IOWA™

Department of Revenue

Tax Credits Users' Manual:

A Descriptive Guide to Iowa's State Tax Credits

Published January 2025

Table of Contents

This manual does not include property tax credits.

Types of Taxes Against Which Credits Can Be Claimed

Tax Credits	Corporation Income	Franchise	Individual Income	Estates and Trusts	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales and Use	Withholding
Accelerated Career Education Program (ACE) (260G)										X
Adoption Tax Credit			X							
Angel Investor Tax Credit	X	X	X	X	X	X				
Assistive Device Tax Credit	X									
Beginning Farmer Tax Credit Program										
Agricultural Assets Transfer Tax Credit	X		X	X						
Custom Farming Contract Tax Credit	X		X	X						
Biodiesel Blended Fuel Tax Credit	X		X	X						
Charitable Conservation Contribution Tax Credit	X		X	X						
Child and Dependent Care Tax Credit			X							
Claim of Right Tax Credit			X	X						
E15 Plus Gasoline Promotion Tax Credit	X		X	X						
E85 Gasoline Promotion Tax Credit	X		X	X						
Early Childhood Development Tax Credit			X	X						
Earned Income Tax Credit			X	X						

Tax Credits	Corporation Income	Franchise	Individual Income	Estates and Trusts	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales and Use	Withholding
Employer Child Care Tax Credit	X	X	X	X	X	X				
Endow Iowa Tax Credit	X	X	X	X	X	X				
Farm to Food Donation Tax Credit	X		X	X						
Franchise Tax Credit	X		X	X						
Fuel Tax Credit	X		X	X						
Geothermal Heat Pump Tax Credit			X							
Geothermal Tax Credit			X							
High Quality Jobs Program (HQJP)										
Supplemental Research Activities Tax Credit	X		X	X						
Investment Tax Credit	X	X	X	X	X	X				
Local Property Tax Exemption							X			
Sales Tax Refund									X	
Third Party Developer Tax Credit	X	X	X	X	X	X				
Historic Preservation Tax Credit	X	X	X	X	X					
Hoover Presidential Library Tax Credit	X	X	X	X	X	X				
Innovation Fund Tax Credit	X	X	X	X	X	X				

Tax Credits	Corporation Income	Franchise	Individual Income	Estates and Trusts	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales and Use	Withholding
Iowa New Jobs Training Program (260E)										
New Jobs Income Tax Credit	X		X	X						
Supplemental Withholding Tax Credit (SJC)										X
Tax Increment Financing							X			
Withholding Tax Credit (NJC)										X
Major Economic Growth and Attraction (MEGA) Program	X	X	X	X		X	X		X	X
Public Safety Officer Moving Expenses Tax Credit			X							
Redevelopment Tax Credit	X	X	X	X	X	X				
Renewable Chemical Production Tax Credit	X		X	X						
Renewable Energy Tax Credit	X	X	X	X	X			X	X	
Research Activities Tax Credit	X		X	X						
S Corporation Apportionment Tax Credit			X	X						
School Tuition Organization (STO) Tax Credit	X		X	X						
Solar Energy System Tax Credit	X	X	X	X		X				
Targeted Jobs Tax Credit from Withholding (TJC)										X
Tuition and Textbook Tax Credit			X	X						

Tax Credits	Corporation Income	Franchise	Individual Income	Estates and Trusts	Insurance Premium	Moneys and Credits	Property	Property Replacement	Sales and Use	Withholding
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit			X							
Wind Energy Production Tax Credit	X	X	X	X	X			X	X	
Workforce Housing Tax Incentive Program										
Investment Tax Credit	X	X	X	X	X	X				
Sales Tax Refund									X	

Income Tax Credit Characteristics

Tax Credit Code	Tax Credit Program Name	Awarding Agency	Refundable	Transferable	Maximum Carry Forward Years	Additional Form Required	Expiration Date
66	Adoption Tax Credit	None	X		NA	IA 177	
14	Angel Investor Tax Credit	Iowa Economic Development Authority			3		
68	Angel Investor Tax Credit - Refundable for Natural Persons	Iowa Economic Development Authority	X		NA		
51	Assistive Device Tax Credit	Iowa Economic Development Authority	X		NA		
17	Beginning Farmer Tax Credit	Iowa Agricultural Development Division at Iowa Finance Authority			10		
52	Biodiesel Blended Fuel Tax Credit	None	X		NA	IA 8864	12/31/2027
20	Charitable Conservation Contribution Tax Credit	None			20		
	Child and Dependent Care Tax Credit	None	X		NA	US 2441	
53	Claim of Right Tax Credit	None	X		NA		
24	Custom Farming Contract Tax Credit	Iowa Agricultural Development Division at Iowa Finance Authority			10		12/31/2017
65	E15 Plus Gasoline Promotion Tax Credit	None	X		NA	IA 138	12/31/2025
55	E85 Gasoline Promotion Tax Credit	None	X		NA	IA 135	12/31/2027
	Early Childhood Development Tax Credit	None	X		NA		
	Earned Income Tax Credit	None	X		NA		
30	Employer Child Care Tax Credit	Iowa Economic Development Authority			5	IA 8882	
03	Endow Iowa Tax Credit	Iowa Economic Development Authority			5		
26	Farm to Food Donation Tax Credit	Iowa Department of Revenue			5		
04	Franchise Tax Credit	None			0	IA 147	
	Fuel Tax Credit	None	X		NA	IA 4136	

Tax Credit Code	Tax Credit Program Name	Awarding Agency	Refundable	Transferable	Maximum Carry Forward Years	Additional Form Required	Expiration Date
23	Geothermal Heat Pump Tax Credit	None			10	US 5695	12/31/2016
23	Geothermal Heat Pump Tax Credit	Iowa Department of Revenue			10		12/31/2023
28	Geothermal Tax Credit	None			10	IA 140	12/31/2018
56	Historic Preservation Tax Credit	Iowa Economic Development Authority/Department of Cultural Affairs	X	X	NA		
05	Historic Preservation Tax Credit - Nonrefundable by Request	Iowa Economic Development Authority/Department of Cultural Affairs		X	5		
29	Hoover Presidential Library Tax Credit	Iowa Economic Development Authority			5		12/31/2023
06	Housing Investment Tax Credit	Iowa Economic Development Authority			7		7/1/2014
25	Innovation Fund Tax Credit	Iowa Economic Development Authority		X	5		6/30/2028
07	Investment Tax Credit	Iowa Economic Development Authority			7		
31	Major Economic Growth and Attraction Program - Nonrefundable	Iowa Economic Development Authority			5		12/31/2026
71	Major Economic Growth and Attraction Program - Refundable	Iowa Economic Development Authority	X		NA		12/31/2026
08	New Jobs Income Tax Credit	Iowa Economic Development Authority			10	IA 133	
70	Public Safety Officer Moving Expense Tax Credit	None	X		NA	IA 176	
21	Redevelopment Tax Credit	Iowa Economic Development Authority		X	5		6/30/2031
67	Redevelopment Tax Credit - Refundable for Non-Profits	Iowa Economic Development Authority	X		NA		6/30/2031
69	Renewable Chemical Production Tax Credit	Iowa Economic Development Authority	X		NA		12/31/2036
10	Renewable Energy Tax Credit	Iowa Utilities Commission/Department of Revenue		X	7		12/31/2027

Tax Credit Code	Tax Credit Program Name	Awarding Agency	Refundable	Transferable	Maximum Carry Forward Years	Additional Form Required	Expiration Date
58	Research Activities Tax Credit	None	X		NA	IA 128 or IA 128S	
11	S Corporation Apportionment Tax Credit	None			0	IA 134	
12	School Tuition Organization Tax Credit	School Tuition Organizations			5		
22	Solar Energy System Tax Credit (Business Installations)	Iowa Department of Revenue			10		Construction had to begin before 1/1/2022
59	Supplemental Research Activities Tax Credit	Iowa Economic Development Authority	X		NA	IA 128 or IA 128S	
46	Third Party Developer Tax - NR	Iowa Economic Development Authority			7		
62	Third Party Developer Tax Credit	Iowa Economic Development Authority	X		NA		
47	Third Party Developer Tax Credit - NR Racks, Shelving, and Conveyor Equipment	Iowa Economic Development Authority			7		
97	Third Party Developer Tax Credit - Racks, Shelving, and Conveyor Equipment	Iowa Economic Development Authority	X		NA		
	Tuition and Textbook Tax Credit	None			0		
27	Workforce Housing Investment Tax Credit	Iowa Economic Development Authority		X	5		

Withholding Tax Credit Characteristics

Tax Credit Program Name	Other Common Program Names	Awarding Agency	Expiration Date
Accelerated Career Education Program	ACE Withholding Credit 260G Credit	Community Colleges/Iowa Workforce Development	
Iowa New Jobs Training Program	New Jobs Withholding Credit 260E Credit	Community Colleges/Iowa Workforce Development	
Supplemental New Jobs Credit	Supplemental New Jobs Withholding Credit Supplemental 260E	Community Colleges/Iowa Workforce Development	
Targeted Jobs Withholding Tax Credit	Targeted Jobs Tax Credit	Iowa Economic Development Authority and Pilot Cities	6/30/2027

The information presented in the manual is current as of the date published but is subject to change. However, like any written advice or opinion rendered to members of the public by Department personnel that is not pursuant to a Petition for Declaratory Order under 701 IAC 7.24, the information in this manual is not binding upon the Department. Please refer to the cited Iowa Code sections and administrative rules for a complete understanding of the tax credit and your eligibility before attempting to make a claim.

Current Tax Credits

Accelerated Career Education Program (ACE) (260G)

A. Code Citation(s):

Chapter 260G, Code of Iowa (program description)
Section 422.16, Code of Iowa (withholding tax)

B. Administrative Rules Citation(s):

261 IAC 20 (Iowa Economic Development Authority)(rescinded 11/1/23)
701 IAC 307.7 (Iowa Department of Revenue, withholding tax)
877 IAC 22 (Iowa Workforce Development Board)

C. Program Description Based on Code Language and Administrative Rules: The purpose of the Accelerated Career Education Program (ACE) is to assist Iowa's Community Colleges to either establish or expand programs that train individuals in the occupations most needed by Iowa businesses. The ACE program allows participating companies to divert a portion of the company's current Iowa individual income withholding tax based on the number of seats in a training program sponsored by a business, up to an annual capped award amount. Businesses participating in the program divert taxes up to 10 percent of the hiring wage that a sponsoring business would pay to an individual that completes the programs' requirements (with a minimum wage level of no less than 200 percent of the federal poverty guideline for a family of two). The diversion goes to the community college over the life of the agreement (usually five years). The business also provides cash or in-kind contributions equal to at least 20 percent of the program costs.

To be eligible for the program a business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products; construction; conducting research and development; or providing services in interstate or intrastate commerce.

D. Year Program was Enacted or Modified: The program went into effect on July 1, 2000. The program award cap was increased from \$3 million to \$4 million in fiscal year 2004 and to \$6 million in fiscal year 2005. The cap was lowered to \$5.4 million in fiscal year 2011. As of July 8, 2022, Iowa Workforce Development (IWD) manages the 260G program and performs many of the functions of IEDA described below.

E. Sunset Date: None

F. IA 148 Tax Credit Code: Not applicable – claimed on withholding tax return.

G. Year(s) of Completed Evaluation Study: None

H. Year of Next Evaluation Study: None scheduled

I. Credit Award Mechanism: Credits are awarded based on application to one of Iowa's 15 community colleges. The program is monitored by the Iowa Economic Development Authority (IEDA).

J. Awarding Department Program Manager or Contact: See the Appendix for a list of program contacts for community college economic developers.

K. Taxes to which Credit Applies: ACE applies to withholding tax.

L. Certification Requirements: IEDA issues tax credit certificate numbers to the taxpayer. Tax credit certificate numbers are required for awarded companies to claim withholding tax credits.

M. Credit Limits: The program is subject to the following limitations:

- FY 2001: $3 million
- FY 2002: $3 million
- FY 2003: $3 million
- FY 2004: $4 million
- FY 2005 through FY 2010: $6 million
- FY 2011 and thereafter: $5.4 million

Total credits available under the ACE program are divided among the 15 community colleges, based on allocations approved by IEDA (specified in 261 IAC 20.14 (rescinded 4/28/21)). There is also a procedure to reallocate unused credits from one college to other colleges that need additional capacity.

N. Transferability Provisions: Credits may not be sold, traded or otherwise transferred.

O. Refundability Provisions: Credits are nonrefundable.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Not applicable to this credit.

Q. Claim Filing Requirements: The company is required to file and pay its withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by the credit, but file claims for the ACE Credit from withholding using their tax credit certificate number on the quarterly return.

R. **Performance Monitoring Requirements:** IEDA is required to collect data and prepare an annual report on the activities of the program during the fiscal year, according to Iowa Code section 260G.4C. Participants in ACE program-funded training programs are to be included in the customer tracking system implemented by Iowa Workforce Development, according to Iowa Code section 260G.5.

Adoption Tax Credit

A. **Code Citation(s):**

Section 422.12A, Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.52 (Iowa Department of Revenue, individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:** A tax credit is available to taxpayers equal to the amount of qualified adoption expenses paid or incurred by the taxpayer associated with the adoption of a child under 18 years old by the taxpayer. Qualified adoption expenses means unreimbursed expenses paid or incurred in connection with the adoption of a child, including medical and hospital expenses of the biological mother that are incident to the child's birth, welfare agency fees, legal fees, and all other fees and costs that relate to the adoption of a child.

