



Iowa Department of **REVENUE**

Tax Credits Contingent Liabilities Report

October 16, 2018

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 2018 increased 24.3 percent from FY 2017 to \$251.1 million. FY 2017 awards were 18.0 percent below FY 2012, when tax credit awards reached \$306.2 million (see Table 1). Although the number of awarded tax credits in FY 2018 was 20 compared to 17 in FY 2012, the decline in the total value of awards can be attributed to several programs being repealed. Awards in FY 2019 to-date total \$53.5 million, although several programs have not yet issued any or all current year awards.
- Nonrefundable and refundable tax credit claims reported on the IA 148 Tax Credits Schedule against individual income, corporation income, insurance premium, franchise, replacement, moneys and credits, and sales and use taxes for tax year 2014, the most recent year with complete data, were \$291.4 million, up from \$252.4 million in tax year 2013.
- Revised sales and use tax refunds under EDA tax credit programs totaled \$26.1 million in FY 2018, which was an increase from \$15.1 million in FY 2017 measured on an accrual basis (see Table 5). In FY 2018, an additional \$43.3 million in tax credit claims were made against individual withholding tax (see Table 6).
- The estimated contingent liability of all tax credits is \$535.3 million for FY 2019, \$513.1 million for FY 2020, and \$517.0 million for FY 2021 (see Table 8). Expected claims for all tax credits, based on historical information showing some tax credit awards are not always fully claimed, are \$458.1 million for FY 2019, \$428.4 million for FY 2020 and \$432.1 million for FY 2021 (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 2012 due to higher utilization of existing tax credit programs (see Table 1). The substantial increase during FY 2012 was mainly due to a large award made under the High Quality Jobs Program. Tax credit awards were at their lowest level in the last ten years in FY 2010.

Total FY 2018 awards increased 24.3 percent compared to FY 2017 awards. The program with the largest increase in awards for FY 2018 was the Targeted Jobs Tax Credit from Withholding, which increased over 300 percent from FY 2017, due to a single large award. The Custom Farming Contract Tax Credit awards decreased over 85 percent in FY 2018 from FY 2017. Awards made to-date in FY 2019 total \$53.5 million with many programs still issuing awards.

Tax Credit Claims

Between tax years 2009 and 2017, individual income tax credit claims averaged \$206.3 million per year (see Table 2). Total individual income tax credit claims in 2016 increased 5.5 percent from claims made in 2015 with the rise reflecting increases in "other nonrefundable" and "other refundable" tax credit claims.

The majority of tax credit claims made against corporation income tax are for the Research Activities Tax Credit. In tax years 2001 through 2005, Research Activities Tax Credit claims accounted for over 80 percent of the dollars of all corporation income tax credit claims. Since 2008, the Research Activities Tax Credit has accounted for over 53 percent of the total credits. The drop resulted from growth in the amount of "Other Credits" claimed. "Other Credits" claims historically accounted for 5 to 10 percent of all corporation claims; in tax years 2008 through 2014 as new credits were introduced, those claims accounted for over 45 percent of corporation tax credit claims. Tax year 2014 is the most recent complete year of claim data.

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed income tax credit claim data has improved; note that withholding tax credits and sales and use refunds are tracked separately. In tax years 2006 through 2014, on average, over 72 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, moneys and credits, replacement, and sales and use taxes. The majority of IA 148 refundable tax credit claims made between 2006 and 2014 were claimed against corporation income tax,

averaging just over 73 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), the High Quality Jobs Programs, and the Workforce Housing Tax Incentive Program, 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 Job 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). Some of the historical numbers have been revised since the last report due to the identification of a number of sales and use tax refunds that had previously been inadvertently omitted from the report; the biggest impacts can be seen in FY 2015 through FY 2017. Refunds reached an all-time high in FY 2018 when they exceeded \$26 million, which was a 72.6 percent increase over FY 2017. These refunds are reported on an accrual basis (refunds issued September through August) in line with the period for which the REC forecasts General Fund refunds.

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 divert the credited withholding tax to the participating community college or city.

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the September 2013 quarter (see Table 6). Withholding tax credit claims have averaged \$47.95 million each fiscal year between 2014 and 2018. It is apparent that total withholding credits are strongly driven by the New Jobs Tax Credit (260E) (see Figure 1).

On average, there have been \$41.5 million of New Jobs Tax Credits awarded each year since the program's inception in FY 2001. However, awards had fallen below that average for the five fiscal years prior to 2018 (see Table 7). In addition, participants in the 260E program with sufficient job creation are eligible to claim an income tax credit; the amount of the income tax credits claimed is included in Table 7.

Tax Credit Contingent Liabilities Projection

Forecasts of the liability facing General Fund revenues due to tax credits show an upward trend in potential tax credit claims in the next fiscal year before decreasing and then leveling off in subsequent fiscal years (see Table 8). The decline can largely be attributed to tax credits programs that have expired. 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 unless an awarding agency indicates otherwise. It is also assumed that 100 percent of awards issued would be claimed; for Investment Tax Credit awards near expiration it is assumed that 100 percent of reported carry forward 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 2019 allocation of the \$170 million EDA cap is: High Quality Jobs Program - \$105 million, Workforce Housing Tax Incentive Program - \$20 million, Redevelopment Tax Credit - \$10 million, Renewable Chemical Production Tax Credit Program - \$10 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualifying Business - \$2 million, and Assistive Device Tax Credit - \$0; \$25 million is to be unallocated to finance expected costs of the Renewable Chemical Production Tax Credit enacted during the 2016 Legislative session.

