$0	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit ¹¹	\$12,077	\$2,022,562	\$4,330,351	\$5,895,152	\$4,810,692	\$3,164,944	\$2,690,640	\$2,218,026
Iowa Industrial New Job Training Program (260E) ¹⁴	\$47,743,261	\$47,979,629	\$43,567,914	\$51,785,742	\$49,623,506	\$50,643,998	\$47,722,802	\$44,512,940
New Capital Investment Program ¹⁵	\$1,331,055	\$399,317	\$354,307	\$1,549,199	\$1,549,199	\$1,413,933	\$1,327,885	\$1,192,618
New Jobs and Income Program ¹⁵	\$10,481,984	\$7,547,938	\$3,323,359	\$8,123,973	\$6,713,172	\$4,995,963	\$4,157,502	\$3,349,547
Research Activities Tax Credit ¹⁶	\$51,084,808	\$15,786,985	\$44,906,195	\$27,347,929	\$36,006,912	\$38,510,921	\$41,176,742	\$44,027,097
Supplemental Research Activities Tax Credit ¹⁷	\$27,010,155	\$5,037,740	\$21,758,383	\$23,280,969	\$19,192,805	\$17,742,128	\$19,549,272	\$18,411,162
Targeted Jobs Tax Credit from Withholding ¹⁸	\$778,285	\$1,010,224	\$1,079,691	\$3,944,486	\$5,615,311	\$6,740,311	\$6,740,311	\$6,740,311
Tuition and Textbook Tax Credit ¹³	\$15,135,572	\$15,190,303	\$15,107,697	\$15,940,325	\$16,209,728	\$16,589,067	\$16,827,253	\$17,047,365
TOTAL OF UNCAPPED PROGRAMS	\$200,282,261	\$141,748,562	\$177,211,809	\$189,052,279	\$192,171,040	\$185,790,011	\$183,717,719	\$177,605,975
TOTAL OF ALL PROGRAMS	\$270,269,130	\$213,231,418	\$246,517,533	\$368,637,984	\$389,718,409	\$398,016,433	\$393,617,016	\$390,608,672
FILM - Under Review ¹⁹	\$0	\$0	\$0	\$10,038,593	\$9,859,917	\$4,351,605	\$2,042,694	\$1,465,641
TOTAL OF ALL PROGRAMS w All FILM	\$270,269,130	\$213,231,418	\$246,517,533	\$378,676,576	\$399,578,326	\$402,368,037	\$395,659,709	\$392,074,313
Funds Recovered from Defaulted Awards	\$0	\$3,267	\$2,989,888					
TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED	\$270,269,130	\$213,228,151	\$243,527,645					

* The history portion of the table is based on actual claims made by taxpayers, therefore the amounts may not reflect the amount of awards issued.

¹¹ Estimates are based on claim information collected from the IA 148 and forecasted future claims based on data from the Annual Fuel Retailers Report for 2010.

¹² Estimates are based on claim information collected from the IA 148 and forecasted future claims based on data from the Fiscal Note for HF 2080, 2008 Legislative Session.

¹³ Estimates are based on the IDR individual income tax micro model.

¹⁴ Estimates are based on the assumption that awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims.

¹⁵ Estimates are based on information from the awarding agency and claim information from the IA 148. This program ended July 1, 2005.

¹⁶ Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the annual growth rate from past claims and accounting for the economic slowdown in FY 2008 through FY 2010.

¹⁷ Estimates account for EDA now capping the amount of Supplemental RAC that can be claimed and changes to the credit calculation based on corporate gross revenues. The credit is included in the \$120 million EDA tax credit cap.

¹⁸ Estimates are based on the amount of fiscal year awards increasing by \$2 million in FY 2011 through FY 2013 when the program is scheduled to end.

¹⁹ Estimates are based on FILM projects that are still under review by the State of Iowa and the potential awards that may still be issued to those projects. The timing is based on information collected from the IA 148.