The maximum amount allowed is $2,500 per adoption for adoptions finalized in tax years beginning on or after January 1, 2014 through December 31, 2016. The amount of the tax credit increased to $5,000 for tax years beginning on or after January 1, 2017. An adoption means the permanent placement in Iowa of a child by a qualifying agency. For tax years beginning before January 1, 2023, the amount of the qualified adoption expenses, for which the tax credit is claimed, shall not be claimed as an itemized deduction for adoption expenses for Iowa income tax purposes.

D. **Year Program was Enacted or Modified:** This credit is available for tax years beginning on or after January 1, 2014.

During the 2016 legislative session, the amount of the tax credit was increased to $5,000 per adoption for tax years beginning on or after January 1, 2017. During the 2019 legislative session, retroactive to tax years beginning on or after January 1, 2019, all adoption expenses paid or incurred can be claimed in the tax year the adoption was finalized, up to the credit cap, regardless of the year in which the expenses were paid.

If expenses are paid or incurred after the year the adoption is finalized, and your previous expenses are under the credit cap, those expenses can be claimed in the year they were paid or incurred up to the credit cap.

Effective for tax years beginning on or after January 1, 2023, qualified adoption expenses that are used to compute the Iowa adoption credit are no longer required to be excluded from itemized deductions.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 66

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None scheduled

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Adoption Tax Credit applies to individual income taxes.

L. **Certification Requirements:** None

M. **Credit Limits:** The maximum amount of the tax credit is $2,500 per adoption in tax years beginning on or after January 1, 2014 through December 31, 2016. In tax years beginning on or after January 1, 2017 or later, the maximum amount of the tax credit is $5,000 per adoption.

N. **Transferability Provisions:** Credits may not be sold, traded, or otherwise transferred.

O. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or may be credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit is only available to full-year or part-year Iowa residents.

Q. **Claim Filing Requirements:** For tax years beginning before January 1, 2023 the amount of the qualified adoption expenses cannot be taken as an itemized deduction for Iowa income tax purposes. Taxpayers filing tax credit claims for the Adoption Tax Credit submit Form IA 177 with the tax return on which the credit is claimed. For all taxpayers, the Schedule IA 148 must be included.

R. Performance Monitoring Requirements: None

Angel Investor Tax Credit (Venture Capital Tax Credit – Qualifying Business)

A. Code Citation(s):

Section 15.119, Code of Iowa (awards limitation)
Section 15E.41 through Section 15E.46, Code of Iowa (program description)
Section 422.11F (1), Code of Iowa (individual income tax)
Section 422.33 (12), Code of Iowa (corporation income tax)
Section 422.60 (5)(a), Code of Iowa (franchise tax)
Section 432.12C (1), Code of Iowa (insurance premium tax)
Section 533.329 (2)(e), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

123 IAC 2 (Iowa Capital Investment Corporation) (rescinded 3/27/24)
261 IAC 115 (Iowa Economic Development Authority)
701 IAC 304.22(1) (Iowa Department of Revenue, individual income tax)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.21(1) (Iowa Department of Revenue, corporation income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 601.11(1) (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules: A tax credit is allowed for 25 percent of the equity investment made into a qualifying business or community-based seed capital fund approved by IEDA. This credit is focused on "angel investors" who make investments in start-up companies, and prior to 2015, investments in community-based seed capital funds. Investors must apply to IEDA within 120 days of the initial investment.

Prior to July 2, 2015, an investor and any affiliate of an investor could not be awarded tax credits for more than five different investments in five different businesses, with each award limited to $50,000. Effective for investments made on or after July 2, 2015, the maximum amount of tax credits for an investor is $100,000 per year, including awards to the investor's spouse or dependents. The maximum amount of tax credits awarded for investments in a qualifying business in a year are limited to $500,000.

D. Year Program was Enacted or Modified: This program went into effect on January 1, 2002. Effective January 1, 2011 the program has an award cap of $2 million per fiscal year and the administration of the credit was moved under the Iowa Economic Development Authority (IEDA). During the 2014 legislative session, tax credits issued for an equity investment in a qualifying business no longer has a three year wait before claim; however, awards for a qualifying equity investment made on or after January 1, 2014 could not be claimed prior to January 1, 2016. During the 2015 legislative session, community-based seed capital funds were eliminated as eligible investments under the program and the rate for investments made on or after July 2, 2015 was increased from 20 percent to 25 percent. In addition, the credit was made refundable if claimed against the individual income tax and the carry forward period for nonrefundable credits claimed against other tax types was reduced to three years. A $100,000 annual award cap was introduced for each taxpayer, and a $500,000 annual award cap was introduced for investments made in each qualifying business.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 14 nonrefundable or 68 refundable

G. **Year(s) of Completed Evaluation Study:** 2014, 2019, and 2024

H. **Year of Next Evaluation Study:** 2029

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Lisa Connell or Melissa Harshbarger, IEDA

K. **Taxes to which Credit Applies:** The Angel Investor Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits.

M. **Credit Limits:** The credits were capped in the aggregate at $3 million for investments made in 2002, $3 million for investments made in 2003 and $4 million for investments made in 2004. Credits were awarded until the total $10 million cap was reached in fiscal year 2008. Credits were awarded on a first-come, first-served basis. Tax credits can be claimed after June 30, 2005 until all awarded credits have been claimed.

In fiscal year 2012 and subsequent years, the tax credits are capped in the aggregate at $2 million per year. This program falls under the cumulative tax credit cap for certain tax credits awarded by IEDA.

N. **Transferability Provisions:** Credits may not be sold, traded, or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable if claimed against corporation income, franchise, insurance premium, and moneys and credits taxes. Credits in excess of tax liability may be carried forward for up to three years. Tax credit claims against individual income tax are refundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** A tax credit issued for an investment in a community-based seed capital fund prior to July 2, 2015 cannot be claimed until three years after the investment is made, so investors who made investments in 2014 cannot claim the tax credit until the 2017 tax return. For investments in a qualifying business, the three year wait is not applicable for awards made on or after January 1, 2014; however, awards cannot be claimed prior to January 1, 2016. For awards made under the rules effective July 2, 2015, new tax credits cannot be issued until July 1, 2016 and cannot be claimed prior to September 1, 2016. For taxpayers filing corporation income tax returns, Schedule C1 must be completed. All claimants must also include the Schedule IA 148.

R. **Performance Monitoring Requirements:** IEDA must annually submit a report to the Governor and General Assembly including a listing of qualifying eligible businesses and the number and amount of tax credit certificates issued.

Assistive Device Tax Credit

A. **Code Citation(s):**

Section 15.119, Code of Iowa (awards limitation)
Section 422.33(9), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

261 IAC 66 (Iowa Economic Development Authority)
701 IAC 304.18 (Iowa Department of Revenue, individual income tax)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.17 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)

C. Program Description Based on Code Language and Administrative Rules: A taxpayer who is a small business that purchases, rents, or modifies an assistive device or makes workplace modifications for an individual with a disability who is employed or will be employed by the small business is eligible for this credit. The credit is limited to 50 percent of the first $5,000 paid for the assistive device or workplace modification. In order to be eligible to receive the assistive device tax credit, a small business must:

- Be located in the state of Iowa.
- Employ no more than 14 full-time employees or have gross receipts of no more than $3 million during its preceding tax year.
- Purchase, rent, or modify an assistive device or make workplace modifications for an individual with a disability who is employed or will be employed by the business.

D. Year Program was Enacted or Modified: This program went into effect January 1, 2000. Effective July 1, 2009 this credit can no longer be claimed against individual income tax. Also, effective July 1, 2009 a $185 million cumulative tax credit cap, per fiscal year, was established for certain tax credits awarded by the Iowa Economic Development Authority (IEDA) including this credit. The cap amount was lowered to $120 million effective July 1, 2010. Effective July 1, 2012, the IEDA tax credit award cap was increased to $170 million per fiscal year. During the 2022 legislative session, the credit was modified to limit the refundable portion of the credit.

E. Sunset Date: None

F. IA 148 Tax Credit Code: 51

G. Year(s) of Completed Evaluation Study: 2020

H. Year of Next Evaluation Study: 2025

I. Credit Award Mechanism: Credits are awarded based on application to IEDA.

J. Awarding Department Program Manager or Contact: Paul Stueckradt, IEDA

K. **Taxes to which Credit Applies:** The Assistive Device Tax Credit applies to corporation income tax.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, the amount of credit, and tax year for which the certificate can be claimed. The tax year is determined by the date of project completion.

M. **Credit Limits:** The credit is capped at the amount necessary to meet demand for the fiscal year, which has been zero dollars in recent years. Credits are awarded on a first-come, first-served basis. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by IEDA.

N. **Transferability Provisions:** Credits may not be sold, traded, or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are refundable. For awards made prior to January 1, 2023, any amount in excess of tax liability can be refunded or credited as an overpayment to tax liability for the following year. For awards made on or after January 1, 2023, the refundability of the credit is limited. For tax years beginning in 2023, the refund is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85% of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 or later, the refund is limited to 75% of the excess of the tax liability.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Schedule C1 must be completed and Schedule IA 148 must be included with the taxpayer's return.

R. **Performance Monitoring Requirements:** IEDA reserves the right to monitor the recipient's records to ensure compliance with program requirements.

Beginning Farmer Tax Credit Program

A. Code Citation(s):

Section 16.77 through 16.82A, Code of Iowa (program descriptions)
Section 422.11E, Code of Iowa (individual income tax)
Section 422.33 (21), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 304.36 (Iowa Department of Revenue, individual income tax)
701 IAC 501.33 (Iowa Department of Revenue, corporation income tax)
265 IAC 44.6 (Iowa Finance Authority, Agricultural Assets Transfer Tax Credit)

C. Program Description Based on Code Language and Administrative Rules:

The Beginning Farmer Tax Credit (FKA the Agricultural Assets Transfer Tax Credit) is allowed for an owner of agricultural assets that are subject to a lease or rental agreement with a beginning farmer qualifying under Iowa Code section 16.79 or former Iowa Code section 16.80(6), as applicable. The lease must be for a term of at least two years, but not more than five years. The tax credit equals 5 percent of the amount paid to the taxpayer under the rental agreement or 15 percent of the amount paid to the taxpayer from crops or animals sold under an agreement in which the payment is exclusively made from the sale of crops or animals. The Beginning Farmer Tax Credit for tax years that begin on or after January 1, 2019, may also include flexible basis agreements. The same calculation is used to determine the 5/15 percent and additional calculation may be made to the extent the rent payment is adjusted after considering all risk-sharing factors provided in the agreement. The authority will establish the criteria for commonly used risk-sharing factors and adjustment limits.

Tax credit certificates are issued by the Iowa Agricultural Development Division (IADD) of the Iowa Finance Authority. For Beginning Farmer Tax Credit applications submitted on or after May 21, 2019, the Agricultural Development Board (ADB) will review and approve tax credits. The certificate must be included with the Iowa tax return in order to claim the credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. Any credit in excess of the tax liability may be credited to the tax liability for the following ten years or until depleted, whichever is earlier. The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the IADD determines that the taxpayer is not at fault for the termination, IADD will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If IADD determines that the taxpayer is at fault for the termination, any prior tax credit certificates issued will be disallowed, and the tax credits can be recaptured by the Iowa Department of Revenue, or for applications approved on or after May

21, 2019, tax credits claimed for the year during which the termination occurs will be disallowed and recaptured by the Iowa Department of Revenue.

An eligible applicant for the Beginning Farmer Tax Credit Program is defined as a state resident aged 18 or older with a net worth of less than $686,000 as of January 1, 2020. The allowed maximum net worth is indexed annually based on the October 1 annual change in the U.S. Department of Agriculture's Prices Paid by Farmers Index.

Beginning January 1, 2019, the Beginning Farmer Tax Credit will have an annual cap of $12 million.

Additional qualifications for an eligible applicant include:

- If the beginning farmer is a partnership, S corporation, or LLC all members must be residents of the state. At least one member of the entity who is not a minor must have sufficient education, training, or experience in farming. The aggregate net worth of all members cannot be greater than twice the low or moderate net worth.
- The applicant must materially and substantially participate in farming. If the applicant is a partnership, S corporation, or LLC at least one of the members who is not a minor must materially and substantially participate in farming.
- The taxpayer is not a partner of a partnership, shareholder of a family farm corporation, or member of a family farm limited liability company that is the lessee of an agricultural asset that is part of an agricultural lease agreement.
- The beginning farmer cannot own more than ten percent ownership interest in an agricultural asset included in the agreement.
- An eligible taxpayer shall not participate in the beginning farmer tax credit program for more than 15 years.

Beginning in 2019, the program cap will be managed by considering potential credits for all years under the lease at the time of application. However, IADD will only issue a tax credit certificate for the benefits available in the current tax year.

In tax years 2013 through 2017, the Custom Farming Contract Tax Credit was available for landowners who hire a beginning farmer to do custom work and allows the landowner to claim 7 percent of the value of the contract as a tax credit. If the beginning farmer was a veteran, the credit was 8 percent for the first year.

Beginning in 2023, the Beginning Farmer Tax Credit will not be available to taxpayers who take the retired farmer lease income exclusion in Iowa Code section 422.7(14) or the retired farmer capital gain exclusion in Iowa Code section 422.7(13). Taxpayers may not claim the Beginning Farmer Tax Credit in the same tax year or a succeeding tax year after claiming the retired farmer lease income exclusion or the retired farmer capital gain exclusion.