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

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040, although FY 2018 numbers are likely to increase marginally as tax credit claims continue to be verified. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are reviewed by IDR staff. The historical numbers for fiscal years 2016 and 2017 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 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 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*
Accelerated Career Education Program (ACE) [†]	\$6,000,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$0
Agricultural Assets Transfer Tax Credit [†]	\$2,663,338	\$3,598,502	\$5,222,987	\$5,756,759	\$5,981,266	\$6,508,811	\$6,959,738	\$8,505,027	\$9,568,673	\$0
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit [†]	n/a	n/a	n/a	n/a	\$28,975	\$30,046	\$89,704	\$114,786	\$16,595	n/a
Endow Iowa Tax Credit ^{††}	\$2,394,446	\$3,461,445	\$4,523,397	\$5,779,542	\$5,999,996	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Enterprise Zone Program [†]	\$14,423,497	\$28,562,725	\$6,569,013	\$6,340,963	\$16,549,566	n/a	n/a	n/a	n/a	n/a
Enterprise Zone Program - Housing Component [†]	\$14,326,032	\$6,973,408	\$14,644,071	\$25,823,382	\$45,922,284	n/a	n/a	n/a	n/a	n/a
Farm to Food Donation Tax Credit	n/a	n/a	n/a	n/a	n/a	\$12,500	\$14,089	\$9,097	\$10,187	\$0
Film, Television, And Video Project Promotion Program [†]	\$14,326,032	\$6,973,408	\$14,644,071	\$89,047	n/a	n/a	n/a	n/a	n/a	n/a
High Quality Jobs Program [†]	\$28,291,439	\$28,509,910	\$144,378,886	\$116,746,179	\$42,568,140	\$50,478,792	\$61,333,580	\$45,150,681	\$66,707,457	\$14,216,950
Historic Preservation and Cultural and Entertainment District Tax Credit [†]	\$44,820,924	\$42,075,186	\$39,454,075	\$35,625,483	\$39,022,230	\$65,679,991	\$41,808,645	\$53,970,742	\$50,166,146	\$20,817,267
Iowa Industrial New Jobs Training Program (260E)	\$32,127,000	\$40,755,000	\$48,500,000	\$35,655,727	\$38,667,132	\$39,860,995	\$40,294,972	\$38,167,000	\$44,595,000	\$0
Redevelopment Tax Credit [†]	\$546,510	n/a	\$4,925,103	\$4,915,688	\$9,851,383	\$9,607,495	\$9,924,043	\$9,271,351	\$10,000,000	\$0
Renewable Chemical Production Tax Credit Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1,042,114	\$0
Renewable Energy Tax Credit [†]	\$2,398,784	\$2,503,361	\$3,010,850	\$3,918,708	\$5,519,767	\$5,403,737	\$4,811,827	\$5,166,787	\$4,512,624	\$0
School Tuition Organization Tax Credit ^{††}	\$7,402,023	\$7,476,821	\$7,499,025	\$8,749,061	\$8,749,980	\$11,997,890	\$12,000,000	\$12,000,000	\$12,000,206	\$0
Solar Energy System Tax Credit [†]	n/a	n/a	n/a	\$652,144	\$1,498,364	\$4,411,891	\$5,083,754	\$4,976,308	\$4,987,715	\$4,949,280
Targeted Jobs Tax Credit from Withholding	\$2,638,177	\$14,911,793	\$6,113,937	\$9,685,051	\$0	\$2,214,081	\$705,900	\$2,444,293	\$10,298,240	\$0
Venture Capital Tax Credit - Fund of Funds [†]	\$0	\$0	\$0	\$11,295,681	\$12,772,951	\$0	\$358,689	\$756,169	\$0	\$0
Venture Capital Tax Credit - Innovation Fund [†]	n/a	n/a	n/a	\$0	\$890,590	\$2,739,754	\$1,652,922	\$1,066,888	\$3,708,557	\$395,083
Venture Capital Tax Credit - Qualifying Business [†]	\$0	\$96,000	\$598,832	\$545,425	\$0	\$0	\$1,234,707	\$1,999,001	\$2,000,000	\$743,500
Venture Capital Tax Credit - Venture Capital Fund [†]	\$217,320	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wage Benefit Tax Credit [†]	\$4,000,000	\$4,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wind Energy Production Tax Credit [†]	\$516,821	\$726,025	\$763,797	\$1,582,498	\$1,577,165	\$1,669,734	\$1,650,877	\$1,657,604	\$1,601,299	\$0
Workforce Housing Tax Incentive Program [†]	n/a	n/a	n/a	n/a	n/a	\$0	\$0	\$5,296,302	\$18,470,533	\$6,377,191
Total Credits Awarded Each Fiscal Year	\$177,092,343	\$196,023,584	\$306,248,044	\$278,561,338	\$240,999,789	\$212,015,716	\$199,323,447	\$201,952,036	\$251,085,346	\$53,499,271

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

Source: Awarding Agencies

n/a = program not yet created or discontinued program

[†]=tax credit programs that have capped awards

*=partial award year

Table 2: Tax Credit Claims by Tax Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Total Individual Income Tax Credits	\$137,708,993	\$149,645,677	\$163,171,500	\$195,391,773	\$290,148,864	\$272,507,966	\$221,768,067	\$233,870,653	\$192,941,328
Child & Dependent Care Tax Credit	\$7,934,918	\$7,797,680	\$7,494,943	\$4,488,530	\$3,813,708	\$4,061,279	\$5,686,294	\$6,086,567	\$6,033,559
Early Childhood Development Tax Credit	\$553,533	\$591,995	\$753,173	\$846,434	\$784,165	\$728,777	\$683,919	\$658,405	\$683,246
Earned Income Tax Credit	\$28,496,272	\$27,536,092	\$30,258,024	\$31,031,962	\$65,570,550	\$71,094,646	\$71,931,413	\$69,582,239	\$67,793,286
Taxpayers Trust Fund Tax Credit	n/a	n/a	n/a	n/a	\$88,258,180	\$24,945,414	\$0	\$0	\$0
Tuition and Textbook Tax Credit	\$15,190,303	\$15,164,401	\$15,088,982	\$15,319,837	\$15,168,557	\$15,356,667	\$15,489,317	\$15,344,341	\$14,598,725
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit	n/a	n/a	n/a	n/a	\$634,705	\$1,366,107	\$1,366,431	\$1,366,212	\$1,338,583
Other Nonrefundable Tax Credits	\$71,317,030	\$81,485,383	\$91,479,929	\$115,770,202	\$99,942,491	\$137,869,472	\$103,836,104	\$111,984,960	\$73,136,281
Other Refundable Tax Credits	\$14,216,937	\$17,070,126	\$18,096,449	\$27,934,808	\$15,976,508	\$17,085,604	\$22,774,589	\$28,847,929	\$29,357,648
	2009	2010	2011	2012	2013	2014	2015*	2016*	2017*
Total Corporation Income Tax Credits	\$83,425,148	\$91,344,189	\$92,256,431	\$97,125,106	\$113,494,467	\$114,637,756	\$93,432,498	\$56,183,720	\$210,222
Other Credits (Nonrefundable)	\$26,634,058	\$16,125,434	\$17,329,754	\$22,932,671	\$38,208,438	\$38,066,997	#	#	#
Other Credits (Refundable)	\$11,373,697	\$24,246,833	\$20,694,673	\$21,359,360	\$14,989,901	\$21,769,737	#	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$815,839	\$2,332,811	\$1,321,067	\$1,076,651	\$1,358,755	\$1,161,088	#	#	#
Research Activities Tax Credit	\$44,601,554	\$48,639,111	\$52,910,937	\$51,756,424	\$58,937,373	\$53,639,934	#	#	#

