The Iowa New Jobs Tax Credit

Tax Credits Program Evaluation Study

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Preface

During the 2005 Legislative Session the Iowa Department of Revenue received an appropriation to establish the Tax Credits Tracking and Analysis Program to track tax credit awards and claims. In addition, the Department was directed to assist the legislature by performing periodic economic studies of tax credit programs. This is the second evaluation study completed for the Iowa New Jobs Tax Credit.

As part of the evaluation, an advisory panel was convened to provide input and advice on the study's scope and analysis. We wish to thank the members of the panel:

Stephanie Bredman	Kirkwood Community College
Uyar Bulent	University of Northern Iowa
Abdullah Muhammad	Iowa Workforce Development
Peter Orazem	Iowa State University
Mike Ralston	Iowa Association of Business and Industry
Alaina Santizo	Iowa Economic Development Authority

The assistance of an advisory panel implies no responsibility for the content and conclusions of the evaluation study. This study and other evaluations of Iowa tax credits can be found on the Tax Credits Tracking and Analysis Program Web page on the Iowa Department of Revenue website.

Table of Contents

Executive Summary

The New Jobs Tax Credit was enacted in tax year 1985 to provide additional tax benefits for businesses participating in the Iowa Industrial New Jobs Training Program (260E). Businesses are eligible if they have increased new jobs by at least ten percent of existing employment.

The tax credit equals six percent of the wages paid to employees in the new jobs up to the qualifying taxable wage. The New Jobs Tax Credit is nonrefundable with a ten-year carryforward and is nontransferable. The tax credit can only be claimed once for each eligible new job. New Jobs Tax Credits can only be claimed against corporation and individual income taxes.

The main findings of the evaluation study are the following:

New Jobs Tax Credit Claims

- Between fiscal years 2006 and 2019, there were 4,973 New Jobs Tax Credit claims exceeding $11.9 million reported on Iowa corporation income tax returns and Iowa individual income tax returns.
- While only 5.0 percent of claims were made on corporation income tax returns, 24.4 percent of the total claim amount was made against Iowa corporation income tax. The remaining claims were filed by members of pass-through entities on individual income tax returns.

New Jobs Tax Credit Claims by Community College and Industry

- Of the 1,985 260E contracts active in 2012 or later, 863 (43.5%) were linked to New Jobs Tax Credit claims.
- Of the 1,142 unique businesses participating in the 260E program in 2012 and later, only 197 (17.3%) were matched to a New Jobs Tax Credit claimed by the company or by shareholders.
- More than 50 percent of claims matched to 260E contracts were associated with three of the 15 Iowa community colleges: Kirkwood Community College, Des Moines Area Community College, and Indian Hills Community College.
- Claims associated with businesses in the manufacturing industry accounted for one third of all matched claims, exceeding $3.5 million.

Job Creation Associated with New Jobs Tax Credit Claims

- The total employment growth between 2006 and 2019 at businesses associated with New Jobs Tax Credits claims was reported to be almost 11,470, measured using records from the Iowa Economic Development Authority.
- For those reporting new jobs, besides the New Jobs Tax Credit claims, employers also claimed $33.2 million of other state income tax incentives and $33.7 million of withholding tax credits from the 260E program.

- The estimated average New Jobs Tax Credit claim per position was $1,034. The estimated average total state tax incentive per position was $6,864.

Employment at Businesses with and without New Jobs Tax Credit Claims

- The New Jobs Tax Credit was associated with slightly better job creation. For employers claiming the New Jobs Tax Credits, their ratio of new jobs pledged to base employment was 0.46, slightly higher (but not statistically significant) than that for eligible employers without any claims (0.42). For employers claiming the New Jobs Tax Credits, their ratio of actual jobs created to new jobs pledged was 0.99, statistically significant and slightly higher than 0.93 for eligible employers without any claims.

Utilization of New Jobs Tax Credit Program

- The New Jobs Tax Credit program is severely underutilized. In a sample of 224 eligible businesses with positive tax liabilities between 2013 and 2019, only 18 businesses (8.0%) had made New Jobs Tax Credit claims.
- Businesses increasingly underutilized the New Jobs Tax Credit program in recent years. The utilization rate is defined as the ratio of the number of certificates being claimed in the first time to the number of certificates newly eligible for claims each year. Between fiscal year 2014 and fiscal year 2019, the utilization rate generally trended down, dropping from 50.0 percent in 2014 to 11.8 percent in 2019.
- Under 10 percent of eligible businesses with base employment of fewer than 200 employees had made New Jobs Tax Credit claims and 100 percent of eligible businesses with base employment of more than 200 employees had made tax credit claims. This implied that larger businesses might be more likely to utilize the program than smaller businesses.

I. Introduction

The New Jobs Tax Credit was created in 1985 as an additional incentive for job creation associated with the Iowa Industrial New Jobs Training Program (260E). This one-time income tax credit is available for businesses that provide additional training to employees and expand their workforce.

This report aims to provide answers to several research questions which can deepen our understanding of the New Jobs Tax Credit program:

- What amount of tax credits have been claimed?
- Who has claimed this tax credit?
- When were the tax credits claimed?
- Where did these employers invest and create jobs?
- How many jobs have been created and at what cost?
- Does the program have any employment impacts on participating employers?
- How has this program been utilized by employers?

Section II describes the program. Neighboring states' income tax credit programs promoting job creation are introduced in Section III. Reviews of recent studies on state economic development incentives from several states are included in Section IV. Section V provides an economic analysis of New Jobs Tax Credit program and addresses this study's research questions. The study concludes in Section VI.

II. Description and History of the Iowa New Jobs Tax Credit

The New Jobs Tax Credit is a direct job creation tax incentive created in response to the 1980s farm crisis. The New Jobs Tax Credit was enacted in 1985 as a component in the Iowa Industrial New Jobs Training Program (260E).[1] To be eligible to claim the New Jobs Tax Credit, a business must first have a 260E program award. Second, during the period covered by the 260E contract

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[1] The Iowa Industrial New Jobs Training Program became effective July 1,1983. The program is commonly referred to as "260E" after the Iowa Code section which authorizes the program. The 260E program allows eligible businesses and community colleges to enter into 260E agreements to train new employees. Eligible businesses are engaged in manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate commerce. The business makes quarterly payments to community colleges for up to ten years equal to 1.5 percent of the wages paid to employees holding the new jobs attributed to the training. Businesses meeting certain wage requirements are also awarded supplemental credits, allowing payments equal to an additional 1.5 percent of wages, for a total of 3.0 percent. After remitting a payment to the community college each quarter, a business can claim the amount of that payment as a New Jobs Withholding Tax Credit and, under certain conditions, a Supplemental New Jobs Withholding Tax Credit on the withholding tax return filed with the Iowa Department of Revenue (IDR). This reduces its Iowa withholding tax obligation. Iowa Code 260E.7 directs the Iowa Economic Development Authority (IEDA) to coordinate and review the 260E program. Community colleges are to implement the 260E program, adhering to Iowa Administrative Code 261, Chapter 5.

