



# Iowa Department of **REVENUE**

## **Tax Credits Contingent Liabilities Report**

March 16, 2016

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

### **Summary**

- Tax credit awards in FY 2015 increased 5.6 percent from FY 2014 to \$248.5 million. FY 2015 awards were 27.2 percent below FY 2007, when a record \$341.3 million was awarded. Although the number of credits with awards in FY 2015 was 17 compared to 13 in FY 2007, the decline in awards can be attributed to award caps being implemented in 2009 and 2010. Awards made to-date in FY 2016 total \$162.6 million (see Table 1).
- Nonrefundable and refundable tax credit claims reported on the IA 148 Tax Credits Schedule against individual income, corporation income, insurance premium, franchise, replacement, and sales and use taxes for tax year 2012, the most recent year with complete data, were \$256.8 million, up from \$217.6 million in tax year 2011.
- Fiscal year 2015 sales and use tax refunds under EDA tax credit programs equaled \$12.1 million, the highest ever refunded in a fiscal year (see Table 5). However, FY 2016 may pass that total with \$11.7 million issued during the first eight months. In FY 2015, an additional \$47.5 million in tax credit claims were made against individual withholding tax (see Table 6).
- The estimated contingent liability of all tax credits is \$524.9 million for FY 2016, \$551.2 million for FY 2017, and \$557.0 million for FY 2018 (see Table 8). Expected claims for all tax credits are \$395.4 million for FY 2016, \$406.6 million for FY 2017 and \$433.0 million for FY 2017 (see Table 9).
- Contingent liability and expected claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. Because claims data are constantly updated, these forecasts will change based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

## ***Tax Credit Awards***

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

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

Total FY 2015 awards increased 5.6 percent compared to FY 2014 awards. FY 2015 was the first increase in the annual amount of awards made since FY 2012. The program with the largest increase in awards for FY 2015 was the Targeted Jobs Tax Credit from Withholding, which had no awards in FY 2014 and Innovation Fund Tax Credits which was only in its second year of awards. The only program to have a decrease in awards was the Renewable Energy Tax Credit which experienced a decrease of just over two percent. Note that the award amounts reflect revoked and amended awards which explain why some award amounts for prior fiscal years have changed from previous reports. Information on the amount of the awards was received from the agencies issuing the tax credits. Awards made to-date in FY 2016 total \$162.6 million with many programs likely to issue additional awards in the remaining four months.

## ***Tax Credit Claims***

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

Between tax years 2007 and 2012, individual income tax credit claims averaged \$152.9 million per year (see Table 2). In tax year 2012, tax credit claims nearly exceeded \$200 million for the first time. Tax credit claims neared \$300 million in 2013 with the doubling of the Earned Income Tax Credit and the enactment of the Taxpayers Trust Fund Tax Credit. For tax year 2014, the Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit claims increased almost 115 percent from tax year 2013 due to the tax credit being increased from \$50 to \$100. Total individual tax credit claims in 2014 decreased 6.1 percent from claims made in 2013 with much of the drop reflecting the reduction of the Taxpayers Trust Fund Tax Credit from \$54 per taxpayer to \$15. The Taxpayers Trust Fund Tax Credit is reported in Table 2, but is not reported in Tables 8 or 9 because it is not a contingent liability against the General Fund but is funded by a transfer

from the Taxpayers Trust Fund. No funds were transferred to the trust fund for FY 2016 and therefore there is no Taxpayers Trust Fund Tax Credit for tax year 2015.

The majority of tax credits claims made against corporation income tax are for the Research Activities Tax Credit. In tax years 2001 through 2005, Research Activities Tax Credit claims accounted for over 80 percent of the dollars of all corporation income tax credit claims. Since 2007, the Research Activities Tax Credit has accounted for about 55 percent of the total credits. Recently, there has been tremendous growth in the amount of “Other Credits” claimed. “Other Credits” claims historically accounted for 5 to 10 percent of all corporation claims; in tax years 2007 through 2012 as new credits were introduced, those claims accounted for 43 percent of corporation tax credit claims. Tax year 2012 is the most recent complete year of claim data.

In tax years 2006 through 2012, on average, over 74 percent of nonrefundable tax credit claims made on the IA 148 were claimed against individual income tax (see Table 3). In those years, nonrefundable tax credit claims were made against corporation income, franchise, individual income, insurance premium, replacement, and sales and use taxes. The majority of IA 148 refundable tax credit claims made between 2006 and 2012 were claimed against corporation income tax, averaging 75.5 percent of all refundable tax credit claims (see Table 4). Since 2006, refundable tax credit claims made on the IA 148 have been claimed against corporation income, franchise, individual income, insurance premium, and replacement taxes.

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

As part of the Enterprise Zone (including the Housing component) and the High Quality Jobs Programs, taxpayers are allowed to file for refunds of sales and use taxes paid by contractors and subcontractors after construction is completed. The New Capital Investment and New Jobs and Income Programs, predecessors to the High Quality Jobs Program, also included sales and use tax refund awards. The first refunds were made during FY 2000 through the Enterprise Zone Program (see Table 5). In FY 2011, refunds decreased by nearly 36 percent to \$5.5 million and decreased again in FY 2012 by over 60 percent, reflecting a construction slowdown during the recession. However, FY 2013 sales and use tax refunds under EDA tax credit programs returned to FY 2010 levels. FY 2014 refunds processed totaled only \$4.4 million while in FY 2015, the amount of refunds hit an all-time high of \$12.1 million. Year-to-date refunds in 2016 have already exceeded \$11.7 million.

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

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

communities in the state of Iowa. These tax credit programs are funded with the credited withholding tax going to the appropriate program fund.

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the March 2011 quarter (see Table 6). Withholding tax credit claims have averaged \$51.4 million each fiscal year between 2012 and 2015 with FY 2015 having the lowest amount of claims. It is apparent that total withholding credits are strongly driven by the New Jobs Tax Credit (260E) (see Figure 1). The “Credits Incorrectly Claimed on Return” in Table 6 are tax credits that were incorrectly claimed on the withholding tax return but do not include any credits that were claimed incorrectly due to lack of eligibility. Beginning with the third quarter of 2012, IDR limits tax credit claims to only those companies with active tax credit awards and tracks credit claims by certificate number. The improved tracking explains the drop in New Jobs Tax Credit claims and increase in Supplemental New Jobs Tax Credit claims.