Source: IDR data

* = incomplete data for tax year

n/a = program not yet created, or discontinued

= tax credit detail not yet available

Table 3: Nonrefundable Tax Credit Claims from IA 148

Tax Year	Tax Type							Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Moneys and Credits Tax	Replacement Tax	Sales & Use Taxes	
2006	\$19,408,672	\$717,319	\$90,474,212	\$3,282,851	\$0	\$0	\$0	\$113,883,054
2007	\$23,745,072	\$632,919	\$71,741,097	\$1,981,714	\$0	\$0	\$0	\$98,100,802
2008	\$21,207,953	\$4,002,138	\$81,319,480	\$3,699,015	\$0	\$0	\$241,264	\$110,469,850
2009	\$28,511,282	\$1,072,662	\$71,508,636	\$11,442,624	\$0	\$516,821	\$0	\$113,052,025
2010	\$21,589,176	\$3,122,920	\$81,623,128	\$1,396,120	\$0	\$726,025	\$0	\$108,457,369
2011	\$18,678,599	\$2,194,248	\$91,664,289	\$9,109,119	\$0	\$763,797	\$0	\$122,410,052
2012	\$24,152,527	\$3,432,968	\$115,923,556	\$3,184,455	\$0	\$791,633	\$54,732	\$147,539,871
2013	\$39,573,066	\$3,374,791	\$94,120,919	\$4,784,496	\$0	\$780,983	\$126,338	\$142,760,593
2014	\$39,273,100	\$4,457,149	\$127,031,265	\$6,104,806	\$268,002	\$837,557	\$356,649	\$178,328,528

Source: IDR data

Data is provided for all tax years where IA 148 data collection is completed; ongoing verification and corrections may result in future changes to these numbers.

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	Moneys and Credits Tax	Replacement Tax	Sales & Use Taxes	
2006	\$55,311,861	\$0	\$7,828,595	\$0	\$0	\$0	\$0	\$63,140,456
2007	\$67,255,314	\$3,762,902	\$10,970,894	\$3,833,435	\$0	\$23,090	\$0	\$85,845,635
2008	\$61,555,620	\$4,357,967	\$13,399,852	\$4,433,454	\$0	\$0	\$0	\$83,746,893
2009	\$56,046,838	\$2,347,749	\$14,216,937	\$1,771,058	\$0	\$0	\$0	\$74,382,582
2010	\$72,884,648	\$9,899,916	\$17,070,126	\$2,353,410	\$0	\$0	\$0	\$102,208,100
2011	\$73,632,951	\$4,522,792	\$18,096,449	\$131,286	\$0	\$0	\$0	\$96,383,478
2012	\$73,160,750	\$11,057,276	\$27,934,808	\$2,118,789	\$0	\$0	\$0	\$114,271,623
2013	\$73,898,128	\$10,248,752	\$23,786,595	\$1,700,232	\$0	\$0	\$0	\$109,633,707
2014	\$75,339,691	\$9,411,004	\$26,994,016	\$1,343,225	\$0	\$0	\$0	\$113,087,936

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	Workforce Housing Program	Total Refunds
FY 2000	\$104,215	\$87,481					\$191,696
FY 2001	\$445,591	\$173,764	\$893,857				\$1,513,212
FY 2002	\$801,155	\$211,117	\$29,379				\$1,041,651
FY 2003	\$2,125,799	\$313,133	\$429,977				\$2,868,909
FY 2004	\$405,761	\$505,189	\$742,304				\$1,653,254
FY 2005	\$693,913	\$751,334	\$452,683	\$70,059			\$1,967,989
FY 2006	\$459,136	\$1,217,679	\$366,294	\$956,529	\$0		\$2,999,638
FY 2007	\$425,907	\$1,880,069	\$1,526,798	\$4,119,842	\$0		\$7,952,616
FY 2008	\$2,038,470	\$1,242,233	\$1,443,810	\$163,136	\$2,856,991		\$7,744,640
FY 2009	\$2,674,067	\$1,424,279	\$0	\$0	\$2,580,652		\$6,678,998
FY 2010	\$912,514	\$1,212,217	\$20,497	\$0	\$5,700,745		\$7,845,973
FY 2011	\$638,690	\$2,661,732	\$0	\$0	\$1,946,981		\$5,247,403
FY 2012	\$323,150	\$1,419,714	\$0	\$0	\$392,767		\$2,135,631
FY 2013	\$4,345,177	\$1,959,555	\$0	\$0	\$3,325,099		\$9,629,831
FY 2014	\$383,675	\$779,973	\$0	\$0	\$2,624,274		\$3,787,922
FY 2015	\$2,507,415	\$4,033,112	\$0	\$0	\$13,183,489		\$19,724,016
FY 2016	\$217,660	\$2,850,256	\$0	\$0	\$13,267,765		\$16,335,681
FY 2017	\$2,505,357	\$2,004,644	\$0	\$0	\$10,361,507	\$226,789	\$15,098,297
FY 2018	\$1,013,364	\$1,629,495	\$0	\$0	\$20,348,731	\$3,074,266	\$26,065,856
FY 2019 YTD	\$0	\$0	\$0	\$0	\$283	\$30,798	\$31,081

Refunds are reported on an accrual basis

Source: IDR Data; the numbers reported here are significantly higher for FY 2015-FY 2017 than what was published in the March 2018 report, a result of missing records in the previous analysis.