(up to ten years), a business must increase existing Iowa employment covered by the 260E contract by at least ten percent over the base employment level; base employment means the original employment of the firm at the location specified in the contract. A new company with zero base employment in Iowa becomes eligible for the New Jobs Tax Credit by adding any number of jobs. Third, an eligible company cannot close or substantially reduce its operations in one area of the state and relocate the same operation in another area of the state and count the jobs in the new area as new jobs. Unlike the withholding tax credits awarded under the 260E program, the New Jobs Tax Credit reduces Iowa income tax liability of the employer. Also, the functioning of the 260E program is not dependent on the availability or usage of the New Jobs Tax Credit.

After creating the 260E program and the New Jobs Tax Credit program, the State enacted the first economic development program targeted at the creation of jobs with the New Jobs and Income Program effective in 1994. That program was replaced by the High Quality Jobs Program in 2005. In addition, the Enterprise Zone Program, with a requirement for the creation of new jobs in designated enterprise zones to qualify for tax credit awards, was in place from 1997 through 2014.

The New Jobs Tax Credit equals six percent of qualifying taxable wages for each eligible new job in the tax year of the initial claim. Qualifying taxable wages are defined as wages for which the employer is required to contribute to the State unemployment compensation fund. The qualifying taxable wages amount is set annually by Iowa Workforce Development as part of the administration of the State unemployment insurance program. In 2019, qualifying taxable wages equaled $30,600. Thus, for each job with taxable wages equal to or greater than that amount during the tax year, the business can report an initial earned New Jobs Tax Credit equal to $1,836. If taxable wages during the tax year fall below that amount, the credit is limited to six percent of those wages.

Participants in the 260E program usually go through a negotiation process with community colleges and Iowa Economic Development Authority (IEDA). The withholding tax credit claims are tracked and checked against the payments made to the community college every quarter. Claims to the New Jobs Tax Credit are automatic once participants receive the award. The taxpayer simply reports the amount earned, based on the calculation noted above on the IA 1120 Corporation Income Tax Return or IA 1040 Individual Income Tax Return.

The New Jobs Tax Credit can only be claimed once for any new job, and the claim can only be made in a tax year where the business met the ten percent job growth requirement. As noted above, the ten percent job growth is measured against the base employment level specified in the 260E contract. Base employment is a measure of full-time equivalent employees, where a part-time position is considered as a fraction of a full-time employee in the calculation of the base.[2] Jobs eligible for the New Jobs Tax Credit only include new jobs that directly result from the project covered by the 260E agreement and new jobs directly related to those new jobs.

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[2] A full-time job includes any position with an average work week of 35 or more hours or salaried position. In addition, part-time jobs must be aggregated to equal a full-time job where a job with

“Jobs directly related to those new jobs” means jobs which directly support the new jobs. These jobs may include in-state employees transferred to a position which would be considered a job directly related to the new jobs under certain circumstances. For example, a participant of a 260E could transfer an in-state employee to the position related to the contract and fill the transferred employee’s position with a new employee. Thus, the in-state employee position would be considered a job directly related to those new jobs because it directly supports the new jobs and the transferred employee’s old position was filled by a new employee. The burden of proof that a job is directly related to those new jobs is on the employer.

To claim the New Jobs Tax Credit, the taxpayer must complete the IA 148 Tax Credits Schedule, a requirement in place since the 2006 tax year. Since tax year 2014, the taxpayer must include the 260E contract certificate number on the IA 148.

The New Jobs Tax Credit can be claimed against Iowa corporation or individual income tax liability. If the eligible business is organized as a pass-through entity such as a limited liability company, S corporation, or partnership, the tax credit is passed through to members and claimed against Iowa individual income tax. Likewise, sole proprietors earning the tax credit make their claim against individual income tax. The New Jobs Tax Credit is nonrefundable with a ten-year carryforward, which means if the tax credit exceeds the taxpayer’s tax liability in the initial tax year of claim, the excess tax credits can be carried forward and applied against tax liability for an additional ten years or until depleted, whichever is earlier. The New Jobs Tax Credit is also not transferable, which means taxpayers eligible for the credit cannot sell the credit to other taxpayers.

For purposes of program administration, community colleges record the following award information:

- the tax credit certificate number,
- business identity,
- the contract period,
- the number of jobs at the beginning of the 260E contract period which is called base employment,
- the number of new jobs that the business promised to create under the 260E contract which is called jobs pledged,
- the address of the work site of the awarded business,
- industry information,
- and estimated average wages.

Businesses with 260E contracts are required to report to the associated community college their related job creation progress every year. Community colleges verify the reported number of created jobs using payroll records; IEDA also completes field audits to validate the self-reported job numbers. The self-reported job creation has been captured in the IEDA database since its

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average weekly hours below 15 counts as ¼; hours between 15 and less than 25 counts as ½; and hours between 25 and less than 35 counts as ¾.

inception in 2012. Because the period of available tax credit claim information is between 2006 and 2019, self-reported job creation data at the end of 2019 were in this study.

III. Similar Job Creation Incentive Programs in Neighboring States

The Iowa New Jobs Tax Credit is unique because eligible businesses must have both an active contract for training new employees with a community college and meet conditions for job creation. Among Iowa's neighboring states, none has a comparable job incentive program with similar dual requirements. However, broadening the comparison to state programs encouraging job creation, tax credits linked to job creation were identified in almost all neighboring states. The following comparison focuses on statewide tax incentive programs available in Iowa's neighboring states (see Table 1).

Among Iowa's neighboring states, South Dakota does not have an income tax. Minnesota has a statewide sales tax credit program to encourage job creation. The other four states (Nebraska, Missouri, Illinois, and Wisconsin) offer an income tax credit or payroll tax credit program directly linked to job creation that is available statewide.

The Nebraska Advantage Act provides a tax credit against withholding where the tax credit rate depends on the number of new jobs and/or the amount of investment as well as the level of wages. The program categorizes businesses into six tiers based on investment and projected job creation with tier one granted to businesses with $1 million in new investment and ten new jobs and tier 6 based on up to $100 million in new investment and up to 75 new jobs.

For a business in Tier 1 through Tier 4, the payroll tax credit rate, which rises as wages rise, equals a portion of the annual payroll of new employees.

For a business in Tier 6, the tax credit rate is ten percent of the annual payroll of new employees. Without new employees, Tier 5 businesses are not eligible for a payroll tax credit.

Nebraska businesses in Tier 1, Tier 3, or Tier 6 have a maximum benefit period of ten years. Businesses in Tier 2 or Tier 4 have a maximum benefit period of seven years. Tax credits under the Nebraska Advantage Act are nonrefundable. Credits may be carried forward nine years after the year of application for a Tier 1 or Tier 3 business, fourteen years for a Tier 2 or Tier 4 business, or ten years for a Tier 6 business.

Missouri offers the Missouri Works program that promotes economic development in Missouri. To be eligible for this tax credit, businesses in rural areas and opportunity zones are required to create at least two new jobs to be eligible for 100 percent of the individual income tax withheld for new employees. Most other businesses are required to create at least ten new jobs to be eligible for the tax credit. Large businesses must create at least 100 new jobs to be eligible for six percent of the payroll of those new jobs. The program excludes gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, and public administration companies.