D. **Year Program was Enacted or Modified:** This program went into effect January 1, 2007 including the Agricultural Assets Transfer Tax Credit. Effective July 1, 2009 a fiscal year cap of $6 million was imposed on this program. Beginning January 1, 2013, the tax credit cap was increased from $6 million to $12 million and the Custom Farming Contract Tax Credit was enacted effective for tax years 2013 through 2017. The Agricultural Assets Transfer Tax Credit percentage for cash rent agreements was increased from 5 percent to 7 percent and the percentage for crop share agreements was increased from 15 to 17 percent effective for tax years 2013 through 2017. If the beginning farmer is a veteran, the tax credit rates are 8 or 18 percent for the first year of the contract. During the 2014 legislative session, the carry forward period was extended to 10 years from 5 years for credits awarded in 2008 and later. During the 2015 legislative session, the maximum length of a contract under the Custom Farming Contract Tax Credit was increased from 12 months to 24 months. The Agricultural Assets Transfer Tax Credit rates dropped back to 5/15 percent January 1, 2018. During the 2019 legislative session, the tax credit name was changed to the Beginning Farmer Tax Credit Program and additional qualifications were added. The program cap is $12 million on a calendar year basis for tax years beginning on or after January 1, 2019. During the 2022 legislative session, the credit was modified to disallow retired farmers who claimed the lease income exclusion or the capital gain exclusion from claiming the tax credit in the same or a succeeding tax year.

E. **Sunset Date:** Custom Farming Contract Tax Credit was repealed effective January 1, 2018. The Beginning Farmer Tax Credit (FKA the Agricultural Assets Transfer Tax Credit) does not have a sunset date.

F. **IA 148 Tax Credit Code:** Agricultural Assets Transfer Tax Credit – 17
Beginning Farmer Tax Credit - 17
Custom Farming Contract Tax Credit – 24

G. **Year(s) of Completed Evaluation Study:** 2015 and 2020

H. **Year of Next Evaluation Study:** 2025

I. **Credit Award Mechanism:** Applications approved under the Agricultural Assets Transfer Tax Credit will be issued tax credits for the remainder of the agricultural lease term. Beginning January 1, 2019, the Agricultural Development Board will accept and review applications submitted by August 1 of each year on a first-come, first-served basis. The tax credit certificates will be issued on an annual basis to eligible taxpayers who have received a tax credit award.

J. **Awarding Department Program Manager or Contact:** Nicki Howell, IADD

K. Taxes to which Credit Applies: The Agricultural Assets Transfer Tax Credit, the Custom Farming Tax Credit, and the Beginning Farmer Tax Credit apply to corporation and individual income taxes.

L. Certification Requirements: IADD issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number and the tax credit amount. The Beginning Farmer Tax Credit applications and certificates are approved by the Agricultural Development Board.

M. Credit Limits: The total tax credit certificates authorized are as follows:
Fiscal Years 2009-2011 - $6 million
Calendar Years 2013-2017 - $12 million
Calendar Year 2018 - $6 million
Calendar Year 2019 and beyond - $12 million

N. Transferability Provisions: Credits may not be sold, traded, or otherwise transferred to any other person other than the taxpayer's estate or trust upon the taxpayer's death. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. Refundability Provisions: Credits are nonrefundable. Credits in excess of tax liability issued in 2007 could be carried forward for up to five years. For credits issued in tax years beginning on or after January 1, 2008, any credits in excess of tax liability may be carried forward for up to ten years.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: For taxpayers filing corporation income tax returns, Schedule C1 must be completed. For all taxpayers, the Schedule IA 148 must be included with the tax credit certificate number provided for each claim made under this program.

R. Performance Monitoring Requirements: IADD must submit an annual report to the Governor and General Assembly no later than January 15 of each year.

Biodiesel Blended Fuel Tax Credit

A. Code Citation(s):

Section 422.11P, Code of Iowa (individual income tax)
Section 422.33(11C), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

IAC 701 304.34 (Iowa Department of Revenue, individual income tax)
IAC 701 501.31 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules:
An income tax credit is available to retail dealers who sell biodiesel blended fuel through fuel pumps during the tax year, including tank wagon sales. Prior to 2012 in order for a retail location to qualify for the tax credit, 50 percent or more of the total gallons of diesel fuel sold at a retail location during the year must have been biodiesel. Beginning in 2012, the credit is computed on a companywide basis for all eligible gallons of biodiesel.

Through calendar year 2011, the tax credit equaled three cents multiplied by the total number of gallons of biodiesel blended fuel gallons sold during the retail dealer's tax year. In calendar year 2012, the tax credit equaled two cents per gallon for blends between B2 and B4 and four and a half cents per gallon for blends classified as B5 or higher. In calendar years 2013 through 2017, the tax credit equals four and a half cents per gallon for blends classified as B5 or higher; lower blends are no longer eligible.

Through tax year 2012, the tax credit applied to biodiesel blended fuel formulated with a minimum percentage of 2 percent by volume of biodiesel (B2), if the formulation meets the standards of Iowa Code section 214A.2. In tax year 2013 through December 31, 2022, the tax credit only applies to biodiesel blended fuel formulated with a minimum percentage of 5 percent by volume of biodiesel (B5), if the formulation meets the standards of Iowa Code section 214A.2.

Beginning January 1, 2018 through December 31, 2022, the tax credit will equal three and a half cents for blends between B5 and B11 and five and a half cents for blends classified as B11 or higher.

Beginning January 1, 2023, the tax credit will equal five cents per gallon for blends between B11 and B19, and seven cents per gallon for blends between B20 and B29, and ten cents for blends of B30 or higher. However, blends higher than B-20 will not qualify for the tax credit unless standards for that classification have been established by the department of agriculture and land stewardship pursuant to Iowa Code section 214A.2.

A retail dealer of biodiesel whose tax year ends prior to December 31, 2027, can continue to claim the tax credit in the following tax year for any biodiesel gallons sold through December 31, 2027. For a retail dealer whose tax year is not on a calendar year basis and who did not claim the Biodiesel Blended Fuel Tax Credit on the previous return, the dealer may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the current tax year.

D. **Year Program was Enacted or Modified:** This program went into effect January 1, 2006. Effective in tax years 2009 through 2011, to be eligible for the credit, 50 percent of diesel sales must have been biodiesel sales. Effective for tax years beginning on or after January 1, 2012, the 50 percent biodiesel sales requirement was eliminated and the credit rate was lowered for biodiesel blends with 2 to 4 percent biodiesel and raised for biodiesel blends of 5 percent or higher affecting tax years 2012 and subsequent tax years. Blends below 5 percent are no longer eligible for the credit after January 1, 2013. During the 2016 legislative session, the sunset date was extended from January 1, 2018 to January 1, 2025 and the credit rates were changed effective January 1, 2018, lowering the rate for 5 to 10 percent biodiesel blends raising the rate for blends with 11 percent or higher. During the 2022 legislative session, the sunset date was extended from January 1, 2025 to January 1, 2028 and the credit rates were changed effective January 1, 2023, eliminating the credit for 5 to 10 percent biodiesel blends, increasing the credit for 11 to 20 percent biodiesel blends, and increasing the credit for higher than 20 percent once standards for those classifications have been established by the Iowa Department of Agriculture and Land Stewardship (IDALS).

E. **Sunset Date:** This credit is repealed on January 1, 2028. A retail dealer of gasoline whose tax year ends prior to December 31, 2027, can continue to claim the tax credit in the following tax year for any eligible gallons sold through December 31, 2027.

F. **IA 148 Tax Credit Code:** 52

G. **Year(s) of Completed Evaluation Study:** 2009, 2014, 2019, 2024

H. **Year of Next Evaluation Study: Evaluation Study Year(s):** 2029

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Biodiesel Blended Fuel Tax Credit applies to corporation and individual income taxes.

L. Certification Requirements: None

M. Credit Limits: None

N. Transferability Provisions: Credits may not be sold, traded, or otherwise transferred. Credits earned by a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. Refundability Provisions: Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: Taxpayers filing credit claims for the Biodiesel Blended Fuel Tax Credit submit Form IA 8864 with the tax return on which the credit is claimed. For all taxpayers, the Schedule IA 148 must be included.

R. Performance Monitoring Requirements: None

Charitable Conservation Contribution Tax Credit

A. Code Citation(s):

Section 422.11W, Code of Iowa (individual income tax)
Section 422.33 (25), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 304.40 (Iowa Department of Revenue, individual income tax)
701 IAC 501.37 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules: This credit is available to individual and corporation income 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. The definitions of "conservation purpose," "qualified organization," and "qualified real property interest" are the same as defined for the qualified conservation contribution under section 170 (h) of the Internal Revenue Code, except that a conveyance of land for open space for the purpose of fulfilling density requirements to obtain subdivision or building permits shall not be considered a conveyance for conservation purposes.

The tax credit is equal to fifty percent of the fair market value of the donated property. The maximum amount of the tax credit is $100,000 per taxpayer and the amount of the contribution for which the tax credit is claimed shall not be claimed as an itemized deduction for charitable contributions for Iowa income tax purposes. If the Charitable Conservation Contribution Tax Credit donation's fair market value is above $200,000, the excess can be claimed as an itemized deduction. For example, if a taxpayer donates a qualified charitable donation with a fair market value of $300,000, the taxpayer can claim $100,000 as a Charitable Conservation Contribution Tax Credit (50 percent of the first $200,000) and $100,000 as an itemized deduction.

D. **Year Program was Enacted or Modified:** This program is effective for any tax year starting on or after January 1, 2008.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 20

G. **Year(s) of Completed Evaluation Study:** 2015 and 2020

H. **Year of Next Evaluation Study:** 2025

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax returns.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Charitable Conservation Contribution Tax Credit applies to corporation income and individual income taxes.

L. **Certification Requirements:** None

M. **Credit Limits:** The maximum amount of tax credit is $100,000 per year.

N. **Transferability Provisions:** Credits may not be sold, traded, or otherwise transferred. For a donation made by a pass-through entity, credits shall be claimed by the entity's owners based on the pro rata share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to twenty years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers filing credit claims for the Charitable Conservation Contribution Tax Credit are required to include with the Iowa return a copy of federal Form 8283 – Noncash Charitable Contribution. If a qualified appraisal of the property or other relevant information is required to be attached to the federal Form 8283 for federal tax purposes, the appraisal and other relevant information must also be included with the Iowa return. Taxpayers are also required to attach Schedule IA 148 to the tax return on which the tax credit is claimed.

R. **Performance Monitoring Requirements:** None

Child and Dependent Care Tax Credit

A. **Code Citation(s):**

Section 422.12C, Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.15 (Iowa Department of Revenue, individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:** This credit is available to individual taxpayers who have eligible child and dependent care expenses. Qualifying children must be under age 13; qualifying dependents can be any age but are physically or mentally incapable of self-care. Eligible taxpayers had net income less than $40,000 for tax years beginning on or after January 1, 1993, and before January 1, 2006. Starting with tax year January 1, 2006 the credit is available for taxpayers with income less than $45,000. For tax years beginning on or after January 1, 2021, the credit is available to taxpayers with income less than $90,000.

The credit is based on a percentage of the federal credit for child and dependent care expenses. The federal computation of Child and Dependent Care Expenses is contained in Publication 503 which is published by the Internal Revenue Service. For tax years 2012 through 2015, credits are calculated based on the nonrefundable federal credit that the taxpayer is eligible to claim which is often less than the calculated federal credit.

The percentages vary depending on the amount of Iowa net income.

- Net income less than $10,000: 75 percent
- Net income of $10,000 to $19,999: 65 percent
- Net income of $20,000 to $24,999: 55 percent
- Net income of $25,000 to $34,999: 50 percent
- Net income of $35,000 to $39,999: 40 percent

- Net income of $40,000 to $89,999: 30 percent

If the taxpayer claims the Child and Dependent Care Tax Credit, the taxpayer cannot claim the Early Childhood Development Tax Credit.

D. Year Program was Enacted or Modified: This program went into effect on January 1, 1977. A nonrefundable credit of 5 percent was available to all taxpayers with qualifying children and eligible expenses. The credit was raised to 10 percent in 1983 and 45 percent in 1986. Multiple credit rates were added in 1990 and the credit was made refundable. In 1993, a $40,000 income limit was introduced. The income eligibility limit was increased to $45,000 effective January 1, 2006. Effective in tax year 2012, the administrative rules were changed to clarify that the Iowa credit was based on only the federal tax credit that the taxpayer was eligible to claim. During the 2014 legislative session, it was clarified that the Iowa credit is based on the federal tax credit for which the taxpayer is eligible regardless of whether the taxpayer was able to claim the full amount of the nonrefundable federal tax credit. The change is effective for tax year 2015 and later. During the 2021 legislative session, the qualifying income level was increased to income of less than $90,000.

E. Sunset Date: None

F. IA 148 Tax Credit Code: Not applicable, tax credit is claimed on IA 1040.

G. Year(s) of Completed Evaluation Study: 2013, 2018, 2023

H. Year of Next Evaluation Study: 2028

I. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. Awarding Department Program Manager or Contact: None

K. Taxes to which Credit Applies: The Child and Dependent Care Tax Credit applies to individual income tax.

L. Certification Requirements: None

M. Credit Limits: None

N. Transferability Provisions: Credits may not be sold, traded or otherwise transferred. For credits claimed by married taxpayers who elect to file separately on a combined return, the Child and Dependent Care Tax Credit shall be prorated to each spouse in the ratio of each spouse's net income to their combined net income.

O. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Must be prorated based on the ratio of Iowa source income divided by total income.