On average, there have been \$41.9 million of New Jobs Tax Credits awarded each year since the program’s inception in FY 2001. Awards have fallen below that average for the last three fiscal years (see Table 7). In addition, participants in the 260E program with sufficient job creation are eligible to claim an income tax credit; the amount of the income tax credits claimed is included in Table 7.

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

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

Based on the award history and current information, the FY 2015 and later allocation of the \$170 million EDA cap is: High Quality Jobs Program - \$130 million, Workforce Housing Tax Incentive Program - \$20 million, Redevelopment Tax Credit - \$10 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualifying Business - \$2 million, and Assistive Device Tax Credit - \$0.

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

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040, although FY 2015 numbers may change as tax credit claims continue to be verified. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are reviewed by IDR staff. The historical numbers for FY 2013 through FY 2015 may also change as the review of tax credit claims in these years continues.

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

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

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

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

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

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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016*
Accelerated Career Education Program (ACE) <sup>†</sup>	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$0
Agricultural Assets Transfer Tax Credit <sup>†</sup>	\$0	\$1,358,604	\$2,032,760	\$2,663,338	\$3,598,502	\$5,222,987	\$5,756,759	\$5,981,266	\$6,508,811	\$6,959,738
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>†</sup>	n/a	\$28,975	\$30,046	\$89,704						
Endow Iowa Tax Credit <sup>††</sup>	\$2,000,000	\$1,999,591	\$3,167,065	\$2,394,446	\$3,461,445	\$4,523,397	\$5,779,542	\$5,999,996	\$6,000,000	\$6,000,000
Enterprise Zone Program <sup>†</sup>	\$73,044,083	\$25,941,194	\$11,488,992	\$14,423,497	\$28,562,725	\$6,569,013	\$6,340,963	\$16,549,566	n/a	n/a
Enterprise Zone Program - Housing Component <sup>†</sup>	\$6,616,974	\$9,148,473	\$12,946,731	\$14,326,032	\$6,973,408	\$14,644,071	\$25,823,382	\$45,922,284	n/a	n/a
Farm to Food Donation Tax Credit	n/a	\$12,500	\$14,089							
Film, Television, And Video Project Promotion Program <sup>†</sup>	n/a	\$9,148,473	\$12,946,731	\$14,326,032	\$6,973,408	\$14,644,071	\$89,047	\$0	\$0	\$0
High Quality Jobs Program <sup>†</sup>	\$169,408,183	\$75,145,906	\$7,334,594	\$28,291,439	\$28,509,910	\$144,378,886	\$111,703,217	\$44,800,309	\$62,512,648	\$56,948,626
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>†</sup>	\$6,400,000	\$10,000,000	\$14,966,069	\$47,518,433	\$46,854,244	\$30,780,358	\$39,729,829	\$31,607,336	\$69,827,266	\$37,324,963
Iowa Industrial New Jobs Training Program (260E)	\$60,110,000	\$58,965,850	\$48,925,000	\$32,127,000	\$40,755,000	\$48,500,000	\$40,990,727	\$38,667,132	\$39,045,994	\$675,000
Redevelopment Tax Credit	n/a	n/a	\$0	\$546,510	n/a	\$4,499,257	\$5,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Renewable Energy Tax Credit <sup>†</sup>	\$0	\$1,492,898	\$2,570,197	\$2,398,784	\$2,503,361	\$3,010,850	\$3,918,708	\$5,519,767	\$5,403,737	\$4,527,219
School Tuition Organization Tax Credit <sup>††</sup>	\$2,499,904	\$4,886,880	\$6,200,378	\$7,402,023	\$7,476,821	\$7,499,025	\$8,749,061	\$8,749,980	\$11,997,890	\$12,000,000
Solar Energy System Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	\$650,914	\$1,499,346	\$4,495,430	\$4,095,206
Soy-Based Transformer Fluid Tax Credit <sup>†</sup>	\$17,062	\$17,540	\$3,394	n/a						
Targeted Jobs Tax Credit from Withholding	\$845,700	\$5,714,588	\$8,014,000	\$2,638,177	\$14,911,793	\$6,113,937	\$9,685,051	\$0	\$2,214,081	\$300,000
Venture Capital Tax Credit - Fund of Funds <sup>†</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$11,295,681	\$12,772,951	\$0	\$0
Venture Capital Tax Credit - Innovation Fund	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$890,590	\$3,425,803	\$969,390
Venture Capital Tax Credit - Qualifying Business <sup>†</sup>	\$3,784,713	\$2,130,133	\$0	\$0	\$96,000	\$598,832	\$545,425	\$0	\$0	\$996,686
Venture Capital Tax Credit - Venture Capital Fund <sup>†</sup>	\$620,404	\$59,760	\$140,856	\$217,320	n/a	n/a	n/a	n/a	n/a	n/a
Wage Benefit Tax Credit <sup>†</sup>	\$10,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	n/a	n/a	n/a	n/a	n/a
Wind Energy Production Tax Credit <sup>†</sup>	\$0	\$0	\$0	\$516,821	\$726,025	\$763,797	\$1,582,498	\$935,260	\$1,669,734	\$1,650,877
Workforce Housing Tax Incentive Program	n/a	\$20,000,000	\$20,000,000							
Total Credits Awarded Each Fiscal Year	\$341,347,024	\$216,009,890	\$140,736,767	\$179,789,852	\$200,802,642	\$297,148,481	\$283,040,805	\$235,324,758	\$248,543,939	\$162,551,498