Table 9: Tax Credit Expected Claims Projection

Capped Programs	History*			Forecast				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Accelerated Career Education Tax Credit ²⁰	\$3,950,721	\$5,274,070	\$3,370,717	\$4,120,793	\$4,120,793	\$4,120,793	\$4,120,793	\$4,120,793
Agricultural Assets Transfer Tax Credit ²¹	\$1,260,044	\$1,319,747	\$1,673,025	\$2,254,150	\$2,469,271	\$2,752,122	\$3,062,677	\$3,406,467
Assistive Device Tax Credit ⁴	\$327	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0
Cow-Calf Tax Credit ⁵	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit ²²	\$2,048,005	\$2,051,561	\$2,432,093	\$3,048,042	\$3,583,410	\$3,686,671	\$3,705,191	\$3,744,931
Enterprise Zone Program ²²	\$15,331,044	\$9,197,544	\$9,126,033	\$12,372,339	\$14,718,732	\$18,143,947	\$20,149,027	\$21,507,931
Enterprise Zone Program - Housing Component ²²	\$5,412,230	\$4,945,489	\$5,886,334	\$6,724,091	\$6,577,072	\$6,934,241	\$7,279,920	\$6,993,451
Film, Television, and Video Project Promotion Program (FILM) - Awarded and Future Awards ²²	\$9,977,756	\$14,917,798	\$3,648,316	\$2,994,451	\$263,298	\$998,775	\$1,686,312	\$1,818,490
High Quality Jobs Program ²²	\$7,810,566	\$13,800,278	\$7,758,437	\$14,949,704	\$16,065,035	\$17,596,364	\$19,076,057	\$20,684,363
Historic Preservation and Cultural and Entertainment District Tax Credit ³	\$7,241,428	\$7,228,392	\$22,737,267	\$30,334,140	\$33,459,020	\$36,772,913	\$39,240,861	\$41,962,062
Redevelopment Tax Credit ⁹	\$0	\$0	\$0	\$550,000	\$200,000	\$2,800,000	\$3,800,000	\$4,050,000
Renewable Energy Tax Credit ²¹	\$2,045,735	\$1,639,554	\$1,073,053	\$2,465,424	\$3,440,484	\$8,165,859	\$13,887,280	\$17,347,480
School Tuition Organization Tax Credit ³	\$5,642,798	\$6,539,083	\$6,439,898	\$7,283,741	\$8,192,582	\$8,557,625	\$8,640,605	\$8,680,671
Soy-Based Transformer Fluid Tax Credit ⁵	\$14,355	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Innovation Fund ¹⁰	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,400,000
Venture Capital Tax Credit - Iowa Fund of Funds ²³	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund ³	\$685,823	\$1,171,146	\$1,112,599	\$1,236,887	\$1,134,075	\$1,390,105	\$2,159,274	\$967,982
Venture Capital Tax Credit - Venture Capital Funds ³	\$149,398	\$121,343	\$107,290	\$275,381	\$257,044	\$306,827	\$159,864	\$74,440
Wage-Benefits Tax Credit ³	\$6,416,639	\$2,758,530	\$3,214,637	\$3,819,981	\$1,668,699	\$679,587	\$0	\$0
Wind Energy Production Tax Credit ²¹	\$0	\$516,821	\$726,025	\$612,587	\$1,458,540	\$1,458,540	\$1,458,540	\$1,458,540
TOTAL OF CAPPED PROGRAMS	\$69,986,869	\$71,482,856	\$69,305,724	\$93,041,710	\$97,608,055	\$114,364,369	\$128,426,401	\$139,217,600

²⁰ Estimates are based on the average of historical claims.

²¹ Estimates are based on claim information from the IA 148 and estimated future awards based on historical awards.

²² It is expected that less than 100 percent of awards will be claimed before expiration based on historical claims.

²³ It is not expected that any awards will be made under this program based on historical awards.