Q. **Claim Filing Requirements:** Taxpayers must include a copy of the federal 2441.

R. **Performance Monitoring Requirements:** None

Claim of Right Tax Credit

A. **Code Citation(s):**

Section 422.5(11), Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 300.18 (Iowa Department of Revenue, individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:** A credit may be taken if there was income repaid in the current tax year that was reported and taxed on a prior Iowa tax return. To calculate the credit, re-compute the tax in the prior year without the repaid income. The tax reduction that was calculated is the amount of the credit.

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 1996.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 53

G. **Year(s) of Completed Evaluation Study:** 2015 and 2020

H. **Year of Next Evaluation Study:** 2025

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Claim of Right Tax Credit applies to individual income tax.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. **Refundability Provisions:** Credits are refundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Schedule IA 148 must be included with the individual income tax return.

R. **Performance Monitoring Requirements:** None

<u>E15 Plus Gasoline Promotion Tax Credit</u>

A. **Code Citation(s):**

Section 422.11Y, Code of Iowa (individual income tax)
Section 422.33(11D), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.46 (Iowa Department of Revenue, individual income tax)
701 IAC 501.43 (Iowa Department of Revenue, corporation income tax)

C. **Program Description Based on Code Language and Administrative Rules:** An income tax credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E15 or higher, but not classified as E85 gasoline, through fuel pumps during the tax year, including tank wagon sales. For gallons sold during on or after July 1, 2011 through December 31, 2013, the amount of the credit is determined by multiplying the total number of eligible gallons sold companywide by 3 cents.

For sales on or after January 1, 2014 until December 31, 2022, the amount of the credit was determined by multiplying the total number of eligible gallons sold by the following rates:

- Between January 1 and May 31: 3 cents
- Between June 1 and September 15: 10 cents
- Between September 16 and December 31: 3 cents

For sales on or after January 1, 2023, the amount of the credit is determined by multiplying the total number of eligible gallons sold by 9 cents without regard to the month the gallon was sold.

The credit applies to qualifying gallons sold on a companywide basis.

D. Year Program was Enacted or Modified: The tax credit is effective for gallons sold on or after July 1, 2011. During the 2014 legislative session, the tax credit rates were changed for tax years beginning on or after January 1, 2014. The new rates are found in Section C. During the 2016 legislative session, the expiration of the credit was changed from January 1, 2018 to January 1, 2025. During the 2022 legislative session, the expiration of the credit was changed from January 1, 2025 to January 1, 2026. Also during the 2022 legislative session, the tax credit rates were modified and the distinction between summer and winter months was eliminated for sales on or after January 1, 2023.

E. Sunset Date: This credit is repealed on January 1, 2026. A retail dealer of gasoline whose tax year ends prior to December 31, 2025, can continue to claim the tax credit in the following tax year for any eligible gallons sold through December 31, 2025.

F. IA 148 Tax Credit Code: 65

G. Year(s) of Completed Evaluation Study: 2014, 2019, and 2024

H. Year of Next Evaluation Study: 2029

I. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

J. Awarding Department Program Manager or Contact: None

K. Taxes to which Credit Applies: The E15 Plus Gasoline Promotion Tax Credit applies to individual and corporation income taxes.

L. Certification Requirements: None

M. Credit Limits: None

N. Transferability Provisions: Credits may not be sold, traded or otherwise transferred. Credits earned by a pass-through entity shall be claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

O. Refundability Provisions: Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers filing credit claims for the E15 Plus Gasoline Promotion Tax Credit submit Form IA 138 with the tax return on which the credit is claimed. For all taxpayers, Schedule IA 148 must be included.

R. **Performance Monitoring Requirements:** None

<u>E85 Gasoline Promotion Tax Credit</u>

A. **Code Citation(s):**

Section 422.11O, Code of Iowa (individual income tax)
Section 422.33(11B), Code of Iowa (corporation income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.33 (Iowa Department of Revenue, individual income tax)
701 IAC 501.30 (Iowa Department of Revenue, corporation income tax)

C. **Program Description Based on Code Language and Administrative Rules:** An income tax credit is available to retail dealers of gasoline who sell E85 gasoline through fuel pumps during the tax year, including tank wagon sales. The amount of the credit is determined by multiplying the total number of E85 gallons sold by the following rate:

- Calendar years 2006, 2007 and 2008: 25 cents
- Calendar years 2009 and 2010: 20 cents
- Calendar year 2011: 10 cents
- Calendar years 2012 through 2027: 16 cents

For retail dealers of gasoline whose tax year is not on a calendar year basis, the retail dealer may compute the tax credit on the gallons of E85 sold during the year using the applicable credit amounts as shown above.

The credit applies to qualifying gallons sold on a companywide basis.

D. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2006 starting at 25 cents per gallon and falling to 1 cent per gallon in 2013. During the 2011 legislative session, the phase-out of the credit was replaced with a 16-cent credit for calendar year 2012 and subsequent calendar years. During the 2016 legislative session, the expiration of the credit was changed from January 1, 2018 to January 1, 2025. During the 2022 legislative session, the expiration of the credit was changed from January 1, 2025 to January 1, 2028.

E. **Sunset Date:** This credit is repealed on January 1, 2028. A retail dealer of gasoline whose tax year ends prior to December 31, 2027, can continue to claim the tax credit in the following tax year for any E85 gallons sold through December 31, 2027.

F. **IA 148 Tax Credit Code:** 55

G. **Year(s) of Completed Evaluation Study:** 2009, 2014, 2019, and 2024

H. **Year of Next Evaluation Study:** 2029

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The E85 Gasoline Promotion Tax Credit applies to individual and corporation income taxes.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits earned by a pass-through entity shall be claimed by the entity's owners based on the pro rata share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers filing credit claims for the E85 Promotion Credit submit Form IA 135 with the tax return on which the credit is claimed. For all taxpayers, Schedule IA 148 must be included.

R. **Performance Monitoring Requirements:** None

Early Childhood Development Tax Credit

A. Code Citation(s):

Section 422.12C, Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 304.31 (Iowa Department of Revenue, individual income tax)

C. Program Description Based on Code Language and Administrative Rules: The Early Childhood Development Tax Credit is equal to 25 percent of the first $1,000 of qualifying early childhood development expenses paid for each dependent from the ages of three through five. Prior to tax year 2021, the credit was only available to taxpayers whose net income is less than $45,000. For tax years beginning on or after January 1, 2021, the credit is available to taxpayers whose net income is less than $90,000. If the taxpayer claims the Early Childhood Development Tax Credit, the taxpayer cannot claim the state Child and Dependent Care Tax Credit.

Early childhood development expenses that qualify for the credit include the following:

- Services provided to the dependent by a preschool, as defined in Section 237A.1, Code of Iowa
- Books that improve child development, such as textbooks, music and art books, teacher's editions and reading books
- Instructional materials required to be used in a lesson activity, such as paper, notebooks, pencils and art supplies
- Lesson plans and curricula
- Child development and educational activities outside the home, such as drama, art, music and museum activities and the entrance fees for such activities

Early childhood development expenses that do not qualify for the credit include:

- Food, lodging, or membership fees relating to child development and educational activities outside the home
- Services, materials, or activities for the teaching of religious tenets, doctrines, or worship, if the purpose of these expenses is to instill those tenants, doctrines, or worship

D. Year Program was Enacted or Modified: This credit went into effect on January 1, 2006. During the 2021 legislative session, the qualifying income level was increased to income amounts of less than $90,000.

E. Sunset Date: None

F. **IA 148 Tax Credit Code:** Not applicable; tax credit is claimed on IA 1040.

G. **Year(s) of Completed Evaluation Study:** 2013 ,2018, and 2023

H. **Year of Next Evaluation Study:** 2029

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Early Childhood Development Tax Credit applies to individual income tax.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. For credits claimed by married taxpayers who elect to file separately on a combined return, the Early Childhood Development Tax Credit shall be prorated to each spouse in the ratio of each spouse's net income to their combined net income.

O. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Must be prorated based on the ratio of Iowa source income divided by total income

Q. **Claim Filing Requirements:** No additional requirements

R. **Performance Monitoring Requirements:** None

Earned Income Tax Credit

A. **Code Citation(s):**

Section 422.12B, Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.13 (Iowa Department of Revenue, individual income tax)

C. Program Description Based on Code Language and Administrative Rules: This credit is available to individual taxpayers who qualify for the federal Earned Income Tax Credit. The credit equals 15 percent of the federal Earned Income Tax Credit in tax years 2014 and later.

The federal Earned Income Tax Credit tables are contained in the appendix of Publication 596 which is published by the Internal Revenue Service.

D. Year Program was Enacted and Modified: This credit went into effect January 1, 1990. On January 1, 1991, the amount of the nonrefundable credit was increased from 5.0 percent to 6.5 percent of the federal Earned Income Tax Credit (EITC). On January 1, 2007, the amount of the credit was increased from 6.5 percent to 7.0 percent and the credit was made refundable. This credit was not coupled with the federal Earned Income Tax Credit changes in tax year 2009, but was coupled for tax years 2010 through 2012 during the 2011 legislative session. Tax years beginning on or after January 1, 2014, the credit was coupled with the increases in the federal EITC through tax year 2017. The tax credit rate was increased to 14 percent of the federal credit for the 2013 tax year and to 15 percent for tax years beginning on or after January 1, 2014. Increases in the federal EITC for married households and households with three or more children were made permanent in 2015 for tax years 2018 and later. During the 2018 legislative session, the Iowa EITC was coupled with those federal changes.

E. Sunset Date: None

F. IA 148 Tax Credit Code: Not applicable, tax credit is claimed on IA 1040.

G. Year(s) of Completed Evaluation Study: 2007, 2011, 2016, and 2021

H. Year of Next Evaluation Study: 2026

I. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. Awarding Department Program Manager or Contact: None

K. Taxes to which Credit Applies: The Earned Income Tax Credit applies to individual income tax.

L. Certification Requirements: None

M. Credit Limits: None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. For credits claimed by married taxpayers who elect to file separately on a combined return, the Earned Income Tax Credit shall be prorated to each spouse in the ratio of each spouse's earned income to the total earned income of both spouses. Earned income includes wages, salaries, tips, or other compensation and net earnings from self-employment.

O. **Refundability Provisions:** Credits are refundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Must be prorated based on the ratio of Iowa source income divided by total income.

Q. **Claim Filing Requirements:** No additional requirements

R. **Performance Monitoring Requirements:** None

Employer Child Care Tax Credit

A. **Code Citation(s):**

Section 237A.31, Code of Iowa (program description)
Section 422.12O, Code of Iowa (individual income tax)
Section 422.33(32), Code of Iowa (corporation income tax)
Section 422.60(15), Code of Iowa (franchise tax)
Section 432.12O, Code of Iowa (insurance premium tax)
Section 533.329(2)(m) (moneys and credits tax)

B. **Administrative Rules Citation(s):**

261 IAC Chapter 57 (Iowa Economic Development Authority (IEDA))
701 IAC 304.58 (Iowa Department of Revenue, individual income tax)
701 IAC 501.51 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.26 (Iowa Department of Revenue, franchise tax)

C. **Program Description Based on Code Language and Administrative Rules:** This credit is available to taxpayers who qualify for the federal employer-provided child care tax credit provided in IRC section 45F and receive a tax credit award from IEDA. The Iowa credit is equal to the amount of the federal credit in the same tax year attributable to expenditures made in this state. The aggregate amount of tax credits authorized under this program by IEDA cannot exceed $2 million.

D. **Year Program was Enacted and Modified:** This credit went into effect for tax years beginning on or after January 1, 2023.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 30

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None

I. **Credit Award Mechanism:** Credits are awarded based on an application submitted to IEDA. Credits are awarded on a first-come, first-served basis.

J. **Awarding Department Program Manager or Contact:** Not yet determined

K. **Taxes to which Credit Applies:** The Employer Child Care Tax Credit applies to individual income, corporation income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** None

M. **Credit Limits:** The aggregate amount of tax credits authorized annually under this program by IEDA cannot exceed $2 million.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity’s owners based on the pro rata share of the entity’s income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers who receive an IEDA award certificate must use the IA 8882 Iowa Employer Child Care Tax Credit form to claim the tax credit.

R. **Performance Monitoring Requirements:** None

Endow Iowa Tax Credit

A. Code Citation(s):

Section 15E.305, Code of Iowa (program description)
Section 422.11H, Code of Iowa (individual income tax)
Section 422.33(14), Code of Iowa (corporation income tax)
Section 422.60(6), Code of Iowa (franchise tax)
Section 432.12D, Code of Iowa (insurance premium tax)
Section 533.329(2)(h), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 47 (Iowa Economic Development Authority)
701 IAC 304.24 (Iowa Department of Revenue, individual income tax)
701 IAC 501.23 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.13 (Iowa Department of Revenue, franchise tax)

C. Program Description Based on Code Language and Administrative Rules: A tax credit equal to 25 percent of a taxpayer's endowment gift to a qualified community foundation is available. Ten percent of the aggregate annual award limit each year is reserved for gifts in amounts of thirty thousand dollars or less. After September 1, if the entire ten percent is not awarded, the remaining tax credits are available to any size gift. The gift must be for a permanent endowment fund established to benefit a charitable cause in Iowa. For tax years before January 1, 2023, the credit was limited to $300,000 for a taxpayer. For tax years beginning on or after January 1, 2023, the credit is limited to $100,000 for a taxpayer.