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

Source: Awarding Agencies

n/a = program not yet created, or discontinued

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

\*=partial award year

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Total Individual Income Tax Credits	\$130,698,908	\$143,604,672	\$137,599,225	\$148,988,612	\$161,114,903	\$195,447,630	\$290,148,864	\$272,507,966	\$42,043,364
Child & Dependent Care Tax Credit	\$8,800,473	\$8,209,472	\$7,934,918	\$7,797,680	\$7,494,943	\$4,488,530	\$3,813,708	\$4,061,279	\$2,737,932
Early Childhood Development Tax Credit	\$506,182	\$521,513	\$553,533	\$591,995	\$753,173	\$846,434	\$784,165	\$728,777	\$318,398
Earned Income Tax Credit	\$23,594,812	\$24,994,270	\$28,496,272	\$27,536,092	\$30,258,024	\$31,031,962	\$65,570,550	\$71,094,646	\$33,954,427
Taxpayers Trust Fund Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	\$88,258,180	\$24,945,414	\$0
Tuition and Textbook Tax Credit	\$15,287,421	\$15,135,572	\$15,190,303	\$15,164,401	\$15,088,982	\$15,319,837	\$15,168,557	\$15,356,667	\$3,430,528
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	\$634,705	\$1,366,107	\$334,231
Other Nonrefundable Tax Credits	\$71,575,328	\$80,652,818	\$71,430,393	\$81,176,812	\$90,145,834	\$116,591,061	\$99,942,491	\$137,869,472	\$1,157,911
Other Refundable Tax Credits	\$10,934,692	\$14,091,027	\$13,993,806	\$16,721,632	\$17,373,947	\$27,169,806	\$15,976,508	\$17,085,604	\$109,937

	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*
Total Corporation Income Tax Credits	\$89,808,031	\$83,868,002	\$85,501,114	\$95,993,179	\$93,054,571	\$90,531,417	\$103,339,890	\$53,664,571	\$0
Other Credits (Nonrefundable)	\$21,661,949	\$19,862,153	\$26,262,341	\$16,399,059	\$18,504,901	\$20,957,810	#	#	#
Other Credits (Refundable)	\$14,459,565	\$15,127,563	\$12,403,270	\$27,627,984	\$20,780,666	\$19,070,175	#	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$2,319,412	\$1,501,495	\$797,631	\$2,245,041	\$1,318,915	\$809,316	#	#	#
Research Activities Tax Credit	\$51,367,105	\$47,376,791	\$46,037,872	\$49,721,095	\$52,450,089	\$49,694,116	#	#	#

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 Year	Tax Type						Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Replacement Tax	Sales & Use Tax	
2006	\$19,262,789	\$717,319	\$88,715,122	\$3,282,851	\$0	\$0	\$111,978,081
2007	\$23,763,444	\$632,919	\$71,575,328	\$1,981,714	\$0	\$0	\$97,953,405
2008	\$21,490,653	\$4,002,099	\$80,652,818	\$3,699,015	\$0	\$241,264	\$110,085,849
2009	\$27,044,954	\$1,072,601	\$71,430,393	\$11,442,624	\$516,821	\$0	\$111,507,393
2010	\$17,764,874	\$2,779,415	\$81,176,812	\$1,396,120	\$726,025	\$0	\$103,843,246
2011	\$19,793,024	\$2,194,248	\$90,145,834	\$9,109,119	\$763,797	\$43,801	\$122,049,823
2012	\$23,032,503	\$3,432,968	\$116,591,061	\$3,184,455	\$791,633	\$169,732	\$147,202,352

Source: IDR data

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

Tax Year	Tax Type						Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Replacement Tax	Sales & Use Tax	
2006	\$55,618,533	\$0	\$7,381,313	\$0	\$0	\$0	\$62,999,846
2007	\$65,842,401	\$3,762,902	\$10,934,692	\$3,833,435	\$23,090	\$0	\$84,396,520
2008	\$62,519,956	\$4,358,006	\$14,091,027	\$4,433,454	\$0	\$0	\$85,402,443
2009	\$58,221,477	\$2,347,810	\$13,993,806	\$1,771,058	\$0	\$0	\$76,334,151
2010	\$77,349,079	\$9,633,062	\$16,721,632	\$2,353,410	\$0	\$0	\$106,057,183
2011	\$73,493,289	\$4,522,792	\$17,373,947	\$131,286	\$0	\$0	\$95,521,314
2012	\$69,275,551	\$11,057,276	\$27,169,806	\$2,118,789	\$0	\$0	\$109,621,422

Source: IDR data

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

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Jobs Program	Total Refunds
FY 2000	\$104,215	\$36,527				\$140,742
FY 2001	\$370,922	\$209,927	\$0			\$580,849
FY 2002	\$875,824	\$221,315	\$0			\$1,097,139
FY 2003	\$1,546,062	\$304,471	\$0			\$1,850,533
FY 2004	\$979,526	\$428,709	\$0			\$1,408,235
FY 2005	\$747,109	\$612,061	\$70,059	\$0		\$1,429,229
FY 2006	\$482,531	\$856,435	\$924,309	\$0	\$0	\$2,263,275
FY 2007	\$408,015	\$1,956,763	\$4,096,721	\$0	\$0	\$6,461,499
FY 2008	\$1,468,636	\$1,095,621	\$237,571	\$0	\$2,272,699	\$5,074,527
FY 2009	\$2,544,183	\$1,628,914	\$0	\$0	\$2,221,099	\$6,394,196
FY 2010	\$1,671,841	\$1,248,869	\$0	\$0	\$5,739,192	\$8,659,902
FY 2011	\$452,019	\$2,745,872	\$0	\$0	\$2,316,456	\$5,514,347
FY 2012	\$509,821	\$821,271	\$0	\$0	\$659,917	\$1,991,009
FY 2013	\$3,879,619	\$1,680,077	\$0	\$0	\$2,935,645	\$8,495,341
FY 2014	\$849,233	\$899,212	\$0	\$0	\$2,683,331	\$4,431,776
FY 2015	\$2,759,051	\$3,342,692	\$0	\$0	\$5,961,362	\$12,063,105
FY 2016 YTD	\$108,593	\$2,400,261	\$0	\$0	\$9,223,410	\$11,732,264