The main job creation program in Illinois is the Economic Development for a Growing Economy Credit (EDGE). EDGE offers a negotiable percentage of corporate income tax credits for new jobs. The credit requires a business to make an investment of at least $2.5 million in capital improvements and increase existing full-time jobs in Illinois by a minimum of ten percent. For a company with 100 or fewer employees, the company must increase existing full-time jobs by at least five percent. Businesses in retail trade and personal service are not qualified for the credit. This credit is nonrefundable and can be carried forward for five years.

Wisconsin offers the Business Development Tax Credit (BTC) Program, a refundable jobs tax credit. Upon negotiation with the Wisconsin Economic Development Corporation, businesses can receive an income tax credit equal to up to ten percent of total wages paid to eligible employees during the tax year, and in some cases the costs incurred by the claimant to undertake training activities for those employees in the current year. New jobs in retail, loan companies, media businesses, farms, telemarketing, pawn shops, certain medical facilities, and financial institutions are not eligible for the credit.

Minnesota does not have an income tax incentive for job creation, but it has the Greater Minnesota Job Expansion Program which is a sales tax incentive. Employers which increase employment by a minimum of two full time equivalent employees or ten percent of the current number of employees, whichever is greater, are eligible for the program. The program allows those eligible employers to receive sales tax refunds from their purchases and use of tangible personal property and taxable services.

IV. Literature Review

In recent years, a few states have assessed their job creation tax incentives. Nebraska and Rhode Island used economic modeling software such as REMI (can you spell out what REMI stands for) to estimate the economic impacts of their job creation tax credit programs. Nebraska Performance Audit Committee (2019) analyzed Nebraska's Advantage Act using the REMI model. This study did not estimate the share of created jobs attributable to their state tax incentive; i.e., the number of jobs that were created but which would not have been created but for the tax incentive. It used a sensitivity analysis instead to estimate the tax incentive per job. The study made estimations using three scenarios: 12.5 percent of created jobs were attributable to the state tax incentive, 25 percent of created jobs were attributable to the state tax incentive, and 100 percent of created jobs were attributable to the state tax incentive. The estimated state tax incentive per job is $62,000 for the 12.5 percent assumption, $30,000 for the 25 percent assumption, and $7,000 for the 100 percent assumption.

Rhode Island Department of Revenue (2018) estimated the impact of that state's Jobs Development Act. That study also did not estimate the share of created jobs attributable to their state tax incentive. The study made estimates of the state tax incentive per job in two scenarios: 25 percent of created jobs were attributable to the state tax incentive and 100 percent of created jobs were attributable to the state tax incentive. The estimated state tax incentive per job is $9,613 for the 25 percent assumption and $2,403 for the 100 percent assumption.

Other states took more straightforward approaches. Analysts in Florida reviewed five of its state tax incentives and cash grants: Capital Investment Tax Credit, Quick Action Closing Fund, Qualified Target Industry Tax Refund, High Impact Performance Incentive, and Brownfield Redevelopment Bonus Refund (Florida Office of Program Policy Analysis and Government

Accountability, 2019). These five programs generally allow employers to claim Florida corporate income tax credits or receive cash grants for creating jobs and making capital investment in Florida. This report found that employers claimed $167.2 million in credits between 2015 and 2018, while they created 26,004 new jobs. The estimated average state spending per new job was $6,431.

Louisiana Legislative Auditor (2020) analyzed the performance of its Quality Jobs program. Louisiana's Quality Jobs program provided withholding tax credit incentives, sale and use tax refunds, and income tax credits to employers to create jobs in the state. Between the program's inception through 2018, this report found the program had spent $822.6 million and helped create 26,980 new jobs. The estimated average state spending per new job was about $30,489.

Indiana Office of Fiscal and Management Analysis (2020) evaluated the Indiana Enterprise Zone program, including its Enterprise Zone Employment Expense Tax Credit. The Enterprise Zone Employment Expense Tax Credit offers the lesser of 10 percent of the qualified increase in wages paid to qualified employees of a participating business, or $1,500 per qualified employee. The qualified increase in wages is computed by taking the difference between the wages paid in the taxable year and the base period wages. The base period wages equal the wages the business paid in the year before the Enterprise Zone was established. If it was a new job, the base wage would be zero. This report estimated that an average participating business claimed $976 of the Enterprise Zone Employment Expense Tax Credit per qualified position between 2012 and 2018.

As a comparison, the Iowa's New Jobs Tax Credit claims per job were $1,034. If multiple state tax incentives claimed by the same employers were included, the average estimated tax incentives per job were $6,864 (see Table 8).

V. Economic Analysis

This section examines the following questions about the New Jobs Tax Credit program:

- What amount of tax credits have been claimed?
- Who has claimed this tax credit?
- When were the tax credits claimed?
- Where did these employers invest and create jobs?
- How many jobs have been created and at what cost?
- Does the program have any employment impacts on participating employers?
- How has this program been utilized by employers?

<u>What amount of tax credits have been claimed?</u>

Complete New Jobs Tax Credit claim data are first available for tax year 2006 when the IA 148 Tax Credits Schedule was introduced.[3] Between fiscal years 2007 and 2019, there were 4,973

[3] For tax years 1985 through 2005, claims were made by reporting an amount on the "other nonrefundable credits" line on the IA 1040 for individuals or the IA 1120 for corporations. Historical data is available about claims reported on those lines for tax years prior to 2006, but it is not possible to distinguish the amount of New Jobs Tax Credit claims from other

claims to a New Jobs Tax Credit, including claims filed by members of pass-through entities and claims of credits carried forward from prior years (see Table 2). The total amount of tax liability reduced by claims between fiscal years 2006 and 2019 was $11.9 million.

Less than a quarter (24.4%) of the New Jobs Tax Credit claim dollars, $2.9 million, were made against the Iowa corporation income tax and 75.6 percent of the tax credit claim dollars, $9.0 million, were made against the individual income tax by members of pass-through entities (see Table 1). About 95.0 percent of the number of claims were against individual income tax and 5.0 percent were against corporation income tax. One possible reason that pass-throughs were more likely to claim the credits than corporations is that individual owners of pass-throughs were more likely to have positive tax liabilities. The average individual income tax claim ($1,896) is significantly smaller than the average corporation income tax claim ($11,739), reflecting the splitting of claims among multiple members of pass-through entities.

Since our last study of this tax credit in 2015 (Jin, 2015), the reported New Jobs Tax Credits carried forward from the previous year have fluctuated between $2.0 million and $3.3 million (see Table 3). An initial tax credit is earned in a tax year when the associated business reports that it increased jobs by at least ten percent, with those jobs directly related to the 260E training. The amount of initial tax credits earned increased to above $2 million in fiscal year 2016, then steadily declined to under $1 million in 2019.

Carried forward tax credits sometimes remain unclaimed. This can happen for many possible reasons; for example, a taxpayer stopped filing Iowa tax returns because the taxpayer moved out of state, died, or fell below the filing thresholds.