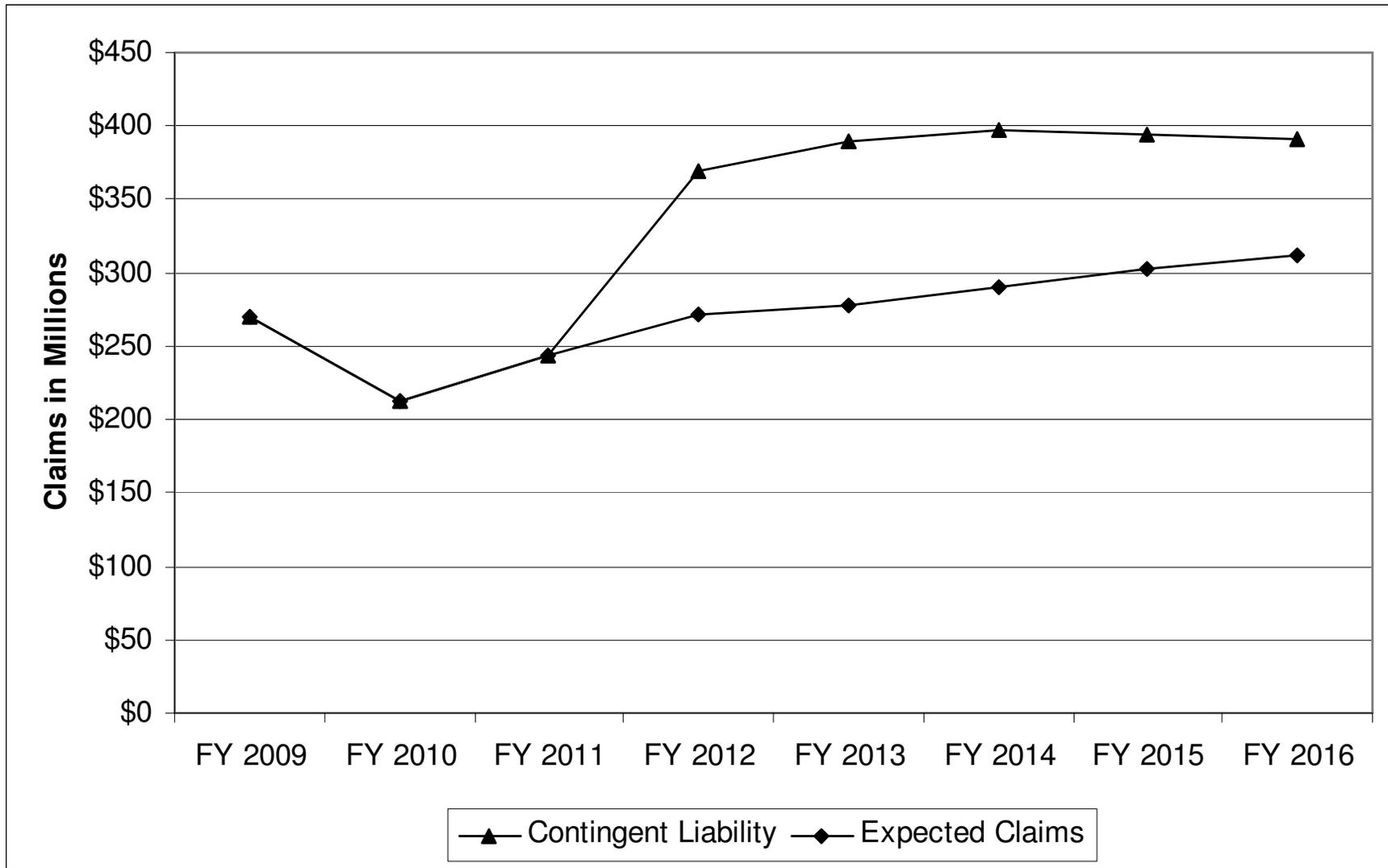
Table 9 Continued: Tax Credit Expected Claims Projection