Refunds are reported on a cash basis

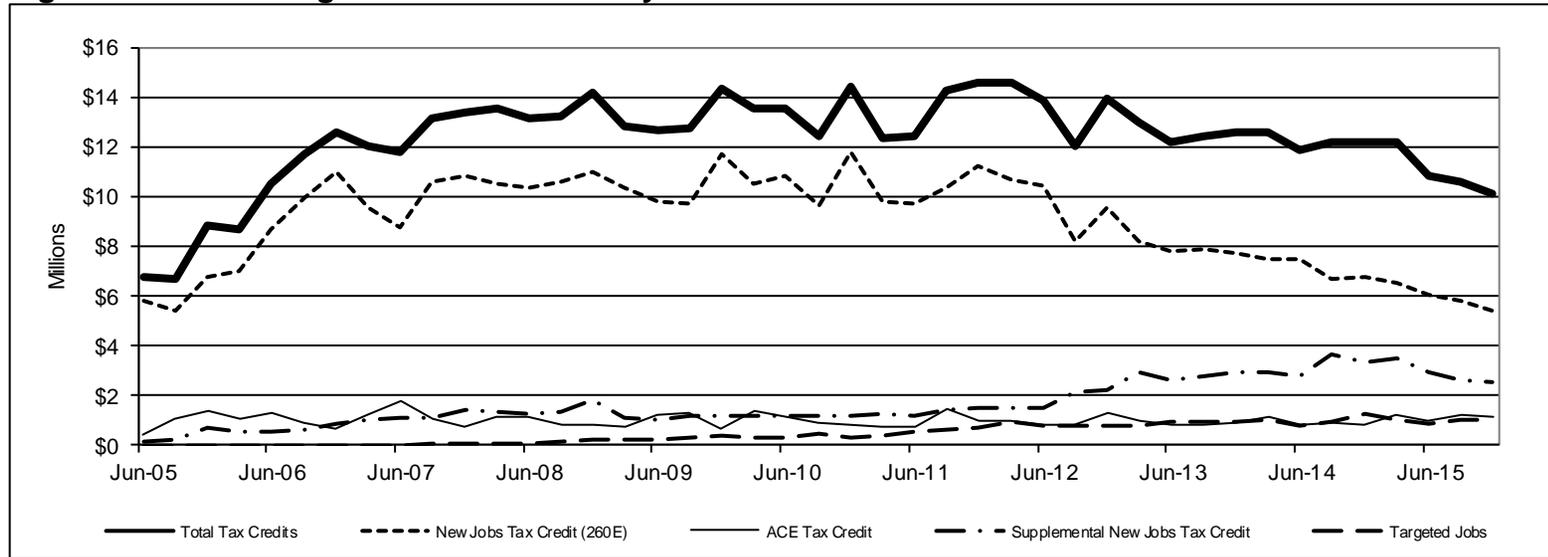
Source: IDR data

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

Quarter	Number	Total Tax Credits	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit	Credits Incorrectly Claimed on Return	Total of Paper Filed Returns Without Credit Detail
3/31/2011	604	\$12,381,004	\$9,795,874	\$1,256,669	\$424,790	\$762,924	\$140,628	\$118
6/30/2011	617	\$12,403,550	\$9,696,382	\$1,217,476	\$571,971	\$754,016	\$163,705	\$0
9/30/2011	633	\$14,244,545	\$10,375,823	\$1,443,398	\$627,613	\$1,476,317	\$321,394	\$0
12/31/2011	610	\$14,624,254	\$11,212,003	\$1,472,815	\$702,686	\$975,246	\$261,505	\$0
3/31/2012	618	\$14,562,618	\$10,662,275	\$1,534,666	\$983,241	\$960,820	\$421,617	\$0
6/30/2012	610	\$13,858,470	\$10,437,526	\$1,521,661	\$783,944	\$840,767	\$274,571	\$0
9/30/2012	677	\$12,017,264	\$8,195,454	\$2,151,937	\$830,169	\$839,704	\$0	\$0
12/31/2012	703	\$13,921,533	\$9,561,118	\$2,241,329	\$826,740	\$1,292,346	\$0	\$0
3/31/2013	701	\$12,996,853	\$8,235,457	\$2,961,366	\$817,396	\$982,634	\$0	\$0
6/30/2013	683	\$12,224,266	\$7,846,332	\$2,629,071	\$915,983	\$832,880	\$0	\$0
9/30/2013	651	\$12,435,151	\$7,868,939	\$2,766,873	\$949,016	\$850,323	\$0	\$0
12/31/2013	663	\$12,592,801	\$7,742,972	\$2,923,187	\$980,644	\$945,998	\$0	\$0
3/31/2014	635	\$12,577,117	\$7,471,267	\$2,941,696	\$1,003,276	\$1,160,878	\$0	\$0
6/30/2014	644	\$11,893,629	\$7,501,656	\$2,764,098	\$822,293	\$805,582	\$0	\$0
9/30/2014	643	\$12,189,164	\$6,674,642	\$3,651,942	\$966,571	\$896,009	\$0	\$0
12/31/2014	616	\$12,221,727	\$6,758,072	\$3,377,944	\$1,246,983	\$838,728	\$0	\$0
3/31/2015	598	\$12,231,178	\$6,522,306	\$3,516,688	\$994,220	\$1,197,964	\$0	\$0
6/30/2015	615	\$10,837,051	\$6,031,312	\$2,939,312	\$880,425	\$986,002	\$0	\$0
9/30/2015	578	\$10,635,763	\$5,776,308	\$2,615,749	\$1,046,989	\$1,196,717	\$0	\$0
12/31/2015	551	\$10,124,907	\$5,419,777	\$2,508,855	\$1,046,159	\$1,150,116	\$0	\$0
FY 2012	2,471	\$57,289,887	\$42,687,627	\$5,972,540	\$3,097,484	\$4,253,150	\$1,279,087	\$0
FY 2013	2,764	\$51,159,916	\$33,838,361	\$9,983,703	\$3,390,288	\$3,947,564	\$0	\$0
FY 2014	2,593	\$49,498,698	\$30,584,834	\$11,395,854	\$3,755,229	\$3,762,781	\$0	\$0
FY 2015	2,472	\$47,479,120	\$25,986,332	\$13,485,886	\$4,088,199	\$3,918,703	\$0	\$0
FY 2016 YTD	1,129	\$20,760,670	\$11,196,085	\$5,124,604	\$2,093,148	\$2,346,833	\$0	\$0
CY 2011	2,464	\$53,653,353	\$41,080,082	\$5,390,358	\$2,327,060	\$3,968,503	\$887,232	\$118
CY 2012	2,608	\$54,359,885	\$38,856,373	\$7,449,593	\$3,424,094	\$3,933,637	\$696,188	\$0
CY 2013	2,698	\$50,249,071	\$31,693,700	\$11,280,497	\$3,663,039	\$3,611,835	\$0	\$0
CY 2014	2,538	\$48,881,637	\$28,405,637	\$12,735,680	\$4,039,123	\$3,701,197	\$0	\$0
CY 2015	2,342	\$43,828,899	\$23,749,703	\$11,580,604	\$3,967,793	\$4,530,799	\$0	\$0