Who has claimed this tax credit?

Another interesting analysis to consider is whether businesses participating in the 260E program differentially make claims to the New Jobs Tax Credit based on the industry in which the business operates. There were 1,769 260E contracts out of the total of 1,985 contracts providing North American Industry Classification System (NAICS) codes in the IEDA database. These 1,769 contracts were grouped into five industries and “other” (see Table 4). Manufacturing businesses accounted for 71 contracts associated with New Jobs Tax Credit claims totaling $3.5 million, more than one-third of the total contracts with New Jobs Tax Credit claims and the total claim amount. As a comparison, manufacturing businesses accounted for nearly 50 percent of all 260E contracts.

Businesses from the professional service industry sector (such as engineering consulting and manufacturing consulting) accounted for 19.6 percent of the total contracts with New Jobs Tax Credit claims, while the professional service industry accounted for 13.2 percent all 260E contracts. Industries other than manufacturing, construction, finance and insurance, information,

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nonrefundable credits available in those same tax years. In particular, beginning in 1994, the Investment Tax Credit awarded under the other job incentive programs administered by the Iowa Economic Development Authority mentioned in Section II was claimed on that same line. Therefore, the analysis in this study only considers New Jobs Tax Credit claims beginning in tax year 2006.

and professional services[4] accounted for 29.6 percent (53 claims) of the number of claims and 37.1 percent ($3.8 million) of the total claim amount.

When were the tax credits claimed?

Once participating businesses received the awards, they can make New Jobs Tax Credit claims in a tax year where the business met the ten percent job growth requirement, and unused tax credits can be carried forward for 10 years. More than 50 percent of claims were made within four years after the business received the award (see Table 5). About 6.5 percent of claims were made at the 10th year and later, likely being carried forward by businesses since many businesses did not claim the credit right after they received the awards.

Where did these employers invest and create jobs?

There are 15 community college districts in Iowa. Statistics on tax credit claims by community college provide important information about the location of jobs and investments supported by the New Jobs Tax Credit program.

New Jobs Tax Credits are highly concentrated. For many businesses with 260E contracts, utilization of the New Jobs Tax Credit is low.

About 43.5 percent (863) of the 1,985 260E contracts in the IEDA database could be matched with a New Jobs Tax Credit claim (see Table 5). The distribution of the 863 contracts among the colleges is highly concentrated; 288 were associated with Kirkwood Community College (33.4%) and 220 with Des Moines Area Community College (25.5%), (see Table 6). These two colleges accounted for more than 50 percent of the 863 260E contracts with New Jobs Tax Credit claims. On the other side of the spectrum, Southwestern Community College accounted for only one 260E contract associated with claims.

Among all 260E contracts associated with each college, 69.0 percent of 260E contracts associated with Indian Hills Community College were matched with a New Jobs Tax Credit claim, the highest among all community colleges. For North Iowa Area Community College, only 9.6 percent of 260E contracts were matched with a New Jobs Tax Credit claim, the lowest among community colleges. Data was not available to compare how the community colleges each approached marketing of the New Jobs Tax Credit, but the uneven utilization across the colleges might suggest that marketing and resources matter. The relative number of businesses surrounding the community colleges may be relevant too. Colleges in more urban areas may have more businesses eligible for the tax credits,

The total amount of the New Jobs Tax Credits claims matched to 260E contracts associated with Kirkwood Community College was $3.3 million (27.6%), the highest among all community colleges (see Table 6). The total amount of the New Jobs Tax Credits claims matched to 260E

[4] Other industries included Transportation and Warehousing, Educational Services, Health Care and Social Assistance, Arts, Entertainment, and Recreation, and Accommodation and Food Services

contracts associated with Des Moines Area Community College and Indian Hills Community College were $2.2 million (18.2%) and $1.3 million (11.1%) respectively, the second and the third highest among the colleges. These three colleges together accounted for more than half of all matched New Jobs Tax Credit claims between 2007 and 2019. As a comparison, these three colleges accounted for about 40.6 percent of all 260E contracts and 44.3 percent of all 260E withholding tax credit claims in the state. Their outsized share of New Jobs Tax Credit claims could be the result of more adequate resources and more experienced staff from these three colleges.

Using the matches of claims to 260E contracts, the claims could be aggregated by the 260E tax credit certificate number across all available tax years and claimants. The average total claims per certificate were $13,746 for all matched certificates (see Table 6).

A business can enter into multiple 260E contracts with the same or different community colleges and multiple subsidiaries can jointly participate in the same 260E contract.[5] Utilization of the New Jobs Tax Credit among 260E contracts is only 43.5 percent; the utilization rate at the business level, defined as the ratio of the number of contracts with claims to the number of eligible contracts, is even lower at 17.3 percent, or 197 businesses (see Table 7). This suggests that some businesses are able to make New Jobs Tax Credit claims on multiple contracts. Overall, less than one-fifth of the businesses with 260E contracts have claimed this additional credit. are either meeting the job growth requirement, have been made aware of the tax credit, or have taken the time to calculate and claim this additional tax credit. The average total claims per business were $60,215 for all matched businesses. Among the 197 businesses with claims to the New Jobs Tax Credits, 58 (29.4%) participated in the 260E program with Kirkwood Community College, the highest share of businesses among all community colleges.

<u>How many jobs have been created and at what cost?</u>

All businesses claiming the New Jobs Tax Credits claimed withholding tax credits to offset their payroll tax payments. Furthermore, they were eligible for other tax incentive programs encouraging job creation in Iowa, such as investment tax credit programs, housing tax credit programs, or several tax credit programs for start-ups. A business participating in one of those programs receives a tax credit award with the value dependent on the amount of investment and the number and quality of new jobs in Iowa. Unlike the New Jobs Tax Credit which is automatically available to a business meeting the eligibility criteria, a business must negotiate with IEDA and sign a contract establishing investment and job growth targets to receive an award for those other tax credits. If the same business also participates in the 260E program, often promoted as part of the marketing of those other State economic development programs, and meets the ten percent job creation requirement, the business may claim multiple tax credits.

For those taxpayers with New Jobs Tax Credit claims, total investment tax credit claims were $26.9 million between fiscal years 2007 and 2019, compared to the $11.9 million of New Jobs

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[5] Sometimes a parent company can also enter a 260E contract with its subsidiaries. If businesses had 260E contracts with multiple community colleges those businesses were counted once for each community college in Table 6.

Tax Credit claims (see Table 8). These taxpayers also claimed $5.3 million in tax credits for housing and $1.0 million in tax credits for start-ups. Total income tax credits claimed by those investors were about $45.0 million and the New Jobs Tax Credit claims accounted for 26.3 percent of total income tax credit claims.

Since the New Jobs Tax Credit program is a part of the 260E program, businesses claiming New Jobs Tax Credits also claimed withholding tax credits. Between fiscal year 2007 and 2019, the total withholding tax credits claimed by these businesses were $33.7 million (see Table 8). It should be noted that businesses can only claim the New Jobs Tax Credit once, but they can continue claiming withholding tax credits until the expiration dates of their 260E contracts. Combined, total income tax credit claims and withholding tax credit claims among 260E contractees totaled $78.7 million. These were claimed by those businesses to make investments and create jobs between fiscal year 2007 and 2019.