Table 6: Withholding Tax Credits Claimed by Quarter

Quarter	Number of Claims	Total Tax Credit Claims	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit
9/30/2013	650	\$12,467,776	\$7,971,534	\$2,769,045	\$876,874	\$850,323
12/31/2013	670	\$12,728,258	\$7,880,789	\$2,906,427	\$980,644	\$960,398
3/31/2014	643	\$12,692,557	\$7,603,905	\$2,963,602	\$1,003,276	\$1,121,774
6/30/2014	656	\$12,135,394	\$7,671,473	\$2,836,046	\$822,293	\$805,582
9/30/2014	658	\$12,582,100	\$6,996,344	\$3,728,937	\$966,571	\$890,248
12/31/2014	642	\$12,870,629	\$7,290,569	\$3,487,936	\$1,253,396	\$838,728
3/31/2015	640	\$13,463,575	\$7,555,306	\$3,746,667	\$1,000,054	\$1,161,548
6/30/2015	659	\$12,092,201	\$6,517,834	\$3,222,047	\$1,108,558	\$1,243,762
9/30/2015	642	\$12,000,842	\$6,642,269	\$3,076,407	\$1,068,969	\$1,213,197
12/31/2015	639	\$12,744,722	\$6,992,787	\$3,191,677	\$1,338,590	\$1,221,668
3/31/2016	642	\$12,151,614	\$6,497,692	\$3,544,311	\$1,170,612	\$938,999
6/30/2016	634	\$11,758,608	\$5,937,306	\$3,331,492	\$1,512,563	\$977,247
9/30/2016	616	\$12,491,017	\$6,322,763	\$3,654,425	\$1,269,200	\$1,244,629
12/31/2016	605	\$11,629,117	\$6,165,833	\$3,246,875	\$1,175,199	\$1,041,210
3/31/2017	593	\$11,223,950	\$5,867,424	\$3,360,235	\$1,240,783	\$755,508
6/30/2017	585	\$11,182,200	\$5,663,848	\$3,279,333	\$1,090,889	\$1,148,130
9/30/2017	567	\$11,246,736	\$5,345,248	\$3,465,278	\$1,152,909	\$1,283,301
12/31/2017	568	\$11,847,331	\$6,198,798	\$3,621,243	\$1,174,668	\$852,622
3/31/2018	543	\$10,455,873	\$5,120,459	\$3,213,136	\$1,131,716	\$990,562
6/30/2018	525	\$9,776,398	\$4,717,001	\$2,940,356	\$1,089,638	\$1,029,403
FY 2014	2,619	\$50,023,985	\$31,127,701	\$11,475,120	\$3,683,087	\$3,738,077
FY 2015	2,599	\$51,008,505	\$28,360,053	\$14,185,587	\$4,328,579	\$4,134,286
FY 2016	2,557	\$48,655,786	\$26,070,054	\$13,143,887	\$5,090,734	\$4,351,111
FY 2017	2,399	\$46,526,284	\$24,019,868	\$13,540,868	\$4,776,071	\$4,189,477
FY 2018	2,203	\$43,326,338	\$21,381,506	\$13,240,013	\$4,548,931	\$4,155,888
CY 2014	2,599	\$50,280,680	\$29,562,291	\$13,016,521	\$4,045,536	\$3,656,332
CY 2015	2,580	\$50,301,340	\$27,708,196	\$13,236,798	\$4,516,171	\$4,840,175
CY 2016	2,497	\$48,030,356	\$24,923,594	\$13,777,103	\$5,127,574	\$4,202,085
CY 2017	2,313	\$45,500,217	\$23,075,318	\$13,726,089	\$4,659,249	\$4,039,561
YTD CY 2018	1,068	\$20,232,271	\$9,837,460	\$6,153,492	\$2,221,354	\$2,019,965

Source: IDR data

Figure 1: Withholding Tax Credit Claims by Quarter

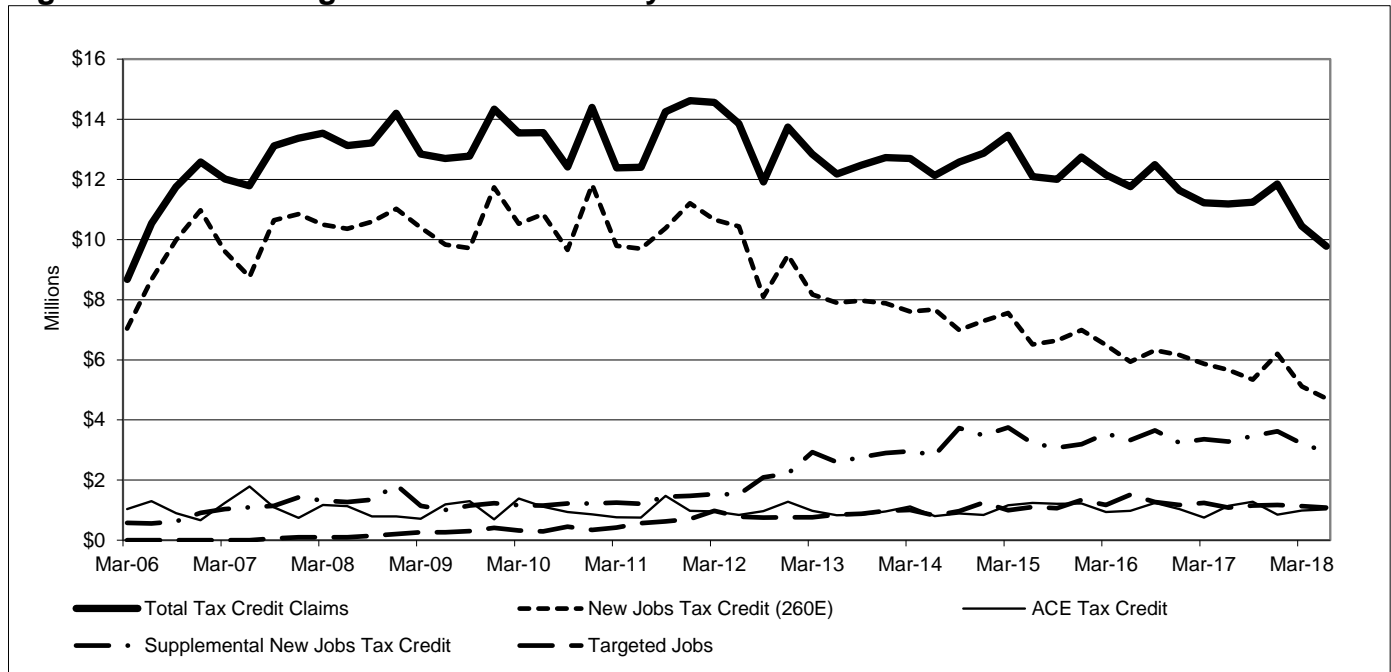


Table 7: Iowa Industrial New Jobs Training Program (260E) Award and Claim Information

	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	\$4,473,924	\$47,470,810
FY 2008	\$58,965,850	\$47,507,655	\$4,627,118	\$52,134,773
FY 2009	\$48,925,000	\$47,189,017	\$4,406,266	\$51,595,283
FY 2010	\$32,127,000	\$47,526,601	\$3,029,701	\$50,556,302
FY 2011	\$40,755,000	\$45,892,441	\$2,405,899	\$48,298,340
FY 2012	\$48,500,000	\$48,660,167	\$2,800,601	\$51,460,768
FY 2013	\$35,655,727	\$43,488,612	\$3,327,254	\$46,815,866
FY 2014	\$38,667,132	\$42,602,821	\$2,024,247	\$44,627,068
FY 2015	\$39,860,995	\$42,545,640	\$1,632,370	\$44,178,010
FY 2016	\$40,294,972	\$39,213,941	\$2,299,709	\$41,513,650
FY 2017	\$38,167,000	\$37,560,736	\$2,542,964	\$40,103,700
FY 2018	\$44,595,000	\$34,621,519	\$1,797,593	\$36,419,112