Source: IDR data

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



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

	260E Withholding Credits Awarded	260E and Supplemental Credit Claims on Withholding Returns	New Jobs Income Tax Credit Claims	Total 260E Withholding and Income Tax Credit Claims
FY 2001	\$38,567,500	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	
FY 2004	\$26,746,500	n/a	n/a	
FY 2005	\$51,995,000	n/a	n/a	
FY 2006	\$40,280,000	\$29,928,649	n/a	
FY 2007	\$60,110,000	\$42,996,886	\$4,421,145	\$47,418,031
FY 2008	\$58,965,850	\$47,507,655	\$4,608,919	\$52,116,574
FY 2009	\$48,925,000	\$47,189,017	\$4,500,047	\$51,689,064
FY 2010	\$32,127,000	\$47,526,601	\$2,969,211	\$50,495,812
FY 2011	\$40,755,000	\$45,892,441	\$2,348,303	\$48,240,744
FY 2012	\$48,500,000	\$48,660,167	\$2,827,592	\$51,487,759
FY 2013	\$40,990,727	\$43,822,064	\$3,114,433	\$46,936,497
FY 2014	\$38,667,132	\$41,980,688	\$1,738,080	\$43,718,768
FY 2015	\$39,045,994	\$39,472,218	\$1,643,856	\$41,116,074
FY 2016 YTD	\$675,000	\$16,320,689	\$1,156,944	\$17,477,633

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

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

Capped Programs	History*			Forecast				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Accelerated Career Education Tax Credit <sup>2</sup>	\$3,947,564	\$3,762,781	\$3,918,703	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit <sup>3</sup>	\$3,148,771	\$3,101,986	\$3,617,818	\$5,664,036	\$6,419,064	\$6,967,927	\$6,622,463	\$6,724,297
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>5</sup>	\$0	\$12,599	\$16,716	\$49,006	\$1,687,890	\$2,544,594	\$1,285,408	\$708,787
Endow Iowa Tax Credit <sup>3</sup>	\$3,374,737	\$5,562,464	\$5,277,739	\$6,623,304	\$6,825,066	\$6,987,464	\$6,139,925	\$6,430,128
Enterprise Zone Program <sup>4</sup>	\$11,540,291	\$6,913,519	\$13,716,266	\$56,613,603	\$51,099,711	\$33,493,590	\$20,612,008	\$8,066,244
Enterprise Zone Program - Housing Component <sup>6</sup>	\$5,672,499	\$5,831,191	\$9,456,549	\$38,195,184	\$27,127,591	\$15,403,918	\$957,685	\$765,286
Film, Television, and Video Project Promotion Program <sup>7</sup>	\$460,143	\$1,750,173	\$27,458	\$9,426	\$4,501	\$631	\$11	\$0
High Quality Jobs Program <sup>4</sup>	\$13,597,872	\$12,048,235	\$20,289,931	\$86,041,173	\$107,230,917	\$125,264,343	\$108,460,824	\$80,963,628
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>3</sup>	\$21,408,923	\$31,583,922	\$17,654,622	\$58,799,966	\$53,662,658	\$52,502,090	\$55,212,724	\$45,478,352
Redevelopment Tax Credit <sup>3</sup>	\$157,593	\$1,921,717	\$2,542,984	\$4,555,114	\$7,103,248	\$7,222,053	\$7,930,238	\$9,137,524
Renewable Energy Tax Credit <sup>3</sup>	\$3,090,814	\$5,029,272	\$3,931,468	\$5,304,326	\$8,865,786	\$13,771,525	\$14,208,749	\$14,125,816
School Tuition Organization Tax Credit <sup>3</sup>	\$7,970,994	\$8,151,065	\$9,888,159	\$12,173,052	\$12,399,857	\$12,574,924	\$12,903,697	\$12,658,893
Solar Energy System Tax Credit <sup>3</sup>	\$347,350	\$951,696	\$2,319,476	\$3,565,127	\$3,872,969	\$1,579,364	\$647,615	\$491,094
Venture Capital Tax Credit - Innovation Fund <sup>8</sup>	\$0	\$0	\$1,125,597	\$2,484,291	\$4,309,000	\$6,750,382	\$7,364,214	\$7,715,029
Venture Capital Tax Credit - Iowa Fund of Funds <sup>9</sup>	\$11,295,681	\$12,182,951	\$0	\$1,353,376	\$763,375	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>3</sup>	\$275,302	\$163,436	\$116,449	\$1,083,430	\$1,620,873	\$2,120,744	\$2,069,572	\$2,046,204
Venture Capital Tax Credit - Venture Capital Funds <sup>3</sup>	\$251,918	\$49,876	\$42,249	\$53,461	\$19,445	\$9,730	\$3,525	\$535
Wage-Benefits Tax Credit <sup>10</sup>	\$1,418,671	\$0	\$33,251	\$0	\$0	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$849,849	\$949,203	\$1,010,186	\$1,884,426	\$1,646,206	\$1,623,451	\$1,623,451	\$1,623,451
Workforce Housing Tax Incentive Program <sup>11</sup>	\$0	\$0	\$0	\$251,765	\$13,601,596	\$22,389,712	\$21,493,965	\$20,271,162
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$88,808,972</b>	<b>\$99,966,086</b>	<b>\$94,985,621</b>	<b>\$290,104,066</b>	<b>\$313,659,753</b>	<b>\$316,606,442</b>	<b>\$272,936,073</b>	<b>\$222,606,431</b>

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

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

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

<sup>5</sup> Estimates are based on timing from the Agricultural Assets Transfer Tax Credit, and award information from the Iowa Agricultural Development Division.

<sup>6</sup> Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds and Investment Tax Credits. This program is included in the \$170 million EDA tax credit cap.

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

<sup>8</sup> Estimates are based on the assumption that the full amount of the cap will be awarded and that the timing of claims will be similar to the Venture Capital Tax Credit – Qualifying Business.

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

<sup>10</sup> This tax credit has expired; therefore, no future claims are expected.

<sup>11</sup> Estimate is based on actual award allocations and estimated timing from IDR fiscal estimate that was completed for HF 2448, 2014 Legislative Session.