The total reported number of new positions filled from these matched employers was 11,470, with the highest number 2,314 in 2017. The average New Jobs Tax Credits per position was $1,034 and the average income and withholding tax credits per position was $6,864.

Does the program have any employment impacts on participating employers?

To analyze employment impacts of the New Jobs Tax Credit program, the employment data collected by community colleges was used to compare eligible employers claiming the New Jobs Tax Credits with those who were eligible but had no claim.

As discussed in previous sections, employers participating the 260E program provide information on their base employment and the number of new jobs pledged. Also, community colleges collect the number of actual jobs created each year from employers. The ratio of new jobs pledged to base employment can be used as a measurement of employers' plan of job creation relative to their existing employment size. The ratio of actual jobs created to new jobs pledged can be used as a measurement of progress made by employers. Results suggested that employers planning to create more jobs relative to their existing employment sizes and executed their hiring plans closer to their hiring pledges were more likely to claim the New Jobs Tax Credits.

The average base employment of employers claiming the New Jobs Tax Credits was 106 and that of employers without any claims was 129. The average new jobs pledged of employers claiming the New Jobs Tax Credits was 48 and that of employers without any claims was 54. The average actual jobs created of employers claiming the New Jobs Tax Credits was 47 and that of employers without any claims was 50.

For employers claiming the New Jobs Tax Credits, their ratio of new jobs pledged to base employment was 0.46, slightly higher than that for eligible employers without any claims (0.42) (see Figure 1). A t-test was used to examine if this ratio for employers claiming the credits is statistically different from the one for eligible employers without claims. The result was not statistically significant, suggesting that it is highly likely that employers' plans of job creation were not different between two groups of employers.

For employers claiming the New Jobs Tax Credits, their ratio of actual jobs created to new jobs pledged was 0.99, slightly higher than 0.93 for eligible employers without any claims (see Figure 2). The t-test result was statistically significant at a significance level of 0.01, which suggests that there is more than 99 percent of probability that eligible employers having claimed the New Jobs Tax Credits had made more progress in hiring (hired 47 out of 48 new jobs pledged) than those eligible employers without claims (hired 50 out of 54 new jobs pledged).

<u>How has this program been utilized by employers?</u>

The utilization of the tax credit varies widely among associated community colleges and industry groups which suggested that claims might be driven by awareness and not claimed by all businesses that are eligible. This can be analyzed by comparing claiming behavior among all businesses that appear to meet the eligibility requirements of the New Jobs Tax Credits. Larger employers seem to be more likely to take advantage of the New Jobs Tax Credit. However, claim utilization has declined in recent years.

Up to fiscal year 2019, out of the 1,498 businesses with 260E contracts identified to have at least ten percent job creation from base employment, based on self-reported job numbers, New Jobs Tax Credit claims were associated with only 167 businesses (see Table 9). Possible reasons of this under-utilization include that eligible businesses did not know about the New Jobs Tax Credit, businesses did not have positive tax liabilities to take advantage of the tax credits, or they decided the administrative cost of making a claim, such as additional tax preparer fees or resources needed to collect required data, exceeded the benefits. Although the program was significantly under-utilized for all eligible businesses, for those 29 employers with more than 200 base employment, 100 percent made New Jobs Tax Credit claims.

To further examine the issue of this under-utilization, these companies' Iowa corporation income tax returns were used to determine whether these businesses had positive tax liabilities in Iowa such that they could make tax credit claims. Many businesses used different identification numbers to claim New Jobs Tax Credits and file their income tax returns, since they had different subsidiaries or experienced reorganizations or mergers. Thus, only 224 businesses out of the 1,498 eligible businesses could be matched with corporation income tax returns and reported positive tax liabilities between 2013 and 2019 (see Table 10). Out of these 224 businesses, only 18 businesses (8.0%) had made New Jobs Tax Credit claims. As a comparison, there were 294 businesses that could be matched but did not have positive tax liabilities.

The above statistics suggested that lack of positive tax liabilities might not be the main reason of the under-utilization of the New Jobs Tax Credit program. The fact that 100 percent of eligible businesses with base employment of more than 200 employees had made tax credit claims implied that larger businesses might be more likely to utilize the program than smaller businesses. They could dedicate more resources to document award agreements, track employment growth, and meet regulatory compliance requirements of the New Jobs Tax Credit program.

Businesses increasingly underutilized the New Jobs Tax Credit program in recent years (see Figure 3). The utilization rate is defined as the ratio of the number of certificates being claimed in the first year to the number of certificates newly eligible for claims each year. Between fiscal year 2014 and fiscal year 2019, the utilization rate generally trended down, dropping from 50.0 percent in 2014 to 11.8 percent in 2019. One possible reason may be that some employers have used other tax incentives (for example, High Quality Jobs program) and do not have positive tax liabilities to utilize the New Jobs Tax Credit.

VI. Conclusion

This evaluation study provides an assessment of the Iowa New Jobs Tax Credit. The tax credit provides additional tax benefits for businesses participating in the Iowa Industrial New Jobs Training Program, more commonly referred to as the 260E program. There were $11.9 million of tax credits claimed between fiscal year 2006 and 2019. The manufacturing sector claimed most of the New Jobs Tax Credits among all sectors.

This analysis estimated employment growth of businesses eligible for the tax credit and examined the utilization of the tax credit. Businesses having claimed these tax credits were estimated to have created 11,470 jobs in Iowa through 2019. This evaluation study found that the majority of businesses eligible for New Jobs Tax Credit had not made claims even when they had positive tax liabilities. The claims also were concentrated in 3 out of 15 community college districts in Iowa. Between fiscal year 2014 and fiscal year 2019, the utilization rate generally trended down, dropping from 50.0 percent in 2014 to 11.8 percent in 2019. The possible reasons include that businesses might be more likely to use other investment tax credits.

This evaluation study contributes to an improved understanding of the New Jobs Tax Credit. It is emphasized that this analysis of the New Jobs Tax Credit is not an assessment of the 260E program or its effectiveness on job creation in Iowa. Although only businesses participating in the 260E program are eligible for the New Jobs Tax Credit, the functioning of the 260E program is not dependent on the availability or usage of the New Jobs Tax Credit.