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

Table 8: Tax Credit Contingent Liabilities Projection

Capped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accelerated Career Education Tax Credit ²	\$4,351,111	\$4,189,477	\$4,155,888	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit ³	\$3,792,379	\$4,926,420	\$4,667,677	\$7,135,920	\$7,110,875	\$7,485,161	\$7,998,243	\$8,000,900
Assistive Device Tax Credit ⁴	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit ⁵	\$44,827	\$30,336	\$103,479	\$46,170	\$45,060	\$11,017	\$11,017	\$6,000
Endow Iowa Tax Credit ³	\$5,462,635	\$4,348,979	\$5,814,496	\$6,537,281	\$6,479,353	\$6,748,946	\$6,405,735	\$7,060,306
Enterprise Zone Program ⁴	\$7,744,350	\$6,708,380	\$4,125,693	\$10,832,546	\$9,162,443	\$5,658,318	\$5,188,660	\$4,537,477
Enterprise Zone Program - Housing Component ⁶	\$13,302,644	\$10,286,161	\$7,681,537	\$20,498,660	\$15,243,885	\$8,142,347	\$1,614,323	\$1,091,757
High Quality Jobs Program ⁴	\$38,139,769	\$28,680,328	\$37,459,992	\$83,359,735	\$84,193,737	\$94,379,975	\$91,543,270	\$90,815,467
Historic Preservation and Cultural and Entertainment District Tax Credit ³	\$27,592,357	\$45,917,397	\$58,297,703	\$91,891,060	\$62,341,933	\$51,186,473	\$45,000,000	\$45,000,000
Redevelopment Tax Credit ⁷	\$3,129,627	\$2,625,039	\$3,090,350	\$12,431,308	\$12,075,504	\$14,723,490	\$12,155,681	\$11,156,882
Renewable Chemical Production Tax Credit Program ⁸	\$0	\$0	\$0	\$1,042,114	\$9,318,586	\$10,000,000	\$10,000,000	\$10,000,000
Renewable Energy Tax Credit ³	\$5,415,270	\$4,972,979	\$3,495,831	\$5,484,129	\$6,590,307	\$6,801,630	\$6,535,116	\$5,804,716
School Tuition Organization Tax Credit ³	\$11,276,665	\$11,251,355	\$11,319,907	\$12,642,299	\$13,331,455	\$13,417,476	\$13,799,096	\$13,544,235
Solar Energy System Tax Credit ³	\$3,227,879	\$4,123,272	\$3,588,524	\$3,874,804	\$4,016,162	\$4,220,350	\$4,395,244	\$2,314,959
Venture Capital Tax Credit - Innovation Fund ⁷	\$2,136,059	\$1,154,209	\$822,387	\$3,849,073	\$7,003,088	\$7,222,456	\$7,222,591	\$7,639,603
Venture Capital Tax Credit - Iowa Fund of Funds ⁹	\$948,689	\$621,489	\$0	\$56,860	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business ⁷	\$700,620	\$1,658,578	\$2,036,625	\$2,088,046	\$2,251,077	\$2,176,824	\$2,023,973	\$2,003,432
Venture Capital Tax Credit - Venture Capital Funds ¹⁰	\$17,501	\$8,930	\$0	\$9,032	\$2,395	\$0	\$0	\$0
Wind Energy Production Tax Credit ³	\$1,062,804	\$1,206,421	\$954,984	\$2,220,070	\$2,082,045	\$2,079,599	\$933,495	\$527,652
Workforce Housing Tax Incentive Program ¹¹	\$0	\$233,364	\$8,987,241	\$18,546,722	\$21,571,314	\$19,519,697	\$19,772,808	\$19,895,195
TOTAL OF CAPPED PROGRAMS	\$128,345,186	\$132,943,114	\$156,602,314	\$287,945,827	\$268,219,219	\$259,173,759	\$239,999,253	\$234,798,582

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

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

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

⁵ Estimates are based on claim information collected from the IA 148 and accounts for the fact that this tax credit expired December 31, 2017.

⁶ Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds and Investment Tax Credits. This program was included in the \$170 million EDA tax credit award cap prior to its repeal effective July 1, 2014.

⁷ Estimates are based on claim information collected from the IA 148 and the assumption that the full amount of the cap will be awarded each future year and fully claimed. This program is included in the \$170 million EDA tax credit award cap.

⁸ Estimates are based on the Fiscal Note completed for SF 2300, 2016 Legislative session and first year award information.

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

¹⁰ Estimates are based on claim information collected from the IA 148 and the elimination of the program.

¹¹ Estimates are based on actual award allocations, estimated timing based on information received from the awarding agency, and include Investment Tax Credits and Sales and Use Tax Refunds. This program is included in the \$170 million EDA tax credit award cap.