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

Uncapped Programs	History*			Forecast				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adoption Tax Credit <sup>12</sup>	\$0	\$0	\$366,351	\$843,000	\$843,000	\$843,000	\$843,000	\$843,000
Biodiesel Blended Fuel Tax Credit <sup>13</sup>	\$7,968,517	\$10,732,264	\$15,651,091	\$14,894,090	\$14,951,538	\$16,194,559	\$14,067,547	\$436,635
Charitable Conservation Contribution Tax Credit <sup>14</sup>	\$843,611	\$524,119	\$528,902	\$818,156	\$848,872	\$852,257	\$865,767	\$886,123
Child & Dependent Care Tax Credit <sup>15</sup>	\$4,488,530	\$3,813,708	\$4,061,279	\$6,743,290	\$6,770,399	\$6,411,043	\$5,885,353	\$5,404,196
E15 Plus Gasoline Promotion Tax Credit <sup>13</sup>	\$11,575	\$41,910	\$86,554	\$196,909	\$281,709	\$302,080	\$238,526	\$27,509
E85 Gasoline Promotion Tax Credit <sup>13</sup>	\$1,134,775	\$1,469,354	\$1,683,605	\$2,130,808	\$2,102,285	\$2,167,883	\$1,787,637	\$148,098
Early Childhood Development Tax Credit <sup>15</sup>	\$846,434	\$784,165	\$728,777	\$726,574	\$749,679	\$755,330	\$744,293	\$738,659
Earned Income Tax Credit <sup>15</sup>	\$31,031,962	\$65,570,550	\$71,094,646	\$71,387,035	\$72,188,573	\$71,750,736	\$69,178,920	\$69,759,976
Ethanol Promotion Tax Credit <sup>13</sup>	\$3,142,652	\$1,967,408	\$2,068,704	\$1,922,610	\$1,416,286	\$1,580,819	\$855,337	\$56,818
Farm to Food Donation Tax Credit <sup>16</sup>	\$0	\$0	\$9,882	\$12,616	\$19,413	\$24,996	\$30,510	\$35,609
Geothermal Heat Pump Tax Credit <sup>17</sup>	\$1,555,338	\$1,960,227	\$2,246,189	\$2,294,443	\$2,490,986	\$358,426	\$77,367	\$67,378
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$46,936,497	\$43,718,768	\$41,116,074	\$44,221,382	\$43,285,745	\$44,594,759	\$44,750,847	\$43,872,001
New Capital Investment Program <sup>19</sup>	\$501,006	\$299,914	\$261,360	\$1,181,077	\$459,208	\$0	\$0	\$0
New Jobs and Income Program <sup>19</sup>	\$3,980,460	\$391,678	\$74,602	\$418,180	\$251,227	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$40,463,714	\$47,644,333	\$51,021,866	\$54,749,665	\$59,563,096	\$63,361,992	\$67,403,178	\$71,702,109
Supplemental Research Activities Tax Credit <sup>21</sup>	\$14,799,025	\$15,983,876	\$6,768,595	\$9,885,377	\$7,617,861	\$6,874,318	\$6,003,239	\$6,761,651
Targeted Jobs Tax Credit from Withholding <sup>22</sup>	\$3,390,288	\$3,755,229	\$4,088,199	\$5,790,841	\$7,088,646	\$7,477,779	\$6,578,635	\$5,771,035
Tuition and Textbook Tax Credit <sup>15</sup>	\$15,319,837	\$15,168,557	\$15,356,667	\$15,268,538	\$15,335,237	\$15,478,412	\$15,663,489	\$15,807,760
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>15</sup>	\$0	\$634,705	\$1,366,107	\$1,319,963	\$1,323,010	\$1,328,902	\$1,335,634	\$1,339,312
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$176,414,221</b>	<b>\$214,460,765</b>	<b>\$218,579,450</b>	<b>\$234,804,552</b>	<b>\$237,586,772</b>	<b>\$240,357,290</b>	<b>\$236,309,280</b>	<b>\$223,657,871</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$265,223,193</b>	<b>\$314,426,851</b>	<b>\$313,565,071</b>	<b>\$524,908,619</b>	<b>\$551,246,525</b>	<b>\$556,963,732</b>	<b>\$509,245,353</b>	<b>\$446,264,303</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$281,353</b>	<b>\$780,832</b>	<b>\$1,230,715</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$264,941,840</b>	<b>\$313,646,019</b>	<b>\$312,334,356</b>					

\* The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2014 and 2015 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

<sup>12</sup> Estimates are based on the Fiscal Note for HF 2468, 2014 Legislative Session.

<sup>13</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Retailers Annual Fuel Gallons Report for 2015.

<sup>14</sup> Estimates are based on claim information collected from the IA 148 and the average new claims from 2008 and 2014 for future new claims.

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

<sup>16</sup> Estimates are based on claim information collected from the IA 148, actual awards, and information from the Fiscal Note for SF 367, 2013 Legislative Session.

<sup>17</sup> Estimates are based claim information collected from the IA 148 and on the average new claims from tax years 2012 and 2013.

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

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

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

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

<sup>22</sup> Estimates are based on historical claim data and assuming \$4 million in awards in FY 2016 and \$8 million in new awards each subsequent year.