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The Iowa New Jobs Tax Credit

Tables and Figures

Table 1. Neighboring State Tax Credit Programs for Job Creation

State	Name	Enactment Date	Tax Credit	Location Qualification	Job Qualification	Industry Qualification	Clawback Provision	Transferable	Refundable	Credit Carry Forward
Illinois	Economic Development for a Growing Economy (EDGE) Credit	2009	50 percent of income tax withholdings of new jobs. Benefit period: 10 years	Statewide	At least 5 percent of existing employment for businesses with less than 100 employees; at least 10 percent of existing employment and $2.5 million of new investment for others	All eligible	No	No	No	Yes, 5 years
Iowa	New Jobs Tax Credit	1985	6% of the taxable wage of eligible jobs up to qualifying taxable wage	Statewide	Businesses must have 260E contracts. Create new jobs if zero base employment or create at least 10% of base	Non-retail and not government entity	No	No	No	Yes, 10 years
Minnesota	Greater Minnesota Job Expansion Program	2013	Purchases and use of tangible personal property and taxable services made by a qualified business are eligible for a sales tax refund	Statewide	Increase employment at the business's facility by a minimum of two full time equivalent (FTE) employees or 10 percent of the current number of employees, whichever is greater, within three years	The business must not be engaged primarily in: Retail sales, Public utility, Lobbying, Gambling, Entertainment, Professional sports, Political consulting, Leisure, Hospitality, and Professional services provided by attorneys, accountants, business consultants, or health care services	No	No	Yes	No
Missouri	Missouri Works	2013	Minimum two new jobs in certain areas: 100% of the withholding tax of the new jobs for 5 years if the average wage of new jobs is 90% of county average wage. Minimum 100 new jobs: 6% of the payroll of the new jobs for five years.	Statewide	For small business, 20 or more new jobs in rural areas, 40 or more new jobs in nonrural areas; For technology businesses, 10 or more new jobs; For high impact businesses,100 or more new jobs; Retained jobs may also be eligible	Excludes gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, and public administration companies	No	Yes	Yes	No

Table 1. (Continued) Neighboring State Tax Credit Programs for Job Creation

State	Name	Enactment Date	Tax Credit	Location Qualification	Job Qualification	Industry Qualification	Clawback Provision	Transferable	Refundable	Credit Carry Forward
Nebraska	Nebraska Advantage Act	2006	For a tier 1, 2, 3, or 4 project: 3% of payroll of new employees if the average wage is at least 60% of the Nebraska average wage; 4% if it is at least 75% of the Nebraska average wage; 5% if it is at least 100% of the Nebraska average wage; 6% if it is at least 125% of the Nebraska average wage; effective 1/1/2009, exclude any employee with wage over of $1 million. For tier 2 or 4, the credit is 10% of the investment. For tier 1, 3% of the investment. For tier 6, 15% of the investment. For a tier 1, 3, or 6 project, benefit period: 10 years; For a tier 2, 4, or 5 project, benefit period: 7 years.	Statewide	Tier 1, investment of at least 1 million dollars and the hiring of at least 10 new employees; Tier 2, investment of at least 3 million dollars and the hiring of at least 30 new employees; Tier 3, the hiring of at least 30 new employees; Tier 4, investment of at least 12 million dollars and the hiring of at least 100 new employees; Tier 5, investment of at least 37 million dollars; and Tier 6 investment in qualified property of at least 10 million dollars and the hiring of at least 75 new employees, or investment of at least 100 million dollars and the hiring of at least 50 new employees.	For a tier 1 project: research; the assembly, fabrication, manufacture, or processing of tangible personal property; sale of software development services, computer systems design, product testing services, or guidance or surveillance; For a tier 2, tier 3, tier 4, or tier 5 project: data processing, telecommunication, insurance, or financial services; headquarter facilities; and storage, warehousing, distribution, transportation, or sale of tangible personal property. For a tier 6 project: any non-retail business	Yes	No	No	Yes, 9 years for a tier 1 or tier 3 project, 14 years for a tier 2 or tier 4 project, or 10 year for a tier 6 project.
Wisconsin	Business Development Tax Credit (BTC) Program	2010	Up to 10% of annual wages paid to eligible employees earning at least 150% of federal minimum wage	Statewide	Negotiated	Retail, loan companies, media businesses, farms, telemarketing, pawn shops, certain medical facilities, and financial institutions are not eligible for the credit	No	Yes	Yes	No

Source: Department of Revenue websites of various states

Table 2. New Jobs Tax Credit Claims by Tax Type, Fiscal Years 2007-2019

Claims Against Individual Income Tax

Fiscal Year	Number of Claims	Share of Number of Claims	Claim Amount	Average Claim	Share of Claim Amount
2007-2013	2,515	96.3%	$4,246,920	$1,689	64.7%
2014	251	94.4%	$263,632	$1,050	14.9%
2015	303	96.2%	$1,099,780	$3,630	58.0%
2016	314	89.5%	$729,399	$2,323	24.5%
2017	404	93.5%	$1,169,530	$2,895	47.0%
2018	612	95.9%	$695,626	$1,137	46.2%
2019	327	90.8%	$757,897	$2,318	44.2%
Total	4,726	95.0%	$8,962,784	$1,896	75.6%

Claims Against Corporation Income Tax

Fiscal Year	Number of Claims	Share of Number of Claims	Claim Amount	Average Claim	Share of Claim Amount	Total Number of Claims	Total Claim Amount
2007-2013	96	3.7%	$342,304	$28,286	35.3%	2,611	$4,589,224
2014	15	5.6%	$249,110	$17,259	85.1%	266	$512,742
2015	12	3.8%	$198,267	$10,359	42.0%	315	$1,298,047
2016	37	10.5%	$727,406	$35,079	75.5%	351	$1,456,805
2017	28	6.5%	$479,997	$23,552	53.0%	432	$1,649,527
2018	26	4.1%	$595,243	$14,748	53.8%	638	$1,290,869
2019	33	9.2%	$307,326	$16,488	55.8%	360	$1,065,223
Total	247	5.0%	$2,899,653	$11,739	24.4%	4,973	$11,862,437

Source: Withholding Tax Return and IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 3. New Jobs Tax Credits Earned, Applied, Carried Forward, and Expired

Fiscal Year	Number of Tax Returns Reporting Credit Claims	Amount Carried Forward from Previous Tax Year	Amount of Initial Earned Tax Credits for Current Tax Year	Total Available Tax Credits for Current Tax Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Expired Tax Credits	Amount Carried Forward to Next Tax Year
2007-2013	2,611	$11,026,896	$7,123,714	$18,150,610	$4,589,224	$30,697	$13,535,130
2014	266	$2,694,857	$992,988	$3,687,845	$512,742	$49	$3,175,057
2015	315	$2,164,543	$1,701,504	$3,866,047	$1,298,047	$8,868	$2,559,132
2016	351	$2,893,598	$2,201,045	$5,094,643	$1,456,805	$10,875	$3,626,963
2017	432	$2,621,598	$1,888,864	$4,510,462	$1,649,527	$8,742	$2,852,413
2018	638	$3,078,372	$1,246,858	$4,325,230	$1,290,869	$2,859	$3,031,502
2019	360	$3,267,691	$657,059	$3,924,750	$1,065,223	$1,778	$2,857,749
Total	4,973		$15,812,032		$11,862,437	$63,868	

Source: IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 4. New Jobs Tax Credit Claims and Number of 260E Contracts by Industry