D. Year Program was Enacted or Modified: This program went into effect on January 1, 2003. Effective January 1, 2010 the amount of the credit increased from 20 percent to 25 percent of the endowment gift, but the contribution is no longer able to be taken as an itemized deduction on the Iowa return. Effective for calendar year 2011, the credit cap was increased from $2.7 million to $3.5 million plus a percentage of gaming revenues. Effective for calendar year 2012, the program tax credit cap was increased to $6 million but the additional funds available from the tax imposed on gambling games were eliminated. Effective January 1, 2023, the aggregate limit for a taxpayer in a tax year was limited to $100,000. During the 2023 legislative session, the program tax credit cap was increased to $13 million for the tax year beginning on or after January 1, 2023, but before January 1, 2024. Legislation also provided that the $100,000 per taxpayer credit cap only applies to endowment gifts made to an Endow Iowa qualified foundation on or after January 1, 2023.

E. Sunset Date: None

F. **IA 148 Tax Credit Code:** 03

G. **Year(s) of Completed Evaluation Study:** 2013, 2018, 2023

H. **Year of Next Evaluation Study:** 2028

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Hayley Crozier, IEDA

K. **Taxes to which Credit Applies:** The Endow Iowa Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** The Economic Development Authority issues tax credit letters, with a unique certificate number, to the taxpayer. The tax credit letter must be included with the taxpayer's tax return for the year in which it is used to claim the credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The letter must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

M. **Credit Limits:** The credit was limited to $2 million over both 2003 and 2004 tax years and $2 million each year 2005 through 2007. The aggregate credit cap for 2008 and 2009 was $2 million plus a percentage of the tax imposed on the adjusted gross receipts from gambling games in accordance with Section 99F.11 (3) Code of Iowa. The aggregate credit for 2010 was $2.7 million plus the same percentage of the tax imposed on the adjusted gross receipts from gambling games. The aggregate credit for 2011 was raised to $3.5 million plus the same percentage of the tax imposed on the adjusted gross receipts from gambling games. The available tax credit cap for 2012 and beyond is $6 million. However, the available tax credit cap for 2023 is $13 million. Credits are awarded on a first-come, first-served basis.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the pro rata share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. Claim Filing Requirements: For taxpayers filing corporation income tax returns, Schedule C1. For all taxpayers Schedule IA 148 must be included.

R. Performance Monitoring Requirements: By January 31 of each calendar year, IEDA is required to publish an annual report of program activities during the previous calendar year. The annual report shall include a detailed listing of Endow Iowa Tax Credits authorized by IEDA.

Farm to Food Donation Tax Credit

A. Code Citation(s):

Section 190B.101 through 190B.106, Code of Iowa (program description)
Section 422.11R, Code of Iowa (individual income tax)
Section 422.33(30), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 304.51 (Iowa Department of Revenue, individual income tax)
701 IAC 501.45 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules: A tax credit is available to taxpayers that produce a food commodity and donate it to an Iowa food bank or an Iowa emergency feeding organization. The donated food may not be damaged, out of condition, or unfit for human consumption. A food commodity that meets the requirements for donated foods pursuant to the Federal Emergency Food Assistance Program satisfies this requirement. The amount of the tax credit is equal to 15 percent of the value of the food commodities donated in the tax year, when valued according to the federal guidelines for charitable contribution of food under the Internal Revenue Code section 170(e)(3)(C), or $5,000, whichever is less. The amount of the contribution for which the tax credit is claimed is not allowed as an itemized deduction for Iowa income tax.

Individual members of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual shall claim the credit based upon the pro rata share of their earnings from the business entity.

Food organizations that want to issue authorized food donation receipts must register with the Iowa Department of Revenue.

D. Year Program was Enacted or Modified: This credit is available for tax years beginning on or after January 1, 2014.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 26

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None scheduled

I. **Credit Award Mechanism:** For tax years before 2022, taxpayers who receive an Authorized Food Organization Receipt must submit all receipts to the Iowa Department of Revenue (IDR). All authorized receipts should be sent together if multiple donations are made throughout the year and must be postmarked by January 15 of the year following the tax year in which the donation was made.

Beginning in tax year 2022, credits do not require an award by the Department. Taxpayers must retain any Authorized Food Organization Receipt received from an Authorized Food Organization for a donation. Taxpayers will use their receipts when completing the IA 178 Farm to Food Donation Tax Credit form. The IA 178 Farm to Food Donation Tax Credit form is used to report eligible donations of food commodities and to calculate the credit. The credit is claimed on the taxpayer's income tax return.

J. **Awarding Department Program Manager or Contact:** Angela Gullickson, IDR

K. **Taxes to which Credit Applies:** The Farm to Food Donation Tax Credit applies to corporation income and individual income taxes.

L. **Certification Requirements:** For tax years before 2022, IDR issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim the Farm to Food Donation Tax Credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Beginning in tax year 2022, IDR is no longer issuing tax credit certificates for the Farm to Food Donation Tax Credit. Taxpayers will now claim the credit, if eligible, by completing the following steps. Taxpayers will report eligible donations of food commodities and will calculate the credit using the IA 178 Farm to Food Donation Tax Credit form. Taxpayers will claim the credit on their income tax returns according to the directions on the IA 178.

M. **Credit Limits:** None

N. Transferability Provisions: Credits may not be sold, traded or otherwise transferred.

O. Refundability Provisions: Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: All taxpayers shall include the IA 178 with their return. For taxpayers filing corporation income tax returns, Schedule C1. For all taxpayers Schedule IA 148 must be included.

R. Performance Monitoring Requirements: None

Franchise Tax Credit

A. Code Citation(s):

Section 422.11, Code of Iowa (individual income tax)
Section 422.33(8), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 304.16 (Iowa Department of Revenue, individual income tax)
701 IAC 501.16 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules: If a financial institution as defined in Section 581 of the Internal Revenue Code elects to file as an S corporation or a limited liability company for federal income tax purposes and therefore have its income taxed directly to the shareholders, those shareholders qualify for a Franchise Tax Credit equal to the smaller of the tax liability resulting from the income passed through to the shareholder or the shareholder's pro-rata share of the Iowa franchise tax paid by the financial institution.

D. Year Program was Enacted or Modified: This credit went into effect on January 1, 1997.

E. Sunset Date: None

F. IA 148 Tax Credit Code: 04

G. Year(s) of Completed Evaluation Study: 2016 and 2021

H. Year of Next Evaluation Study: 2026

I. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation or individual income tax return.

J. Awarding Department Program Manager or Contact: None

K. Taxes to which Credit Applies: The Franchise Tax Credit applies to corporation income and individual income taxes.

L. Certification Requirements: None

M. Credit Limits: None

N. Transferability Provisions: Credits may not be sold, traded or otherwise transferred.

O. Refundability Provisions: Credits are nonrefundable. Unused credits do not carry forward to the following year.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: Taxpayers are required to include the Form IA 147 in addition to the Schedule IA 148 with the tax return on which the Franchise Tax Credit is claimed.

R. Performance Monitoring Requirements: None

Fuel Tax Credit

A. Code Citation(s):

Sections 422.110 and 422.111, Code of Iowa (program description)
Section 452A.17 (fuel tax refund description)

B. Administrative Rules Citation(s):

701 IAC 304.9 (Iowa Department of Revenue, individual income tax)
701 IAC 501.6 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules: An income tax credit is allowed for the amount of Iowa fuel tax paid relating to purchases for off-road use made by individuals and corporations. The State also offers taxpayers the option of claiming refunds for fuel tax on exempt purchases.

If a taxpayer has filed a fuel tax refund claim during the tax year, the Fuel Tax Credit cannot be claimed. However, the Fuel Tax Credit is not available for casualty losses, transport diversions, pumping credits, off-loading procedures, blending errors, idle time, power takeoffs, ready mix, solid waste, reefer units, export by distributors, or tax overpaid on blended fuel. A refund can be claimed for those reasons alongside the Fuel Tax Credit.

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 1975.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** Not applicable, tax credit is claimed on IA 1040 or IA 1120.

G. **Year(s) of Completed Evaluation Study:** 2016 and 2020

H. **Year of Next Evaluation Study:** 2025

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation or individual income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Fuel Tax Credit applies to corporation and individual income taxes.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits eligible to be claimed by a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers filing credit claims for the Fuel Tax Credit submit both Form IA 4136 and federal Form 4136 with the tax return on which the credit is claimed. Corporation income tax claims must complete the Schedule C1; individual income tax claims are made on the IA 1040.

R. Performance Monitoring Requirements: None

High Quality Jobs Program (HQJP)

A. Code Citation(s):

Section 15.119, Code of Iowa (awards limitation)
Section 15.326 through 15.336, Code of Iowa (program description)
Section 422.10(5), Code of Iowa (individual income tax)
Section 422.11F(2), Code of Iowa (individual income tax)
Section 422.11U, Code of Iowa (individual income tax)
Section 422.33(5), Code of Iowa (corporation income tax)
Section 422.33(12)(b), Code of Iowa (corporation income tax)
Section 422.33(19), Code of Iowa (corporation income tax)
Section 422.60(5)(b) , Code of Iowa (franchise tax)
Section 422.60(8), Code of Iowa (franchise tax)
Section 432.12C(2), Code of Iowa (insurance premium tax)
Section 533.329(2)(c), Code of Iowa (moneys and credits tax)
Section 533.329 (2)(d), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 68 (Iowa Economic Development Authority)
261 IAC 187.5 (Iowa Economic Development Authority, recapture rules)(rescinded 8/28/24)
701 IAC 304.29 (Iowa Department of Revenue, individual income tax)
701 IAC 304.42 (Iowa Department of Revenue, individual income tax)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.28 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.40 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 601.17 (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules: The High Quality Jobs Program replaced the New Jobs and Income Program (NJIP) and the New Capital Investment Programs (NCIP). The amount of tax incentives awarded is dependent on the qualifying investment made. Actual award amounts will be based on the business's level of need, the quality of the jobs, the percentage of created jobs defined as high-quality, and the economic impact of the project. The new and retained jobs must have a wage which is at least equal to the applicable laborshed wage and provide sufficient benefits to be eligible for these tax credits.

To be eligible to receive incentives, a business shall meet all of the following requirements:

- If the qualifying investment is over $10 million, the community has approved the project by ordinance or resolution.

- The business has not closed or substantially reduced operations in one area of the state and relocated substantially the same operations in a community in another area of the state. This requirement does not prohibit a business from expanding its operation in a community if existing operations of a similar nature in the state are not closed or substantially reduced.

- The business shall meet the qualifying wage thresholds (100 percent of the laborshed wage estimated for the geographic area surrounding the employment center in which the business is locating or expanding).

- If the business is creating jobs, the business shall demonstrate that the jobs will pay at least 100 percent of the qualifying wage threshold at the start of the project completion period, at least 120 percent of the qualifying wage threshold by the project completion date, and at least 120 percent of the qualifying wage threshold until the maintenance period completion date. If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least 120 percent of the qualifying wage threshold throughout both the project completion period and the maintenance period. A business located at a brownfield or a grayfield site or in an economically distressed area may be awarded incentives for jobs that will pay less than 120 percent of the qualifying wage threshold.

- The business shall provide a sufficient package of benefits to each employee holding a created or retained job.

- The business shall demonstrate that the jobs created or retained will have a sufficient impact on State and local government revenues.

- The business shall not be a retail business, a business where entrance is limited by a cover charge or membership requirement, or a service business where a service business is a business providing services to a local consumer market which does not have a significant portion of its sales coming from outside the state.

- IEDA can consider whether a proposed project under the High Quality Jobs Program will include a licensed child care center for use by a business's employees when determining the eligibility of the business to participate in the program.

The maximum tax credit awards available to a business are as follows:

Amount of Qualifying Investment	Number of Jobs Created or Retained that Meet Wage Threshold Requirements for the Select Laborshed				
	No Jobs*	1-5	6-10	11-15	16 or more
Less than $100,000	Up to 1% ITC	Up to 2% ITC	Up to 3% ITC	Up to 4% ITC	Up to 5% ITC
$100,000 - $499,999	Up to 1% ITC Sales Tax Refund	Up to 2% ITC Sales Tax Refund	Up to 3% ITC Sales Tax Refund	Up to 4% ITC Sales Tax Refund	Up to 5% ITC Sales Tax Refund
$500,000 +	Up to 1% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 2% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 3% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 4% ITC Sales Tax Refund Supplemental Research Activities Tax Credit	Up to 5% ITC Sales Tax Refund Supplemental Research Activities Tax Credit

* Modernization or Retention Projects Only

Amount of Qualifying Investment	Number of Jobs Created or Retained that Meet Wage Threshold Requirements for the Select Laborshed				
	31-40	41-60	61-80	81-100	101+
$10,000,000 or More	Up to 6% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 7% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 8% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 9% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption	Up to 10% ITC Sales Tax Refund Supplemental Research Activities Tax Credit Property Tax Exemption

"*Amount of Qualifying Investment*" means a capital investment in real property including the purchase price of land, existing buildings and structures, site preparation, improvements to real property, building construction, and long-term lease costs. It also includes capital investment in depreciable assets. "*ITC*" means Investment Tax Credit. "*Sales Tax Refund*" means Sales and Use Tax Refund or refundable Corporation Tax Credit for Third Party Sales Tax, including racks, shelving, and conveyor equipment.

Investment Tax Credit is amortized equally over a 5-year period at the inception of the project instead of the entire credit being available when the asset is placed in service. An Investment Tax Credit in excess of the tax liability can be credited to the tax liability for the following seven years.

A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. For awards made on or after July 1, 2010, the Supplemental Research Activities Tax Credit available is a function of the annual gross receipts of the company and can be claimed over five years up to the total amount of the award.