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

Capped Programs	History*			Forecast				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Accelerated Career Education Tax Credit <sup>23</sup>	\$3,947,564	\$3,762,781	\$3,918,703	\$3,902,109	\$3,902,109	\$3,902,109	\$3,902,109	\$3,902,109
Agricultural Assets Transfer Tax Credit <sup>24</sup>	\$3,148,771	\$3,101,986	\$3,617,818	\$4,983,337	\$5,459,989	\$5,761,457	\$5,371,512	\$5,178,528
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>25</sup>	\$0	\$12,599	\$16,716	\$42,703	\$85,753	\$176,584	\$89,083	\$47,761
Endow Iowa Tax Credit <sup>26</sup>	\$3,374,737	\$5,562,464	\$5,277,739	\$4,945,031	\$4,981,391	\$5,002,390	\$5,005,596	\$5,005,596
Enterprise Zone Program <sup>27</sup>	\$11,540,291	\$6,913,519	\$13,716,266	\$8,350,173	\$5,093,648	\$3,609,928	\$2,517,255	\$2,089,895
Enterprise Zone Program - Housing Component <sup>27</sup>	\$5,672,499	\$5,831,191	\$9,456,549	\$22,061,862	\$16,395,412	\$10,655,347	\$5,471,581	\$2,639,463
Film, Television, and Video Project Promotion Program <sup>27</sup>	\$460,143	\$1,750,173	\$27,458	\$9,426	\$4,501	\$631	\$11	\$0
High Quality Jobs Program <sup>28</sup>	\$13,597,872	\$12,048,235	\$20,289,931	\$34,216,632	\$33,213,708	\$48,427,292	\$48,560,744	\$38,604,626
Historic Preservation and Cultural and Entertainment District Tax Credit <sup>3</sup>	\$21,408,923	\$31,583,922	\$17,654,622	\$51,841,058	\$49,976,407	\$52,502,090	\$55,212,724	\$45,478,352
Redevelopment Tax Credit <sup>3</sup>	\$157,593	\$1,921,717	\$2,542,984	\$4,555,114	\$7,103,248	\$7,222,053	\$7,930,238	\$9,137,524
Renewable Energy Tax Credit <sup>24</sup>	\$3,090,814	\$5,029,272	\$3,931,468	\$5,304,326	\$8,865,786	\$13,771,525	\$14,208,749	\$14,125,816
School Tuition Organization Tax Credit <sup>3</sup>	\$7,970,994	\$8,151,065	\$9,888,159	\$12,173,052	\$12,399,857	\$12,574,924	\$12,903,697	\$12,658,893
Solar Energy System Tax Credit <sup>3</sup>	\$347,350	\$951,696	\$2,319,476	\$3,565,127	\$3,872,969	\$1,579,364	\$647,615	\$491,094
Venture Capital Tax Credit - Innovation Fund <sup>8</sup>	\$0	\$0	\$1,125,597	\$2,277,108	\$3,949,642	\$6,187,419	\$6,691,000	\$6,988,126
Venture Capital Tax Credit - Iowa Fund of Funds <sup>9</sup>	\$11,295,681	\$12,182,951	\$0	\$1,353,376	\$763,375	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>29</sup>	\$275,302	\$163,436	\$116,449	\$939,463	\$1,528,118	\$2,102,705	\$2,059,179	\$2,039,302
Venture Capital Tax Credit - Venture Capital Funds <sup>3</sup>	\$251,918	\$49,876	\$42,249	\$53,461	\$19,445	\$9,730	\$3,525	\$535
Wage-Benefits Tax Credit <sup>10</sup>	\$1,418,671	\$0	\$33,251	\$0	\$0	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$849,849	\$949,203	\$1,010,186	\$1,884,426	\$1,646,206	\$1,623,451	\$1,623,451	\$1,623,451
Workforce Housing Tax Incentive Program <sup>30</sup>	\$0	\$0	\$0	\$213,918	\$11,568,274	\$19,042,092	\$18,280,005	\$17,240,243
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$88,808,972</b>	<b>\$99,966,086</b>	<b>\$94,985,621</b>	<b>\$162,671,701</b>	<b>\$170,829,837</b>	<b>\$194,151,090</b>	<b>\$190,478,073</b>	<b>\$167,251,316</b>

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

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

<sup>25</sup> Estimates are based on claim information from the IA 148 for the Agricultural Assets Transfer Tax Credit which indicates that less than 100 percent of awards will be claimed, as well as information that it is unlikely that the full tax credit cap will be awarded.

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

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

<sup>28</sup> Estimates are based on the expectation that less than the full allocation of awards will be made and less than 100 percent of awards will be claimed before expiration based on historical claims.

<sup>29</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims for nonrefundable tax credit awards. It is assumed that once the tax credit awards become refundable that 100 percent of awards will be claimed.

<sup>30</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims of the Housing Enterprise Zone awards.

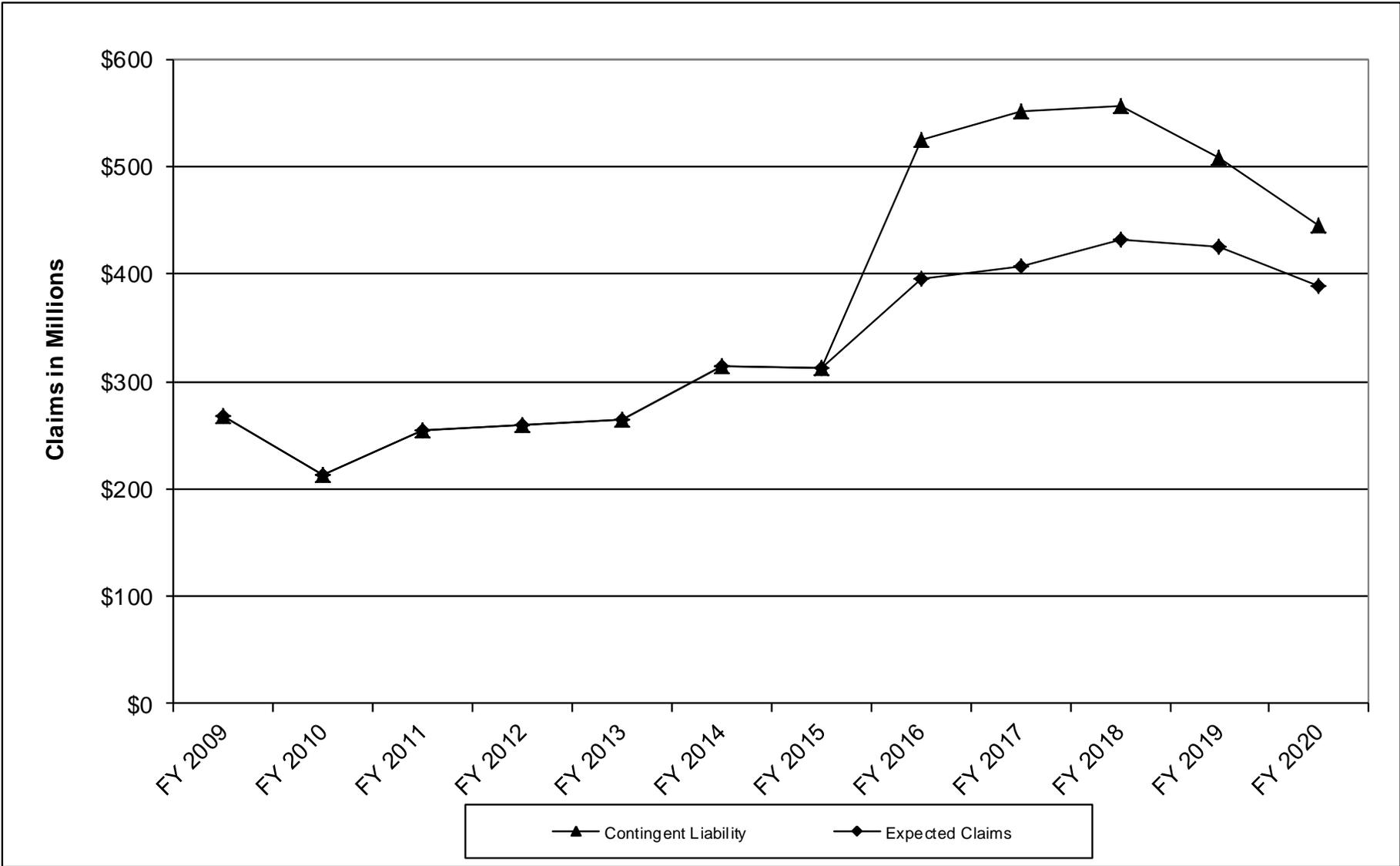
**Table 9 Continued: Tax Credit Expected Claims Projection**