Uncapped Programs	History*			Forecast				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Biodiesel Blended Fuel Tax Credit ¹¹	\$4,629,290	\$4,018,724	\$4,565,434	\$6,614,552	\$7,360,218	\$6,027,920	\$2,620,793	\$2,575,945
Charitable Conservation Contribution Tax Credit ¹²	\$82,900	\$184,358	\$607,279	\$625,610	\$896,517	\$1,082,094	\$1,201,033	\$1,242,140
Child & Dependent Care Tax Credit ¹³	\$8,209,472	\$7,934,918	\$7,867,862	\$7,020,414	\$7,667,219	\$5,420,449	\$5,066,388	\$4,738,205
E15 Gasoline Promotion Tax Credit ¹¹	\$0	\$0	\$0	\$13,248	\$63,867	\$109,460	\$144,711	\$189,453
E85 Gasoline Promotion Tax Credit ¹¹	\$1,001,082	\$1,371,188	\$1,308,254	\$1,734,025	\$1,744,650	\$2,569,271	\$3,273,879	\$4,051,350
Early Childhood Development Tax Credit ¹³	\$521,513	\$553,533	\$604,205	\$487,041	\$495,660	\$479,064	\$458,642	\$433,695
Earned Income Tax Credit ¹³	\$24,994,270	\$28,496,272	\$27,733,645	\$28,514,864	\$28,130,142	\$24,907,003	\$25,284,611	\$25,422,381
Ethanol Blended Gasoline Tax Credit ⁵	\$7,266,537	\$4,214,871	\$97,233	\$0	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit ¹¹	\$12,077	\$2,022,562	\$4,330,351	\$5,895,152	\$4,810,692	\$3,164,944	\$2,690,640	\$2,218,026
Iowa Industrial New Job Training Program (260E) ¹⁴	\$47,743,261	\$47,979,629	\$43,567,914	\$51,785,742	\$49,623,506	\$50,643,998	\$47,722,802	\$44,512,940
New Capital Investment Program ¹⁵	\$1,331,055	\$399,317	\$354,307	\$242,036	\$242,036	\$242,036	\$242,036	\$242,036
New Jobs and Income Program ¹⁵	\$10,481,984	\$7,547,938	\$3,323,359	\$4,812,828	\$2,329,125	\$1,586,788	\$1,320,481	\$814,145
Research Activities Tax Credit ¹⁶	\$51,084,808	\$15,786,985	\$44,906,195	\$27,347,929	\$36,006,912	\$38,510,921	\$41,176,742	\$44,027,097
Supplemental Research Activities Tax Credit ¹⁷	\$27,010,155	\$5,037,740	\$21,758,383	\$23,280,969	\$19,192,805	\$17,742,128	\$19,549,272	\$18,411,162
Targeted Jobs Tax Credit from Withholding ¹⁸	\$778,285	\$1,010,224	\$1,079,691	\$3,944,486	\$5,615,311	\$6,740,311	\$6,740,311	\$6,740,311
Tuition and Textbook Tax Credit ¹³	\$15,135,572	\$15,190,303	\$15,107,697	\$15,940,325	\$16,209,728	\$16,589,067	\$16,827,253	\$17,047,365
TOTAL OF UNCAPPED PROGRAMS	\$200,282,261	\$141,748,562	\$177,211,809	\$178,259,220	\$180,388,388	\$175,815,453	\$174,319,593	\$172,666,250
TOTAL OF ALL PROGRAMS	\$270,269,130	\$213,231,418	\$246,517,533	\$271,300,930	\$277,996,443	\$290,179,822	\$302,745,994	\$311,883,850
FILM - Under Review ²⁴	\$0	\$0	\$0	\$5,019,296	\$4,929,958	\$2,175,802	\$1,021,347	\$732,821
TOTAL OF ALL PROGRAMS w All FILM	\$270,269,130	\$213,231,418	\$246,517,533	\$276,320,226	\$282,926,401	\$292,355,624	\$303,767,341	\$312,616,671
Funds Recovered from Defaulted Awards	\$0	\$3,267	\$2,989,888					
TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED	\$270,269,130	\$213,228,151	\$243,527,645					

*The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued.

²⁴ It is expected that only half of the credits estimated for Contingent Liabilities will be claimed.

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



Appendix: Description of Iowa's Tax Credit Programs

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

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

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

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

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

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

Cow-Calf Tax Credit: Eligible individual and corporation income taxpayers who operated cow-calf beef operations in Iowa were eligible for a cow-calf credit. This credit was repealed effective for any claims made on or after November 1, 2008. Section 422.120, Code of Iowa.

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

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

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

Earned Income Tax Credit: This credit is available to individual taxpayers who qualify for the federal earned income tax credit. The credit is equal to 7 percent of the federal earned income credit. Section 422.12B, Code of Iowa.

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

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

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

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

Film, Television, and Video Project Promotion Program: This program, administered by EDA, provides a 25 percent tax credit for investments and a 25 percent tax credit for qualified expenditures in film projects produced in the State of Iowa. This program is under suspension until July 1, 2013. Section 15.391 through 15.393, Code of Iowa.

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

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

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

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

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

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

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

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

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

Soy-Based Transformer Fluid Tax Credit: Electric utilities may claim this credit, administered by IDR, for the costs incurred by the utility for the purchase and replacement costs relating to the transition from using nonsoy-based transformer fluid to using soy-based transformer fluid. This program was repealed effective December 31, 2009. Section 476D, Code of Iowa.

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

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

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

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

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

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

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

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