Table 8 Continued: Tax Credit Contingent Liabilities Projection

Uncapped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Adoption Tax Credit ¹²	\$537,066	\$611,275	\$919,277	\$1,101,793	\$1,151,027	\$1,190,651	\$1,221,125	\$1,257,759
Biodiesel Blended Fuel Tax Credit ¹³	\$18,299,920	\$16,420,464	\$17,216,759	\$19,652,897	\$22,286,972	\$22,466,624	\$22,792,029	\$23,197,568
Charitable Conservation Contribution Tax Credit ¹⁴	\$471,157	\$770,738	\$728,308	\$759,052	\$799,279	\$832,938	\$861,221	\$897,976
Child & Dependent Care Tax Credit ¹⁵	\$5,686,294	\$6,086,567	\$6,605,458	\$6,597,747	\$6,449,522	\$6,333,310	\$6,200,897	\$6,067,899
E15 Plus Gasoline Promotion Tax Credit ¹³	\$102,411	\$165,277	\$598,532	\$1,348,129	\$1,962,493	\$2,446,909	\$2,927,228	\$3,378,334
E85 Gasoline Promotion Tax Credit ¹³	\$1,959,541	\$2,051,220	\$2,360,707	\$3,244,002	\$3,501,714	\$3,795,520	\$4,132,064	\$4,514,865
Early Childhood Development Tax Credit ¹⁵	\$683,919	\$658,405	\$708,980	\$728,398	\$760,844	\$787,645	\$830,220	\$847,110
Earned Income Tax Credit ¹⁵	\$71,931,413	\$69,582,239	\$69,571,674	\$70,325,972	\$71,590,457	\$72,803,122	\$74,423,555	\$75,499,041
Ethanol Promotion Tax Credit ¹³	\$1,938,106	\$1,423,095	\$884,987	\$1,606,058	\$1,444,189	\$1,314,543	\$885,895	\$67,135
Farm to Food Donation Tax Credit ¹⁶	\$9,732	\$9,296	\$9,389	\$10,656	\$12,250	\$14,049	\$16,130	\$18,551
Geothermal Heat Pump Tax Credit ¹⁷	\$2,035,832	\$2,325,998	\$502,864	\$105,396	\$86,826	\$86,179	\$86,179	\$86,179
Geothermal Tax Credit ¹⁸	\$0	\$0	\$164,176	\$2,030,240	\$219,613	\$47,438	\$27,693	\$24,047
Iowa Industrial New Job Training Program (260E) ¹⁹	\$41,513,650	\$40,103,700	\$36,361,730	\$43,660,699	\$42,729,657	\$43,512,195	\$43,892,975	\$44,114,480
New Capital Investment Program ²⁰	\$17,672	\$5,004	\$363	\$0	\$0	\$0	\$0	\$0
New Jobs and Income Program ²⁰	\$16,801	\$23,653	\$13,040	\$0	\$0	\$0	\$0	\$0
Research Activities Tax Credit ²¹	\$60,988,761	\$64,572,265	\$69,321,889	\$66,005,647	\$66,122,089	\$68,793,605	\$71,641,810	\$74,607,938
Supplemental Research Activities Tax Credit ²²	\$6,393,606	\$7,982,604	\$2,811,289	\$4,867,160	\$2,299,498	\$11,982,134	\$15,704,215	\$15,955,991
Targeted Jobs Tax Credit from Withholding ²³	\$6,007,526	\$5,429,609	\$5,134,151	\$9,150,641	\$7,192,642	\$5,110,880	\$4,044,238	\$2,001,189
Tuition and Textbook Tax Credit ¹⁵	\$15,489,317	\$15,344,341	\$14,922,985	\$14,837,522	\$14,939,774	\$14,982,875	\$15,093,150	\$15,238,431
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit ¹⁵	\$1,366,431	\$1,366,212	\$1,329,388	\$1,324,357	\$1,327,396	\$1,329,436	\$1,334,541	\$1,339,455
TOTAL OF UNCAPPED PROGRAMS	\$235,449,155	\$234,931,962	\$230,165,946	\$247,356,366	\$244,876,242	\$257,830,053	\$266,115,165	\$269,113,948
TOTAL OF ALL PROGRAMS	\$363,794,341	\$367,875,076	\$386,768,260	\$535,302,193	\$513,095,461	\$517,003,812	\$506,114,418	\$503,912,531

Funds Recovered from Defaulted Awards	\$403,812	\$1,122,677	\$296,601
TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED	\$363,390,529	\$366,752,399	\$386,471,659

* The history portion of the table is based on actual claims made by taxpayers; the numbers will not match the amount of awards issued. Values for FY 2016 through 2018 are actual claim numbers, but may increase as additional tax credit claims are verified.

¹² Estimates are based on actual claim information and assumed growth rates in future years.

¹³ Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Retailers Annual Fuel Gallons Report for 2017.

¹⁴ Estimates are based on claim information collected from the IA 148 and the average new claims from tax years 2008 through 2016 to estimate future new claims.

¹⁵ Estimates are based on the IDR individual income tax micro model.

¹⁶ Estimates are based on claim information collected from the IA 148 and forecasted awards based on historical awards.

¹⁷ Estimates are based on claim information collected from the IA 148 and the expiration of tax credit effective December 31, 2016.

¹⁸ Estimates are based on the Fiscal Note for HF 2468, 2016 Legislative session and the repeal of the tax credit effective December 31, 2018.

¹⁹ Estimates are based on the assumption that withholding tax credit awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims from the IA 148.

²⁰ Estimates are based on claim information from the IA 148. This program ended July 1, 2005, no further claims are expected.

²¹ Estimates are based on claim information collected from the IA 148, forecasted future claims based on the compound annual growth rate from past claims, and changes to eligibility effective beginning in tax year 2017 made in SF 2417, 2018 Legislative session.

²² 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.

²³ Estimates are based on claim information collected from withholding returns and new awards are forecasted to equal average new awards from tax years 2007 through 2016. This program will expire June 30, 2019.

Table 9: Tax Credit Expected Claims Projection

Capped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accelerated Career Education Tax Credit ²⁴	\$4,351,111	\$4,189,477	\$4,155,888	\$4,004,096	\$4,004,096	\$4,004,096	\$4,004,096	\$4,004,096
Agricultural Assets Transfer Tax Credit ²⁵	\$3,792,379	\$4,926,420	\$4,667,677	\$4,898,416	\$4,627,858	\$4,547,832	\$4,476,027	\$4,435,124
Assistive Device Tax Credit ⁴	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit ⁵	\$44,827	\$30,336	\$103,479	\$46,170	\$45,060	\$11,017	\$11,017	\$6,000
Endow Iowa Tax Credit ²⁶	\$5,462,635	\$4,348,979	\$5,814,496	\$5,234,082	\$5,234,826	\$5,234,826	\$5,234,826	\$5,234,826
Enterprise Zone Program ²⁷	\$7,744,350	\$6,708,380	\$4,125,693	\$3,177,922	\$1,801,985	\$971,826	\$712,076	\$435,470
Enterprise Zone Program - Housing Component ²⁷	\$13,302,644	\$10,286,161	\$7,681,537	\$10,464,033	\$4,098,192	\$1,843,837	\$881,746	\$595,807
High Quality Jobs Program ²⁵	\$38,139,769	\$28,680,328	\$37,459,992	\$53,635,113	\$47,308,922	\$51,562,918	\$39,252,549	\$32,342,695
Historic Preservation and Cultural and Entertainment District Tax Credit ²⁸	\$27,592,357	\$45,917,397	\$58,297,703	\$77,338,368	\$58,628,946	\$48,681,689	\$45,000,000	\$45,000,000
Redevelopment Tax Credit ²⁹	\$3,129,627	\$2,625,039	\$3,090,350	\$11,085,545	\$9,165,176	\$11,005,271	\$7,967,057	\$7,924,440
Renewable Chemical Production Tax Credit ⁸	\$0	\$0	\$0	\$1,042,114	\$4,198,067	\$6,457,068	\$8,272,959	\$9,829,563
Renewable Energy Tax Credit ²⁵	\$5,415,270	\$4,972,979	\$3,495,831	\$4,930,769	\$5,928,113	\$6,123,424	\$5,904,706	\$5,217,957
School Tuition Organization Tax Credit ²⁶	\$11,276,665	\$11,251,355	\$11,319,907	\$11,434,379	\$12,134,786	\$12,315,989	\$12,354,986	\$12,369,176
Solar Energy System Tax Credit ³	\$3,227,879	\$4,123,272	\$3,588,524	\$3,874,804	\$4,016,162	\$4,220,350	\$4,395,244	\$2,314,959
Venture Capital Tax Credit - Innovation Fund ²⁵	\$2,136,059	\$1,154,209	\$822,387	\$1,210,730	\$1,404,496	\$1,297,779	\$2,016,238	\$2,659,707
Venture Capital Tax Credit - Iowa Fund of Funds ⁹	\$948,689	\$621,489	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business ²⁹	\$700,620	\$1,658,578	\$2,036,625	\$1,947,176	\$1,993,294	\$1,972,316	\$1,926,963	\$1,926,508
Venture Capital Tax Credit - Venture Capital Funds ¹⁰	\$17,501	\$8,930	\$0	\$9,032	\$2,395	\$0	\$0	\$0
Wind Energy Production Tax Credit ²⁵	\$1,062,804	\$1,206,421	\$954,984	\$1,325,488	\$1,286,386	\$1,285,105	\$444,303	\$315,894
Workforce Housing Tax Incentive Program ²⁶	\$0	\$233,364	\$8,987,241	\$16,897,605	\$19,644,619	\$17,616,595	\$17,854,494	\$17,969,526
TOTAL OF CAPPED PROGRAMS	\$128,345,186	\$132,943,114	\$156,602,314	\$212,555,840	\$185,523,381	\$179,151,939	\$160,709,287	\$152,581,748