Uncapped Programs	History*			Forecast				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adoption Tax Credit <sup>12</sup>	\$0	\$0	\$366,351	\$843,000	\$843,000	\$843,000	\$843,000	\$843,000
Biodiesel Blended Fuel Tax Credit <sup>13</sup>	\$7,968,517	\$10,732,264	\$15,651,091	\$14,894,090	\$14,951,538	\$16,194,559	\$14,067,547	\$436,635
Charitable Conservation Contribution Tax Credit <sup>14</sup>	\$843,611	\$524,119	\$528,902	\$818,156	\$848,872	\$852,257	\$865,767	\$886,123
Child & Dependent Care Tax Credit <sup>15</sup>	\$4,488,530	\$3,813,708	\$4,061,279	\$6,743,290	\$6,770,399	\$6,411,043	\$5,885,353	\$5,404,196
E15 Plus Gasoline Promotion Tax Credit <sup>13</sup>	\$11,575	\$41,910	\$86,554	\$196,909	\$281,709	\$302,080	\$238,526	\$27,509
E85 Gasoline Promotion Tax Credit <sup>13</sup>	\$1,134,775	\$1,469,354	\$1,683,605	\$2,130,808	\$2,102,285	\$2,167,883	\$1,787,637	\$148,098
Early Childhood Development Tax Credit <sup>15</sup>	\$846,434	\$784,165	\$728,777	\$726,574	\$749,679	\$755,330	\$744,293	\$738,659
Earned Income Tax Credit <sup>15</sup>	\$31,031,962	\$65,570,550	\$71,094,646	\$71,387,035	\$72,188,573	\$71,750,736	\$69,178,920	\$69,759,976
Ethanol Promotion Tax Credit <sup>13</sup>	\$3,142,652	\$1,967,408	\$2,068,704	\$1,922,610	\$1,416,286	\$1,580,819	\$855,337	\$56,818
Farm to Food Donation Tax Credit <sup>16</sup>	\$0	\$0	\$9,882	\$12,616	\$19,413	\$24,996	\$30,510	\$35,609
Geothermal Heat Pump Tax Credit <sup>17</sup>	\$1,555,338	\$1,960,227	\$2,246,189	\$2,294,443	\$2,490,986	\$358,426	\$77,367	\$67,378
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$46,936,497	\$43,718,768	\$41,116,074	\$44,221,382	\$43,285,745	\$44,594,759	\$44,750,847	\$43,872,001
New Capital Investment Program <sup>27</sup>	\$501,006	\$299,914	\$261,360	\$444,663	\$172,887	\$0	\$0	\$0
New Jobs and Income Program <sup>27</sup>	\$3,980,460	\$391,678	\$74,602	\$231,012	\$138,784	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$40,463,714	\$47,644,333	\$51,021,866	\$54,749,665	\$59,563,096	\$63,361,992	\$67,403,178	\$71,702,109
Supplemental Research Activities Tax Credit <sup>26</sup>	\$14,799,025	\$15,983,876	\$6,768,595	\$9,885,377	\$7,617,861	\$6,874,318	\$5,992,289	\$6,601,215
Targeted Jobs Tax Credit from Withholding <sup>31</sup>	\$3,390,288	\$3,755,229	\$4,088,199	\$4,632,673	\$5,670,917	\$5,982,223	\$5,262,908	\$4,616,828
Tuition and Textbook Tax Credit <sup>15</sup>	\$15,319,837	\$15,168,557	\$15,356,667	\$15,268,538	\$15,335,237	\$15,478,412	\$15,663,489	\$15,807,760
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>15</sup>	\$0	\$634,705	\$1,366,107	\$1,319,963	\$1,323,010	\$1,328,902	\$1,335,634	\$1,339,312
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$176,414,221</b>	<b>\$214,460,765</b>	<b>\$218,579,450</b>	<b>\$232,722,803</b>	<b>\$235,770,278</b>	<b>\$238,861,735</b>	<b>\$234,982,602</b>	<b>\$222,343,228</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$265,223,193</b>	<b>\$314,426,851</b>	<b>\$313,565,071</b>	<b>\$395,394,504</b>	<b>\$406,600,115</b>	<b>\$433,012,825</b>	<b>\$425,460,676</b>	<b>\$389,594,544</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$281,353</b>	<b>\$780,832</b>	<b>\$1,230,715</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$264,941,840</b>	<b>\$313,646,019</b>	<b>\$312,334,356</b>					

\*The history portion of the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued. FY 2014 and 2015 numbers are actual claim numbers, but may increase as additional tax credit claims are verified.

<sup>31</sup> Based on an analysis of the program, it is assumed that only 80 percent of awards will be claimed.

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Taxpayers Trust Fund Tax Credit:** The credit is equal to the amount of money transferred from the Iowa Taxpayers Trust Fund divided by the number of eligible individuals who filed Iowa Individual Income Tax returns by October 31 of the year proceeding the year in which the credit is allowed. Section 422.11E, Code of Iowa.

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

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

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

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

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

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

**Wage-Benefit Tax Credit:** This credit, administered by IDR, was based on creating new jobs with good wages and benefits. 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.

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