Industry	Total Number of Businesses with 260E Contracts	Number of 260E Businesses with New Jobs Tax Credit Claims	Distribution of Businesses with New Jobs Tax Credit Claims	Share of 260E Businesses with New Jobs Tax Credit Claims	Total New Jobs Tax Credit Claims	Average Claim Per Business	Distribution of Claim Amount
Manufacturing	966	71	39.7%	7.3%	$3,491,681	$49,179	33.7%
Professional, Scientific, and Technical Services	234	35	19.6%	15.0%	$636,341	$18,181	6.1%
Information	70	8	4.5%	11.4%	$33,030	$4,129	0.3%
Finance and Insurance	107	5	2.8%	4.7%	$1,945,759	$389,152	18.8%
Construction	66	7	3.9%	10.6%	$398,464	$56,923	3.9%
Other Industries	326	53	29.6%	16.3%	$3,842,994	$72,509	37.1%
Total	1,769	179	100.0%	10.1%	$10,348,269	$57,812	100.0%

Source: 260E award database from IEDA. Withholding Tax Return and IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 5. Timing of New Jobs Tax Credit Claims

Year Since Award Year	New Jobs Tax Credits Claimed	Distribution of New Jobs Tax Credits Claimed
0	$384,560	3.2%
1	$1,359,129	11.5%
2	$2,328,415	19.6%
3	$2,124,486	17.9%
4	$1,330,677	11.2%
5	$757,116	6.4%
6	$858,967	7.2%
7	$909,470	7.7%
8	$602,421	5.1%
9	$465,522	3.9%
10 Years and More	$741,677	6.3%
Total	$11,862,437	100.0%

Source: Withholding Tax Return and IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 6. New Jobs Tax Credit Claims and Number of 260E Contracts by Associated Community College

Community College	Total Number of 260E Contracts	Number of 260E Contracts with New Jobs Tax Credit Claims	Distribution of 260E Contracts with New Jobs Tax Credit Claims	Share of 260E Contracts with New Jobs Tax Credit Claims	Total New Jobs Tax Credit Claims	Average Aggregated Claim Per Contract	Distribution of Claim Amount
Des Moines Area Community College	446	220	25.5%	49.3%	$2,154,400	$9,793	18.2%
Eastern Iowa Community College	126	60	7.0%	47.6%	$353,020	$5,884	3.0%
Hawkeye Community College	43	25	2.9%	58.1%	$771,634	$30,865	6.5%
Indian Hills Community College	58	40	4.6%	69.0%	$1,316,603	$32,915	11.1%
Iowa Central Community College	21	11	1.3%	52.4%	$271,738	$24,703	2.3%
Iowa Lakes Community College	6	3	0.3%	50.0%	$754,088	$251,363	6.4%
Iowa Valley Community College	14	7	0.8%	50.0%	$409,910	$58,559	3.5%
Iowa Western Community College	92	22	2.5%	23.9%	$202,153	$9,189	1.7%
Kirkwood Community College	571	288	33.4%	50.4%	$3,274,419	$11,370	27.6%
North Iowa Area Community College	313	30	3.5%	9.6%	$117,595	$3,920	1.0%
Northeast Iowa Community College	174	101	11.7%	58.0%	$1,009,613	$9,996	8.5%
Northwest Iowa Community College	71	35	4.1%	49.3%	$597,834	$17,081	5.0%
Southeastern Community College	32	13	1.5%	40.6%	$249,633	$19,203	2.1%
Southwestern Community College	6	1	0.1%	16.7%	$141,669	$141,669	1.2%
Western Iowa Tech Community College	12	7	0.8%	58.3%	$238,125	$34,018	2.0%
Total	1,985	863	100.0%	43.5%	$11,862,437	$13,746	100.0%

Source: 260E award database from IEDA and IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 7. New Jobs Tax Credit Claims and Number of Businesses by Associated Community College

Community College	Number of Businesses with 260E Contracts	Number of Businesses with New Jobs Tax Credit Claims	Distribution of Businesses with New Jobs Tax Credit Claims	Share of Businesses with New Jobs Tax Credit Claims	Total New Jobs Tax Credit Claims	Average Aggregated Claim Per Business	Distribution of Claim Amount
Des Moines Area Community College	246	50	25.4%	20.3%	$2,154,400	$43,088	18.2%
Eastern Iowa Community College	137	9	4.6%	6.6%	$353,020	$39,224	3.0%
Hawkeye Community College	121	13	6.6%	10.7%	$771,634	$59,356	6.5%
Indian Hills Community College	34	3	1.5%	8.8%	$1,316,603	$438,868	11.1%
Iowa Central Community College	30	3	1.5%	10.0%	$271,738	$90,579	2.3%
Iowa Lakes Community College	43	3	1.5%	7.0%	$754,088	$251,363	6.4%
Iowa Valley Community College	25	3	1.5%	12.0%	$409,910	$136,637	3.5%
Iowa Western Community College	31	4	2.0%	12.9%	$202,153	$50,538	1.7%
Kirkwood Community College	147	58	29.4%	39.5%	$3,274,419	$56,456	27.6%
North Iowa Area Community College	63	10	5.1%	15.9%	$117,595	$11,760	1.0%
Northeast Iowa Community College	120	21	10.7%	17.5%	$1,009,613	$48,077	8.5%
Northwest Iowa Community College	37	10	5.1%	27.0%	$597,834	$59,783	5.0%
Southeastern Community College	32	4	2.0%	12.5%	$249,633	$62,408	2.1%
Southwestern Community College	26	1	0.5%	3.8%	$141,669	$141,669	1.2%
Western Iowa Tech Community College	50	5	2.5%	10.0%	$238,125	$47,625	2.0%
Total	1,142	197	100.0%	17.3%	$11,862,437	$60,215	100.0%

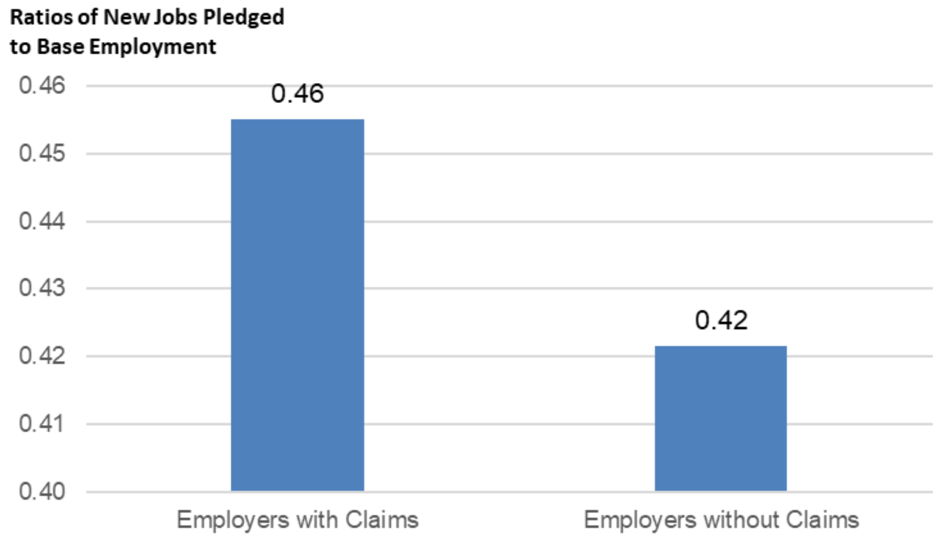
Source: 260E award database from IEDA and IA 148 Tax Credit Schedule information from Iowa Department of Revenue