The property tax exemption may be offered for up to 20 years.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2005. Effective July 1, 2009 a $185 million cumulative tax credit cap was established for certain tax credits awarded by the Iowa Economic Development Authority (IEDA). This credit falls under that cap. Effective July 1, 2010 the cumulative cap was reduced to $120 million. Effective July 1, 2009 the name of the program changed from High Quality Job Creation Program to High Quality Jobs Program because retained jobs were included as qualifying toward job requirements. Effective April 15, 2010 the provision allowing up to $4 million in refundable investment tax credit awards per fiscal year for projects involving value-added agricultural products or biotechnology-related processes was repealed. Effective July 1, 2012, the IEDA tax credit award cap was increased to $170 million per fiscal year. The Authority may authorize tax credits in excess of $170 million in a fiscal year, but such excess shall not exceed 20 percent of $170 million, or $34 million, and this continues to be counted against the total amount of tax credits that can be authorized for a subsequent fiscal year. Any tax credits authorized and awarded by the Authority during a fiscal year that are irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the decline occurs. During the 2014 legislative session, the Enterprise Zone Program was eliminated, expanding the future usage of this program. During the 2016 legislative session, the cap for HQJ was lowered to $105 million for fiscal years 2017 through 2021 to offset the fiscal impact of the Renewable Chemical Production Tax Credit. During the 2021 legislative session, the cap for HQJ was decreased to $70 million effective for the fiscal year beginning July 1, 2021 and each fiscal year after. Individual income tax was also made eligible to claim the Third Party Developer Tax Credit. IEDA is able to consider whether a proposed project will include a licensed child care center for use by a business's employees when determining the eligibility of the business to participate in the program. During the 2022 legislative session, the cap for HQJ was decreased to $68 million effective for the fiscal year beginning July 1, 2022 and each fiscal year after. Also during the 2022 legislative session, the portion of the Third Party Developer Tax Credit that can be refunded in excess of tax liability was limited for tax years beginning on or after January 1, 2023.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** Investment Tax Credit – 07
Supplemental Research Activities Tax Credit – 59
Third Party Developer Tax Credit (Non Refundable) -- 46
Third Party Developer Tax Credit - Racks, Shelving, and Conveyor Equipment (Non Refundable) -- 47
Third Party Developer Tax Credit (Refundable) – 62
Third Party Developer Tax Credit - Racks, Shelving, and Conveyor Equipment (Refundable) -- 97

G. **Year(s) of Completed Evaluation Study:** 2016 (Supplemental Research Activities Tax Credit included with the Research Activities Tax Credit studies completed in 2008, 2011, and 2016) and 2021

H. **Year of Next Evaluation Study:** 2026

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Paul Stueckradt, IEDA

K. **Taxes to which Credit Applies:**

- Local Property Tax Exemption applies to the property tax.
- Sales Tax Refund applies to the sales and use tax.
- Third Party Developer Tax Credit, including racks, shelving, and conveyor equipment, applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Investment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applies to corporation income and individual income taxes.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer’s tax return for the year in which it is used to claim either the Investment Tax Credit or the Supplemental Research Activities Tax Credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer’s name, address, tax identification number and the amount of tax credits.

The maximum Third Party Developer Tax Credit, including racks, shelving, and conveyor equipment, is awarded by IEDA prior to construction. To claim the credit after construction is complete, the business must submit an application to the Iowa Department of Revenue within one year of the project completion date stated in the agreement between the taxpayer and the IEDA. The Department then issues another tax credit certificate with the final amount of credit that can be claimed based on submitted contractor's statements and invoices, up to the initial award amount as either a refundable or nonrefundable credit, based on the designation requested by the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credits.

M. **Credit Limits:** This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by IEDA.

Beginning July 1, 2016 and ending June 30, 2021, the High Quality Jobs Program shall not allocate more than $105 million in awards per fiscal year. In FY 2022 IEDA shall not allocate more than $70 million in awards per fiscal year. In FY 2023 and beyond IEDA shall not allocate more than $68 million in awards per fiscal year.

Warehouse and distribution center projects may receive a refund of sales taxes paid on racks, shelving and conveyor equipment. The Iowa Department of Revenue cannot issue more than $500,000 of these refunds during a fiscal year. The refunds will be issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit will have their requests considered in the succeeding fiscal year.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. For the Investment Tax Credit and Supplemental Research Activities Tax Credit, credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:**

- Local Property Tax Exemption is not refundable.
- Sales Tax Refund is refundable.
- Third Party Developer Tax Credit, including racks, shelving, and conveyor equipment, is refundable or may be carried forward for up to seven years. For awards made on or after January 1, 2023, the refundable or carryforward amount of the credit is limited.
    - For tax years beginning in 2023, the refund or carryforward is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refund or carryforward is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refund or carryforward is limited to

85% of the excess of the tax liability. For tax years beginning in 2026, the refund or carryforward is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 and later, the refund or carryforward is limited to 75% of the excess of the tax liability.

- Investment Tax Credit is nonrefundable. Any credit in excess of tax liability may be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit is refundable.
  - For tax years beginning in 2023, the refund is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85% of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 or later, the refund is limited to 75% of the excess of the tax liability.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** The Sales Tax Refund requires filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included with the Investment Tax Credit and Supplemental Research Activities Tax Credit. The Supplemental Research Activities Tax Credit requires filing Form IA 128 or Form IA 128S with the taxpayer's return, regardless of taxpayer type. All taxpayers must also attach Schedule IA 148 with the return on which any of the credits is being claimed.

R. **Performance Monitoring Requirements:** Companies awarded tax incentives under this program agree to job creation, job retention, wage, and investment goals. The Business Services unit of IEDA surveys companies every six months to assess progress toward meeting these goals.

Historic Preservation Tax Credit

A. **Code Citation(s):**

Chapter 404A, Code of Iowa (program description)
Section 422.11D, Code of Iowa (individual income tax)
Section 422.33(10), Code of Iowa (corporation income tax)
Section 422.60(4), Code of Iowa (franchise tax)
Section 432.12A, Code of Iowa (insurance premium tax)

B. Administrative Rules Citation(s):

223 IAC 48 (Iowa Department of Cultural Affairs)
261 IAC 49 (Iowa Economic Development Authority)
701 IAC 304.19 (Iowa Department of Revenue, individual income tax)
701 IAC 304.54 (Iowa Department of Revenue, individual income tax)
701 IAC 304.55 (Iowa Department of Revenue, individual income tax)
701 IAC 501.18 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.47 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.48 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.10 (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules:

A tax credit is available for 25 percent of the qualified rehabilitation expenditures incurred for the substantial rehabilitation of eligible property in Iowa.

To qualify, the property or district must meet any of the following criteria:

- The property must be listed on the National Register of Historic Places or be eligible for such a listing.
- The property is designated as having historic significance to a district listed in the National Register of Historic Places or be eligible for such a listing.
- The property or district is designated as a local landmark by a city or county ordinance.
- The property is a barn constructed before 1937.

Qualified rehabilitation expenditures do not include those expenditures financed by federal, State, or local government grants of forgivable loans unless otherwise allowed under section 47 of the Internal Revenue Code. Expenditures incurred by an eligible taxpayer that is a nonprofit organization shall be considered qualified rehabilitation expenditures if they are expenditures made for structural components or expenditures made for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

Substantial rehabilitation for commercial property means rehabilitation costs must equal at least $50,000 or 50 percent of the assessed value of the property, prior to rehabilitation, excluding the land, whichever is less. For residential property or barns, in order to meet the standard of substantial rehabilitation, rehabilitation costs must equal at least $25,000 or 25 percent of the property’s assessed value, prior to rehabilitation, excluding the land, whichever is less.

In fiscal years beginning on or after July 1, 2010 but before July 1, 2014, the total credit cap was divided into multiple buckets for tax credit awards: 10 percent of the dollar amount of tax credits was to be awarded to small projects ($750,000 or less), 30 percent of the dollar amount of tax credits was to be awarded to projects in cultural and entertainment districts, 20 percent of the dollar amount of tax credits was to be awarded to disaster recovery projects, 20 percent of the dollar amount of tax credits was to be awarded to projects involving the creation of more than 500 new permanent jobs, and 20 percent of the dollar amount of tax credits was to be awarded to any eligible projects. In fiscal years on or after July 1, 2014, at least 5 percent of the dollar amount of the tax credits shall be allocated for purposes of new qualified rehabilitation projects with final qualified rehabilitation expenditures of $750,000 or less. All other buckets were eliminated.

D. Year Program was Enacted or Modified: This program went into effect on July 1, 2000, with a program cap of $2.4 million and was originally named the “Property Rehabilitation Tax Credit.” In 2003, funding for fiscal years 2005 and 2006 was increased $500,000 for projects located in Cultural and Entertainment Districts (CED). Effective July 1, 2005, the amount of funding for CEDs increased to $6.4 million per fiscal year and the program was renamed the Historic Preservation and Cultural and Entertainment District Tax Credit (HPCED). On July 1, 2007, the amount of funding was increased to $10 million for fiscal year 2008, $15 million for fiscal year 2009, and $20 million for fiscal year 2010 and each year thereafter. Ten percent of the awarded credits each fiscal year was designated for projects with a cost of less than $500,000, 40 percent was designated for projects located in a CED or a location that has entered an Iowa Great Places agreement. The tax credit was also made fully refundable.

Effective July 1, 2009, the amount of funding was increased to $50 million for fiscal year 2010 and subsequent fiscal years. New funding streams for disaster recovery projects and projects involving the creation of more than 500 new permanent jobs were also added. During the 2010 legislative session the maximum amount of tax credits that may be awarded for fiscal years beginning July 1, 2012 was reduced to $45 million. During the 2011 legislative session, several of the definitions pertaining to the credit were redefined. For fiscal years beginning on or after July 1, 2012, all HPCED Tax Credits earned by a partnership, LLC or S corporation will be claimed by individuals based on the amounts designated by the partnership, LLC, or S corporation. During the 2013 Legislative session, the definition of substantial rehabilitation of commercial property was changed to include rehabilitation costs equal to $50,000 or 50 percent of the assessed value, whichever is less. The category of property that previously included residential property and barns was expanded to include any “property other than commercial property.” The date by which property must be placed into service was extended from within 60 months to within 72 months of the date of approval if more than 50 percent of the qualified rehabilitation costs are incurred within 60 months of the date on which the project application was approved. The definition of a small project for which 10 percent of the dollar amount of the annual tax credit awards must be reserved was expanded from qualified rehabilitation costs of $500,000 to $750,000.

During the 2014 legislative session, the program was largely rewritten. All separate funds were eliminated except for small projects. If during the fiscal year beginning July 1, 2016, or any fiscal year thereafter, the amount of tax credits specified in agreements signed with registered projects is less than the maximum aggregate tax credit award limit, up to 10 percent of the total cap may be carried forward to the succeeding fiscal year. The completion period was reduced to 36 months, and a step was added to the application process that ranks projects for selection based on readiness and preservation characteristics, eliminating the lottery system used previously.

During the 2016 legislative session the following changes were made to this program. Effective August 15, 2016, administrative oversight of the program was transferred from the Department of Cultural Affairs (DCA) to the Iowa Economic Development Authority (IEDA). IEDA will consult with DCA during the application process. The program name was changed to Historic Preservation Tax Credit (HPTC). The credit is refundable to the applicant or transferee. At the election of the taxpayer, the credit may be claimed as a nonrefundable tax credit and carried forward up to 5 years following the year of project completion, or until depleted, whichever is earlier. In the case of a refundable credit, the credit may be carried forward as an overpayment. The credit may not be carried back to a prior year.

During the 2022 legislative session, the portion of the credit that can be claimed in excess of tax liability was limited for awards made on or after January 1, 2023.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 05 nonrefundable and 56 refundable

G. **Year(s) of Completed Evaluation Study:** 2009, 2014, 2019, and 2024

H. **Year of Next Evaluation Study:** 2029

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA. Applicants must register projects including a ranking of project readiness and historic preservation goals for the State. Based on those rankings, projects are selected and agreements between IEDA and the taxpayer are signed. Prior to receiving the tax credit award the applicant must complete and have approved by IEDA Part 3 of the Historic Preservation Tax Credit Certification.

J. **Awarding Department Program Manager or Contact:** Richard Bell, IEDA

K. **Taxes to which Credit Applies:** The Historic Preservation Tax Credit applies to individual income, corporation income, franchise, and insurance premium taxes.

L. **Certification Requirements:** DCA or IEDA issues tax credit certificates depending on the date of registration, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer’s tax return when the credit is claimed. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits

Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number and the amount of the tax credit award.

M. Credit Limits: Prior to fiscal year 2008, $2.4 million was available for the statewide credit, with an additional $4 million becoming available in fiscal year 2006 for rehabilitation projects located in cultural and entertainment districts. In fiscal year 2008, the total amount available increased to $10 million. In fiscal year 2009, the total amount available was $15 million. In fiscal years 2010 through 2012, the total amount available was $50 million per year. For fiscal year 2013 and beyond the amount of tax credits that may be awarded is limited to $45 million per fiscal year.

N. Transferability Provisions: Starting in 2003, the HPTC Tax Credit can be transferred to any person or entity. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Iowa Department of Revenue, which then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received by the awardee from the transfer of the tax credit is not added to income, and any consideration paid by the transferee for the transfer is not deducted from income. Consideration received must be reported when the tax credit certificate is submitted for transfer.

Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner. Effective July 1, 2005, if low-income housing tax credits, authorized under section 42 of the Internal Revenue Code, are also used to finance the project, the tax credit earned by a partnership, LLC, or S corporation can be claimed by individuals based on the amounts designated by the pass-through entity. Effective July 1, 2012, the former is no longer restricted to projects receiving low-income housing tax credits.

O. Refundability Provisions: Credits are refundable. For awards made prior to January 1, 2023, at the election of the taxpayer, the credit may be claimed as a nonrefundable tax credit and carried forward up to 5 years, or until depleted or, in the case of a refundable credit, carried forward as an overpayment.

For awards made on or after January 1, 2023, the credit is limited whether it is claimed as refundable or nonrefundable. For tax years beginning in 2023, the refund is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85% of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 and later, the refund is limited to 75% of the excess of the tax liability. In lieu of claiming a refund, the taxpayer may elect to have the overpayment otherwise eligible for a refund carried forward as a nonrefundable tax credit up to five years or until depleted.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. A valid tax credit certificate and the Schedule IA 148 are also required to be filed with the taxpayer's return.

R. Performance Monitoring Requirements: IEDA, in consultation with the Iowa Department of Revenue, is required to submit an annual report on the economic impact of the program, which includes data on the number and potential value of rehabilitation projects during the latest 12-month period, the total credits originally awarded during that period, the potential reduction in State tax revenues as a result of all tax credits still unused and eligible for refund, and the potential increase in local property tax revenues as a result of the rehabilitated projects (Section 404A.5, Code of Iowa).

Hoover Presidential Library Tax Credit

A. Code Citation(s):

Section 15E.364, Code of Iowa (program description)
Section 422.11T, Code of Iowa (individual income tax)
Section 422.33(31), Code of Iowa (corporation income tax)
Section 422.60(14), Code of Iowa (franchise tax)
Section 432.12N, Code of Iowa (insurance premium tax)
Section 533.329(2)(l), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 43 (Iowa Economic Development Authority)
701 IAC 304.57 (Iowa Department of Revenue, individual income tax)
701 IAC 501.50 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.25 (Iowa Department of Revenue, franchise tax)

C. Program Description Based on Code Language and Administrative Rules: A 25 percent tax credit is allowed for donations made to the Hoover Presidential Foundation for the Hoover Presidential Library and Museum Renovation Project Fund. The maximum amount granted to a person cannot exceed five percent of the aggregate amount of tax credits granted. Ten percent of the aggregate amount of tax credits authorized shall be reserved for those donations in amounts of $30,000 or less. If any portion of the reserved tax credits have not been distributed by September 1, 2023, the remaining reserved tax credits shall be available to any other eligible person.

D. **Year Program was Enacted or Modified:** This tax credit was enacted July 1, 2021. There is a lifetime cap of $5 million for donations made on or after July 1, 2021, and during a donor's tax year beginning on or after January 1, 2021, but before January 1, 2025. During the 2023 legislative session, the deadline for qualifying donations was extended to include donations made before January 1, 2025.

E. **Sunset Date:** This credit is unavailable for donations made during a tax year beginning on or after January 1, 2025.

F. **IA 148 Tax Credit Code:** 29

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Hayley Crozier, IEDA.

K. **Taxes to which Credit Applies:** The Hoover Presidential Library Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits.

M. **Credit Limits:** There is a lifetime cap of $5 million for donations made on or after July 1, 2021, and during a tax year that begins on or after January 1, 2021, but before January 1, 2025.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the pro rata share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Credits in excess of tax liability may be carried forward for up to five years.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included. All claimants must also file the Schedule IA 148.

R. Performance Monitoring Requirements: None

Innovation Fund Tax Credit

A. Code Citation(s):

Section 15.119, Code of Iowa (awards limitation)
Section 15E.52, Code of Iowa (program description)
Section 422.11Z, Code of Iowa (individual income tax)
Section 422.33(13), Code of Iowa (corporation income tax)
Section 422.60(11), Code of Iowa (franchise tax)
Section 432.12M, Code of Iowa (insurance premium tax)
Section 533.329(2)(i), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 116 (Iowa Economic Development Authority)
701 IAC 304.22(4) (Iowa Department of Revenue, individual income tax)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.21(4) (Iowa Department of Revenue, corporation income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 601.11(4) (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules: A 25 percent tax credit is allowed for investments in an innovation fund certified by the Iowa Economic Development Authority (IEDA). The certified Innovation Funds make investments in promising early-stage companies that have a principal place of business in the state of Iowa. Innovative businesses can include, but are not limited to, businesses engaged in advanced manufacturing, biosciences and information technology.

D. Year Program was Enacted or Modified: This program went into effect on January 1, 2011. During the 2013 legislative session, the tax credit rate was increased from 20 to 25 percent and tax credits can now be claimed in the year in which the investment was made rather than after three years. The tax credit was also made transferable. The program has an award cap of $8 million per fiscal year. Tax credit certificates could not be issued before September 1, 2014. During the 2018 legislative session, the deadline to certify new funds was extended from June 30, 2018 to June 30, 2023. During the 2023 legislative session, the fund certification deadline was extended from June 30, 2023 to June 30, 2028.

E. **Sunset Date:** No new funds can be certified after June 30, 2028. However, investment in existing funds can be made and tax credit certificates issued after that date.

F. **IA 148 Tax Credit Code:** 25

G. **Year(s) of Completed Evaluation Study:** 2017, 2022

H. **Year of Next Evaluation Study:** 2027

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Lisa Connell or Melissa Harshbarger, IEDA.

K. **Taxes to which Credit Applies:** The Innovation Fund Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits.

M. **Credit Limits:** The credits are capped in the aggregate at $8 million each fiscal year. This program falls under the $170 million cumulative tax credit cap for certain tax credits awarded by IEDA.

N. **Transferability Provisions:** The tax credit certificate may be transferred once to any person or entity. For married taxpayers a joint return, it is unnecessary to transfer a portion or the entire certificate to a spouse in order for them to claim the credit. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Iowa Department of Revenue (IDR). IDR then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit shall not be deductible for Iowa tax purposes.

Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner. This pass-through does not count as the one transfer.

O. **Refundability Provisions:** Credits are nonrefundable. Credits in excess of tax liability may be carried forward for up to five years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be included. All claimants must also file the Schedule IA 148.

R. **Performance Monitoring Requirements:** On or before January 31 of each year, IEDA, in cooperation with IDR shall submit to the General Assembly and the Governor a report describing the activities of the innovation funds during the preceding fiscal year.

Iowa New Jobs Training Program (260E)

A. **Code Citation(s):**

Chapter 260E, Code of Iowa (program description)
Section 15A.7, Code of Iowa (supplemental new jobs credit – withholding tax)
Section 15A.8, Code of Iowa (loans payable from new jobs credit – withholding tax)
Section 422.11A, Code of Iowa (new jobs tax credit – individual income tax)
Section 422.16A, Code of Iowa (bond retirement certification and transfer)
Section 422.33(6) Code of Iowa (new jobs tax credit – corporation income tax)

B. **Administrative Rules Citation(s):**
261 IAC 5 (Iowa Economic Development Authority)(rescinded 10/18/23)
701 IAC 304.12 (Iowa Department of Revenue, individual income tax)
701 IAC 307.8 (Iowa Department of Revenue, withholding tax)
701 IAC 307.9 (Iowa Department of Revenue, withholding tax)
701 IAC 501.8 (Iowa Department of Revenue, corporation income tax)
877 IAC 16 (Iowa Workforce Development)(2023)

C. **Program Description Based on Code Language and Administrative Rules:** The Iowa Industrial New Jobs Training Program assists businesses, which are creating new positions, with new employee training. Eligible businesses may be new, expanding their Iowa workforce, or relocating to the state. Employees qualifying for training services must fill newly-created positions and be subject to Iowa withholding tax.

A business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development. A business which provides services must have customers outside of Iowa. A business cannot have closed or substantially reduced its employment base at any of its other business sites in Iowa in order to relocate substantially the same operation to another area of the state. The employees who will receive training must occupy job positions which did not exist during the six months prior to the date that the business and community college agree to pursue a training project. As part of the project, costs expended for on-the-job training can be no more than 50 percent of the annual gross payroll for up to one year of the new jobs.

The company's partner community college sells bonds to finance the cost of the established training. Dollars available through the program are dependent upon the training and development needs and the projected tax revenue from the new positions created. The business diverts 1.5 percent of gross payroll from the State withholding taxes generated by the new positions to the community college to retire the bonds. Participating businesses must remit payments to the community colleges before making claims to the withholding tax credit. The employee whose wages are subject to a withholding agreement will receive full credit for the amount withheld when filing their individual income tax returns.

A Supplemental New Jobs Withholding Tax Credit is also available to businesses who have an Enterprise Zone Program award from Economic Development Authority or who surpass the established wage threshold. If eligible, the business diverts an additional 1.5 percent of gross payroll from the State withholding taxes generated by the new positions. According to the statute, the bonds can also be paid off through tax increment financing (TIF).

A taxpayer may be eligible to receive the New Jobs Tax Credit if you meet the following requirements. You may qualify if the new jobs directly resulting from the project covered by the agreement and the new jobs supporting those new jobs result in the company increasing employment at the agreement location by at least 10 percent and if those new jobs plus the other current year total employment at the agreement location exceeds the base employment as of the agreement date. The credit equals 6 percent of the taxable wages for the new jobs up to the amount on which the employer is required to contribute to the State unemployment compensation fund ($38,200 per new job in 2024). The New Jobs Tax Credit can be claimed in any tax year that either begins or ends during the term of the 260E agreement. One new job could employ multiple employees due to turnover or job sharing; however, the qualifying new job can only be claimed for the maximum of one year's employment wages.

Community colleges can receive reimbursement for reasonable administrative costs and legal fees incurred prior to the date of the preliminary agreement.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 1983. During the 2012 legislative session, it was codified that for the purposes of this program, an employee does not include a person not subject to the withholding of Iowa income tax due to a reciprocal agreement. As of July 8, 2022, Iowa Workforce Development (IWD) manages the 260E program and will perform many of the functions of IEDA described below.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** Not applicable for withholding tax credits
New Jobs Tax Credit - 08

G. **Year(s) of Completed Evaluation Study:** 2010/2011 (withholding tax credit) and 2015 and 2020(New Jobs Tax Credit)

H. **Year of Next Evaluation Study:** 2025 (New Jobs Tax Credit)

I. **Credit Award Mechanism:** Credits are awarded based on application to one of Iowa's 15 community colleges. IEDA prepares an annual report about this program.

J. **Awarding Department Program Manager or Contact:** See appendix for list of program contacts for community college economic developers.

K. **Taxes to which Credit Applies:**
- New Jobs Credit from Withholding applies to withholding tax.
- Supplemental New Jobs Credit from Withholding applies to withholding tax.
- New Jobs Tax Credit applies to corporation income and individual income tax.

L. **Certification Requirements:** Community colleges or the Economic Development Authority issues a tax credit certificate number to the taxpayer. Tax credit certificate numbers are required for awarded companies to claim the withholding tax credits. The taxpayer must provide confirmation to the community college of the credit amount claimed. The taxpayer must also report the tax credit certificate number on the IA 133 to claim the New Jobs Tax Credit.

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. For the New Jobs Tax Credit, credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any income tax credits in excess of tax liability can be carried forward for up to ten years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Not applicable to this credit.

Q. **Claim Filing Requirements:** Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by these credits, but file claims for the New Jobs Credit from Withholding and Supplemental New Jobs Credit from Withholding using their tax credit certificate number on the quarterly return after making payments to the community colleges. For the New Jobs Tax Credit, taxpayers filing corporation income tax returns must complete Schedule C1; both individual and corporate filers have to complete and include the IA 133 and Schedule IA 148 with their return.

R. **Performance Monitoring Requirements:** According to 877 IAC 16.10, "each community college shall establish a monitoring system which includes, at a minimum, a review of the business's compliance with the Act, these rules and the training agreement." Monitoring is required to be conducted annually and the community colleges are required to notify IEDA immediately of any events of default. According to 877 IAC 16.9, "an annual report shall be completed by the community college on or before August 15. . . . The report shall include a report of the incremental property taxes and new jobs credits from withholding generated for the fiscal year, a specific description of the training conducted, the number of employees provided program services under the project, the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project." According to section 260E.7, Code of Iowa, IEDA shall prepare an annual report for the Governor and General Assembly on the activities of the program.

Major Economic Growth and Attraction (MEGA) Program

A. **Code Citation(s):**

Section 15.490 through 15.501, Code of Iowa (program description)

B. **Administrative Rules Citation(s):**

261 IAC 67 (Iowa Economic Development Authority)

C. Program Description Based on Code Language and Administrative Rules:

To be eligible to receive incentives under the MEGA program, a business shall meet all of the following requirements:

- The business's proposed project must be located on a site where the business has a controlling interest in or a certified site greater than 250 acres.
- The qualifying investment must exceed $1 billion.
- The community in which the proposed project is located must approve the project by ordinance or resolution.
- The business must be primarily engaged in advanced manufacturing, biosciences, or research and development. The business shall not be a data center business, a retail business, or a business where a cover charge or membership requirement restricts certain individuals from entering the business.
- The business must not be solely relocating operations from one area of the state to another area of the state.
- The business must create jobs as part of the proposed project that will pay at least 140 percent of the qualifying wage threshold, and must provide comprehensive benefits to each employee in the created job.
- The business must not have a record of violations of the law or of regulations.

Participation in the MEGA program and the amount of incentives awarded is dependent on the quality of the proposed project's created jobs, its impact on businesses that are in competition with the business, and its economic impact on the state.