²⁴ Estimates are based on the average of historical claims.

²⁵ Estimates are based on claim information from the IA 148 and estimated future awards based on historical awards.

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

²⁷ 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.

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

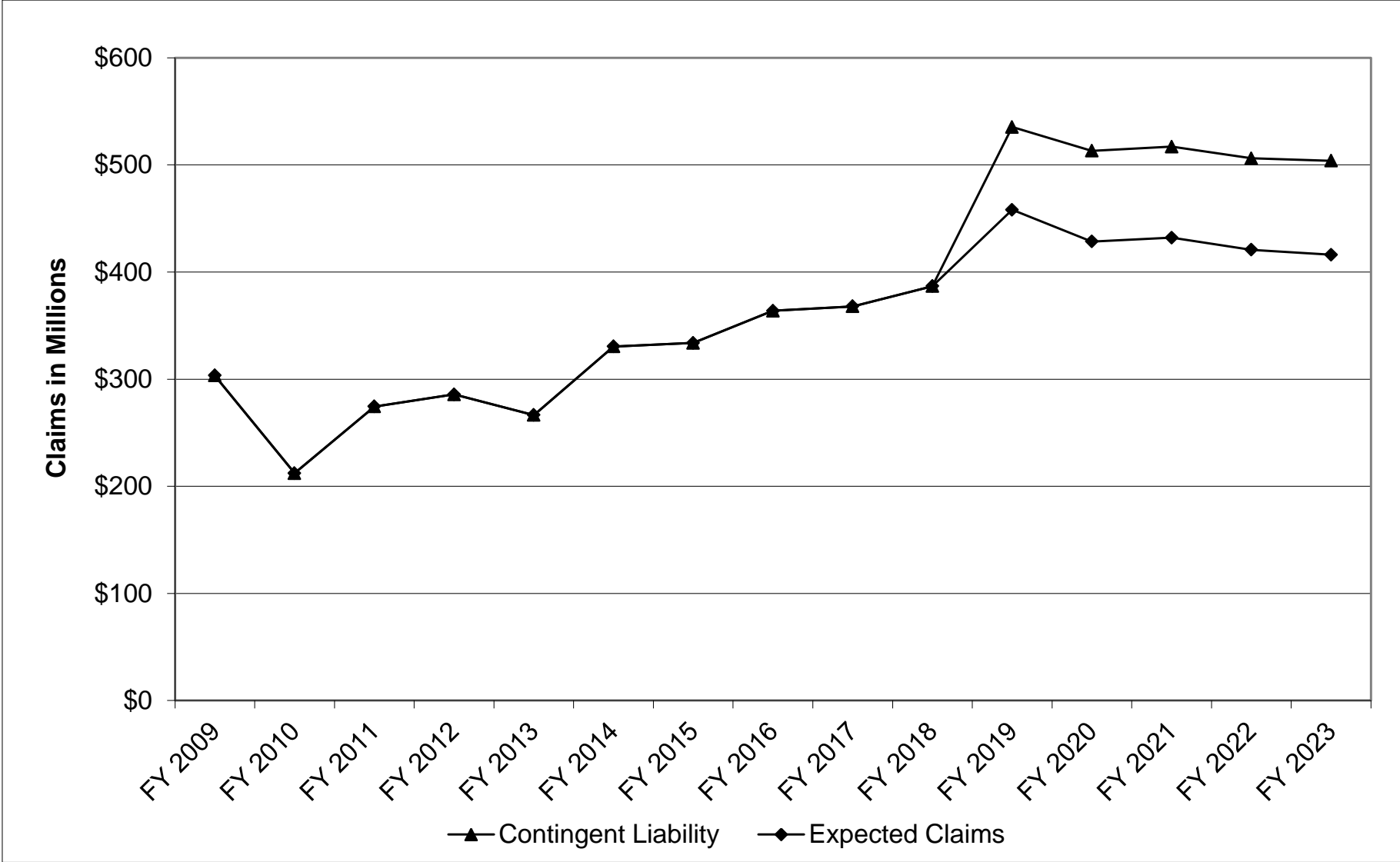
²⁹ Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims for nonrefundable tax credit awards. It is assumed that 100 percent of the tax credit awards that are refundable, beginning in 2016, will be claimed.