Table 8. New Jobs Tax Credit Claims and Other Tax Credit Claims, Fiscal Years 2007-2019

Fiscal Year	Number of Tax Returns Reporting Credit Claims	Amount of New Jobs Tax Credits Claimed	Amount of Investment Tax Credits Claimed	Amount of Tax Credits Claimed on Housing	Amount of Tax Credits Claimed for Start-Ups	Amount of Withholding Tax Credits Claimed	New Positions Filled
2007-2013	2,611	$4,589,224	$15,880,318	$181,678	$141,504		4,867
2014	266	$512,742	$459,256	$471,000	$1,030	$3,924,626	490
2015	315	$1,298,047	$1,884,703	$0	$0	$5,243,710	780
2016	351	$1,456,805	$1,569,661	$6,729	$10,129	$6,401,305	1,329
2017	432	$1,649,527	$1,549,993	$1,312,185	$156,755	$6,562,711	2,314
2018	638	$1,290,869	$2,633,134	$232,438	$365,395	$5,912,084	1,156
2019	360	$1,065,223	$2,873,371	$3,113,700	$327,618	$5,655,931	534
Sum	4,973	$11,862,437	$26,850,436	$5,317,730	$1,002,431	$33,700,367	11,470
Total Other Income Tax Credits Claimed		$33,170,597					
Total Income Tax Credits Claimed		$45,033,034		Average New Jobs Tax Credits Per Position			$1,034
Total Withholding Tax Credits Claimed		$33,700,367		Average Income and Withholding Tax Credits Per Position			$6,864

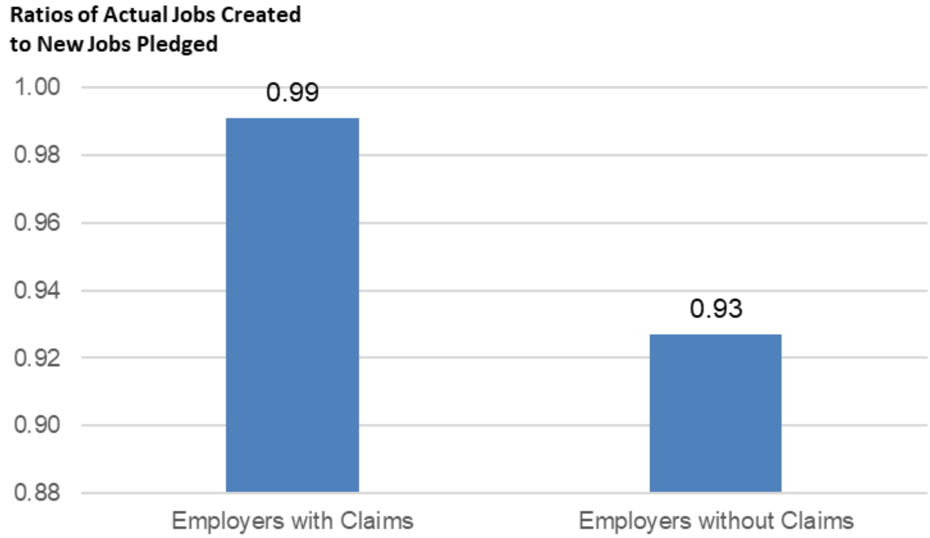
Source: Withholding Tax Return and IA 148 Tax Credit Schedule information from Iowa Department of Revenue
Note: The total income tax credit claims include investment, housing, and start-up tax credit claims.

Figure 1. Ratios of New Jobs Pledged to Base Employment for Eligible Employers With and Without Claims



Source: 260E award database from Iowa Economic Development Authority
Note: The t-test result is that t value equals 1.32 and p value equals 0.1897 (not statistically significant).

Figure 2. Ratios of Actual Jobs Created to New Jobs Pledged for Eligible Employers With and Without Claims



Source: Annual Reports from Iowa Economic Development Authority
Note: The t-test result is that t value equals -5.81 and p value is less than 0.0001 (statistically significant).

Table 9. New Jobs Tax Credit Claiming Behavior of Eligible Businesses

Number of Base Employment	Number of 260E Contracts Eligible for New Jobs Tax Credit	Number of 260E Contracts with New Jobs Tax Credit Claims	Share of Eligible 260E Contracts with Claims
0	269	23	8.6%
1 to 50	531	64	12.1%
51 to 200	669	51	7.6%
201 and Above	29	29	100.0%
Total	1,498	167	11.1%

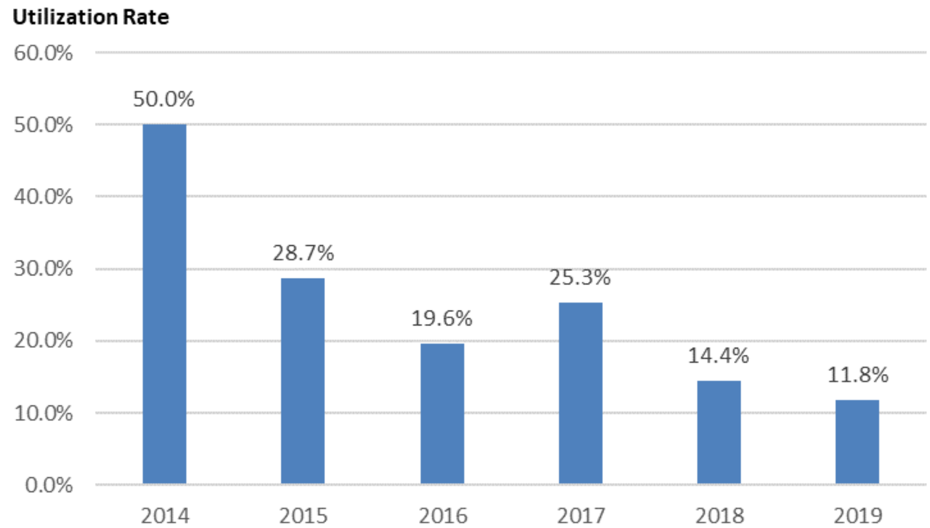
Source: 260E award database from Iowa Economic Development Authority. IA 148 Tax Credit Schedule information from Iowa Department of Revenue.

Table 10. New Jobs Tax Credit Claiming Behavior of Eligible Businesses with Positive Income Tax Liability

Number of Base Employment	Number of 260E Contracts Eligible for New Jobs Tax Credit	Number of 260E Contracts with New Jobs Tax Credit Claims	Share of Eligible 260E Contracts with Claims
0	33	1	3.0%
1 to 100	91	8	8.8%
101 and Above	100	9	9.0%
Total	224	18	8.0%

Source: 260E award database from Iowa Economic Development Authority. IA 148 Tax Credit Schedule information from Iowa Department of Revenue.

Figure 3. Utilization Rate of the New Jobs Tax Credit Program, Fiscal Years 2014-2019



Source: 260E award database from IEDA. Withholding Tax Return and IA 148 Tax Credit Schedule information from Iowa Department of Revenue