Table 9 Continued: Tax Credit Expected Claims Projection

Uncapped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Adoption Tax Credit ¹²	\$537,066	\$611,275	\$919,277	\$1,101,793	\$1,151,027	\$1,190,651	\$1,221,125	\$1,257,759
Biodiesel Blended Fuel Tax Credit ¹³	\$18,299,920	\$16,420,464	\$17,216,759	\$19,652,897	\$22,286,972	\$22,466,624	\$22,792,029	\$23,197,568
Charitable Conservation Contribution Tax Credit ¹⁴	\$471,157	\$770,738	\$728,308	\$759,052	\$799,279	\$832,938	\$861,221	\$897,976
Child & Dependent Care Tax Credit ¹⁵	\$5,686,294	\$6,086,567	\$6,605,458	\$6,597,747	\$6,449,522	\$6,333,310	\$6,200,897	\$6,067,899
E15 Plus Gasoline Promotion Tax Credit ¹³	\$102,411	\$165,277	\$598,532	\$1,348,129	\$1,962,493	\$2,446,909	\$2,927,228	\$3,378,334
E85 Gasoline Promotion Tax Credit ¹³	\$1,959,541	\$2,051,220	\$2,360,707	\$3,244,002	\$3,501,714	\$3,795,520	\$4,132,064	\$4,514,865
Early Childhood Development Tax Credit ¹⁵	\$683,919	\$658,405	\$708,980	\$728,398	\$760,844	\$787,645	\$830,220	\$847,110
Earned Income Tax Credit ¹⁵	\$71,931,413	\$69,582,239	\$69,571,674	\$70,325,972	\$71,590,457	\$72,803,122	\$74,423,555	\$75,499,041
Ethanol Promotion Tax Credit ¹³	\$1,938,106	\$1,423,095	\$884,987	\$1,606,058	\$1,444,189	\$1,314,543	\$885,895	\$67,135
Farm to Food Donation Tax Credit ¹⁶	\$9,732	\$9,296	\$9,389	\$10,656	\$12,250	\$14,049	\$16,130	\$18,551
Geothermal Heat Pump Tax Credit ¹⁷	\$2,035,832	\$2,325,998	\$502,864	\$105,396	\$86,826	\$86,179	\$1,809	\$86,179
Geothermal Tax Credit ¹⁸	\$0	\$0	\$164,176	\$2,030,240	\$219,613	\$47,438	\$27,693	\$24,047
Iowa Industrial New Job Training Program (260E) ¹⁹	\$41,513,650	\$40,103,700	\$36,361,730	\$43,660,699	\$42,729,657	\$43,512,195	\$43,892,975	\$44,114,480
New Capital Investment Program ²⁰	\$17,672	\$5,004	\$363	\$0	\$0	\$0	\$0	\$0
New Jobs and Income Program ²⁰	\$16,801	\$23,653	\$13,040	\$0	\$0	\$0	\$0	\$0
Research Activities Tax Credit ²¹	\$60,988,761	\$64,572,265	\$69,321,889	\$66,005,647	\$66,122,089	\$68,793,605	\$71,641,810	\$74,607,938
Supplemental Research Activities Tax Credit ²⁷	\$6,393,606	\$7,982,604	\$2,811,289	\$4,867,160	\$1,717,896	\$8,085,224	\$10,521,824	\$10,690,514
Targeted Jobs Tax Credit from Withholding ²⁷	\$6,007,526	\$5,429,609	\$5,134,151	\$7,320,513	\$5,754,114	\$4,088,704	\$3,235,390	\$1,600,951
Tuition and Textbook Tax Credit ¹⁵	\$15,489,317	\$15,344,341	\$14,922,985	\$14,837,522	\$14,939,774	\$14,982,875	\$15,093,150	\$15,238,431
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit ¹⁵	\$1,366,431	\$1,366,212	\$1,329,388	\$1,324,357	\$1,327,396	\$1,329,436	\$1,334,541	\$1,339,455
TOTAL OF UNCAPPED PROGRAMS	\$235,449,155	\$234,931,962	\$230,165,946	\$245,526,238	\$242,856,112	\$252,910,967	\$260,039,556	\$263,448,233
TOTAL OF ALL PROGRAMS	\$363,794,341	\$367,875,076	\$386,768,260	\$458,082,078	\$428,379,492	\$432,062,906	\$420,748,843	\$416,029,982
Funds Recovered from Defaulted Awards	\$403,812	\$1,122,677	\$296,601					
TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED	\$363,390,529	\$366,752,399	\$386,471,659					

* The history portion of the table is based on actual claims made by taxpayers; the numbers will not match the amount of awards issued. Values for FY 2016 through 2018 are actual claim numbers, but may increase as additional tax credit claims are verified.

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



Appendix: Description of Iowa's Tax Credit Programs

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

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

Agricultural Assets Transfer Tax Credit: This credit is awarded by the Iowa Agricultural Development Division to taxpayers that lease agricultural assets to qualified beginning farmers. Sections 16.73 through 16.82, 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 was awarded by the Iowa Agricultural Development Division to taxpayers that hired qualified beginning farmers to perform custom contract farm work. Sections 16.73 through 16.82, Code of Iowa. This credit was repealed effective December 31, 2017.

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

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

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

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

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

Enterprise Zone Program (EZ): This program, administered by EDA, encouraged investment in Iowa's economically distressed areas by providing local and state tax credits, refunds and exemptions to qualifying companies that expanded or located in designated Enterprise Zones. Section 15E.191 through 15E.196, Code of Iowa. This program was repealed effective July 1, 2014.

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.

Geothermal Heat Pump Tax Credit: This credit was equal to 20 percent of the federal residential energy efficient property tax credit allowed for geothermal thermal heat pumps in any year in which Iowa couples with the federal tax credit. Iowa was coupled in tax years 2012 through 2016. Section 422.11I, Code of Iowa.

Geothermal Tax Credit: This tax credit is equal to 10 percent of qualified expenditures on equipment that uses the ground or groundwater as a thermal energy source to heat the taxpayer's dwelling, or as a thermal energy sink to cool the dwelling in any year in which Iowa does not couple with the federal tax credit or in which the federal credit is expired. Section 422.10A, Code of Iowa. This credit is repealed effective December 31, 2018.

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

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

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

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

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

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

Renewable Chemical Production Tax Credit Program: The tax credit, administered by EDA, is equal to \$0.05 per pound of renewable chemicals produced from biomass feedstock in Iowa. The renewable chemicals must be produced on or after January 1, 2017, and on or before December 31, 2026. Sections 15.316 through 15.322, 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. Beginning with tax year 2017, businesses must meet the following requirements to be eligible for the credit: The business must claim and be allowed a Federal Research Credit for qualified research expenses under Internal Revenue Code section 41 for the same taxable year, and the business must be engaged in one of the following industries: manufacturing, life sciences, software engineering, or aviation and aerospace. Sections 15.335, 422.10 and 422.33(5), Code of Iowa.

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

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

Targeted Jobs Tax Credit from Withholding: This pilot program, administered by EDA and four pilot project cities, provides for a withholding credit equal to 3 percent of the gross wages paid by the employer to each employee under the withholding agreement. These funds are to be used by the pilot city for an urban renewal project related to the employer. Section 403.19A, Code of Iowa. This program expires June 30, 2019.

Taxpayers Trust Fund Tax Credit: The credit was 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. This credit was repealed effective December 31, 2017.

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

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

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

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

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

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

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

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