Businesses are eligible for the following tax incentives:

- A refund of sales and use taxes paid for gas, electricity, water, and sewer utility services, tangible personal property, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract for the construction or equipping of a facility that is part of the project.
- An investment income tax credit that is up to five percent of the business's qualifying investment.
- A withholding tax credit that is up to 3 percent of the gross wages paid to employees in a created job.
- A property tax exemption, not to exceed 20 years, for a portion of the actual value added by improvements to real property directly related to the eligible business's created jobs.

D. Year Program was Enacted or Modified: The MEGA program went into effect on May 1, 2024.

E. **Sunset Date:** The Iowa Economic Development Authority (IEDA) board shall not authorize incentives for more than two eligible businesses, or on or after January 1, 2027, whichever occurs first.

F. **IA 148 Tax Credit Code:** Investment Tax Credit (nonrefundable) - 31
Investment Tax Credit (refundable) - 71

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None

I. **Credit Award Mechanism:** State incentives are awarded based on application to the IEDA.

J. **Awarding Department Program Manager:** Paul Stueckradt, IEDA

K. **Taxes to which Credit Applies:**

- Local property tax exemption applies to property tax.
- Sales and use tax refund applies to sales and use tax.
- Investment tax credit applies to corporation income, individual income, franchise, and moneys and credits taxes.
- Withholding credit applies to withholding tax.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used to claim either Investment Tax Credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number and the amount of tax credit.

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. **Refundability Provisions:**

- Local property tax exemption is not refundable.
- Sales and use tax refund is refundable.
- Investment tax credit is refundable or is nonrefundable and can be carried forward for five tax years.
- Withholding credits are not refundable, but may be carried forward for five tax years.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credits may be claimed in full.

Q. Claiming Filing Requirements:

- For the withholding credit, the business is required to file and pay its withholding taxes semi-monthly, monthly, or quarterly. The business files claims for the credit from withholding using their tax credit certificate number on the quarterly withholding return.
- The sales/use tax refund requires filing the Construction Contract Claim for Refund form.
- For taxpayers filing corporation income tax returns or franchise tax returns, Schedule CI must be completed with the Investment Tax Credit. All taxpayers must also attach Schedule IA 148 with the return on which any of the credits are being claimed.

R. Performance Monitoring Requirements: None

Public Safety Officer Moving Expense Tax Credit

A. Code Citation(s):

Section 237A.31, Code of Iowa (program description)
Section 422.12O, Code of Iowa (individual income tax)
Section 422.33 (32), Code of Iowa (corporation income tax)
Section 422.60 (15), Code of Iowa (franchise tax)
Section 432.12O, Code of Iowa (insurance premium tax)
Section 533.329 (2)(m), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s): Not yet promulgated

C. Program Description Based on Code Language and Administrative Rules: This credit is available to taxpayers who establish residency in Iowa after July 1, 2024, upon taking full-time employment as a public safety officer in Iowa. The credit is equal to the amount of unreimbursed moving expenses paid or incurred by the individual, not to exceed $2,000.

D. Year Program was Enacted and Modified: This credit went into effect for tax years beginning on or after January 1, 2024.

E. Sunset Date: None

F. IA 148 Tax Credit Code: 70

G. Year(s) of Completed Evaluation Study: None

H. **Year of Next Evaluation Study:** None

I. **Credit Award Mechanism:** Credits are not awarded. Taxpayers claim the credit, if eligible, on the return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Public Safety Officer Moving Expense Tax Credit applies to individual income tax.

L. **Certification Requirements:** None

M. **Credit Limits:** A taxpayer may not claim more than $2,000.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. **Refundability Provisions:** Credits are refundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** The credit is only available upon establishing residence in Iowa.

Q. **Claim Filing Requirements:** Taxpayers must file the IA 176 to claim the credit and must report the credit on the IA 148 using code 70.

R. **Performance Monitoring Requirements:** None

Redevelopment Tax Credit

A. **Code Citation(s):**

Section 15.119, Code of Iowa (awards limitation)
Section 15.291, 15.293A, 15.293B, and 15.294, Code of Iowa (program description)
Section 422.11V, Code of Iowa (individual income tax)
Section 422.33(26), Code of Iowa (corporation income tax)
Section 422.60(10), Code of Iowa (franchise tax)
Section 432.12L, Code of Iowa (insurance premium tax)
Section 533.329(2)(h), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 65 (Iowa Economic Development Authority)
701 IAC 304.41 (Iowa Department of Revenue, individual income tax)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.39 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)

C. Program Description Based on Code Language and Administrative Rules:

The Redevelopment Tax Credit is available to taxpayers that invest in redeveloping a Brownfield or Grayfield site in Iowa. A Brownfield site is defined as an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. A Grayfield site is defined as a property that has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property, including an abandoned public building.

A project must apply for the tax credit with the Iowa Economic Development Authority (IEDA). Applications, reviewed by the Brownfield Redevelopment Advisory Council, are scored based on feasibility, quality, and financial need of the projects. Successful applications result in registration of the project and a preliminary determination as to the amount of the tax credit for which the applicant qualifies. After registering the project, IEDA shall issue a letter notifying the applicant of successful registration and the preliminary amount of the tax credit. The amount of the issued tax credit certificate is contingent upon the completion of the project and the submission of a project audit performed by an independent certified public accountant licensed in the state of Iowa. A registered project must be completed within 30 months of the project's approval unless IEDA provides additional time (not to exceed 12 months) to complete the project.

A higher tax credit rate is available if the redevelopment meets the "green development" standards established by the State Building Code Commissioner pursuant to section 103A.8B of the Code of Iowa.

The amount of the tax credit shall equal, at most, one of the following:

- 12 percent of the qualifying costs in a Grayfield site
- 15 percent of the qualifying costs in a Grayfield site if the redevelopment meets the green development standards
- 24 percent of the qualifying costs in a Brownfield site
- 30 percent of the qualifying costs in a Brownfield site if the redevelopment meets the green development standards

D. **Year Program was Enacted or Modified:** This program was effective July 1, 2009. Funding was not available for fiscal year 2011. Effective July 1, 2011, the tax credit cap of the program was increased to $5 million per fiscal year. Beginning July 1, 2012, the tax credit cap of the program was increased to $10 million per fiscal year. During the 2014 legislative session, an eligible Grayfield site was expanded to include an abandoned public building and the credit was made refundable for nonprofit organizations. In addition, the awarding process was changed from first-come, first-served to an application process with assessment based on feasibility, financial need, and quality of the projects and credits were made refundable for applicants that are non-profit entities. During the 2021 legislative session the tax credit cap was increased to $15 million. During the 2022 legislative session, the portion of the credit that can be claimed in excess of tax liability was limited for awards made on or after January 1, 2023.

E. **Sunset Date:** June 30, 2031

F. **IA 148 Tax Credit Code:** 21 nonrefundable and 67 refundable

G. **Year(s) of Completed Evaluation Study:** 2013, 2018, and 2023

H. **Year of Next Evaluation Study:** 2028

I. **Credit Award Mechanism:** Credits are awarded based on application to the IEDA.

J. **Awarding Department Program Manager or Contact:** Matt Rasmussen, IEDA

K. **Taxes to which Credit Applies:** The Redevelopment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

L. **Certification Requirements:** IEDA issues a tax credit certificate to eligible taxpayers that are awarded Redevelopment Tax Credits once the project is completed. The certificates have a unique certificate number and the tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

M. **Credit Limits:** The total amount of credits that could be issued was $1 million in fiscal year 2010. In fiscal year 2012, the amount of credits that could be issued was $5 million. Between fiscal year 2013 and fiscal year 2020, the amount of credits that could be issued was $10 million, although IEDA only issued $5 million in fiscal year 2013. No more than 10 percent of credits available in a year

($1,000,000) can be awarded to a single project. Beginning in fiscal year 2022, the tax credit cap was increased to $15 million. This program falls under the cumulative tax credit cap for certain tax credits awarded by IEDA.

N. **Transferability Provisions:** Nonrefundable Redevelopment Tax Credits are transferable. Within 90 days of transfer, the transferred tax credit certificate must be submitted to the Iowa Department of Revenue, which then has 30 days to issue a replacement tax credit certificate to the transferee. Credits shall not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder has been issued. Any consideration received by the awardee from the transfer of the tax credit is not added to income, and any consideration paid by the transferee for the transfer is not deducted from income for the taxes to which the credit applies.

Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Unused credits can be carried forward for up to five years. For awards made in fiscal year 2015 and later, the credit is refundable if the applicant is a qualifying non-profit organization; those credits are not transferable.

For awards made on or after January 1, 2023, the refundable credits allowable to non-profit organizations are limited. For tax years beginning in 2023, the refund is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refund is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refund is limited to 85% of the excess of the tax liability. For tax years beginning in 2026, the refund is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 or later, the refund is limited to 75% of the excess of the tax liability.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers are required to include the Schedule IA 148 including the tax credit certificate number with the tax return on which the tax credit is claimed.

R. **Performance Monitoring Requirements:** None

Renewable Chemical Production Tax Credit Program

A. Code Citation(s):

Section 15.119, Code of Iowa (awards limitation)
Sections 15.315 through 15.321, Code of Iowa (program description)
Section 422.10B, Code of Iowa (individual income tax)
Section 422.33(22), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

261 IAC 81 (Iowa Economic Development Authority)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 304.56 (Iowa Department of Revenue, individual income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.49 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules:
A Renewable Chemical Production Tax Credit is available to eligible businesses that apply to the Iowa Economic Development Authority (IEDA) for the credit. The tax credit is equal to $0.05 per pound of renewable chemicals produced from biomass feedstock in this state. A business shall not receive a tax credit for renewable chemicals produced before the date the business first qualified as an "eligible business". An eligible business must enter into an agreement with IEDA to receive a tax credit award. Prior to fiscal year 2020, IEDA could issue up to $10 million in Renewable Chemical Production Tax Credits per fiscal year. Effective in fiscal year 2022, the amount of credits that could be issued for this program was reduced to $5 million.

The maximum amount of credit that may be issued to an eligible business is $1 million. However, for applications submitted prior to July 1, 2023, the maximum amount of credit which may be issued to an eligible business that has been in operation in the state for more than five years is $500,000. An eligible business shall only receive a tax credit for renewable chemicals produced in a calendar year to the extent such production exceeds the eligible business's pre-eligibility production threshold. An eligible business shall not receive more than five tax credit certificates under the program. The credit is available for renewable chemicals produced on or after January 1, 2017, and on or before December 31, 2036.

D. Year Program was Enacted or Modified: The tax credit program was enacted in 2016, but credits cannot be earned on chemicals produced before January 1, 2017. During the 2021 legislative session, the program cap was reduced to $5 million.

E. Sunset Date: December 31, 2036

F. **IA 148 Tax Credit Code:** 69

G. **Year(s) of Completed Evaluation Study:** 2022

H. **Year of Next Evaluation Study:** 2027

I. **Credit Award Mechanism:** Credits are awarded based on application to IEDA.

J. **Awarding Department Program Manager or Contact:** Mark Laurenzo, IEDA

K. **Taxes to which Credit Applies:** The Renewable Chemical Production Tax Credit applies to corporation income and individual income taxes.

L. **Certification Requirements:** IEDA issues tax credit certificates to eligible taxpayers that are awarded the Renewable Chemical Production Tax Credit. The certificates have a unique certificate number and the tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

M. **Credit Limits:** In fiscal years 2020 and earlier IEDA could issue up to $10 million in Renewable Chemical Production Tax Credits each fiscal year. In fiscal year 2021 and later, the amount of awards allowed is $5 million.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits earned by or awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are refundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 must be completed. All taxpayers are required to include the Schedule IA 148.

R. **Performance Monitoring Requirements:** The IEDA Board, in cooperation with the Department of Revenue, must submit a report describing the activities of the program for the most recent calendar year by January 31, 2019, and by the same date each year after that.

Renewable Energy Tax Credit

A. Code Citation(s):

Chapter 476C, Code of Iowa (program description)
Section 476.48, Code of Iowa (small wind innovation zone program)
Section 422.11J, Code of Iowa (individual income tax)
Section 422.33(16), Code of Iowa (corporation income tax)
Section 422.60(7), Code of Iowa (franchise tax)
Section 432.12E, Code of Iowa (insurance premium tax)
Section 423.4(4), Code of Iowa (sales and use tax refund)
Section 437A.17B, Code of Iowa (replacement tax)

B. Administrative Rules Citation(s):

199 IAC 15.19(Iowa Utilities Commission)
199 IAC 15.21 (Iowa Utilities Commission)
701 IAC 304.28 (Iowa Department of Revenue, individual income tax)
701 IAC 501.27 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.16 (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules:
The Renewable Energy Tax Credit is available for a producer or purchaser of energy from an eligible renewable energy facility approved by the Iowa Utilities Commission. A power-purchase agreement is signed between the purchaser and producer that sets forth which party will receive the tax credit. The credit can also be received for renewable energy produced for on-site consumption by the producer provided the facility is capable of producing not less than ¾ megawatts. A renewable energy facility includes a wind energy conversion facility, a biogas recovery facility, a biomass conversion facility, a methane gas recovery facility, a solar energy conversion facility, or a refuse conversion facility. The facility must be located in Iowa and placed in service between July 1, 2005 and January 1, 2018. A producer or purchaser of renewable energy may receive Renewable Energy Tax Credits for a 10-year period for each eligible renewable energy facility. Renewable Energy Tax Credit certificates shall not be issued for renewable energy purchased after December 31, 2027.

Participants in the program receive Renewable Energy Tax Credits equal to \$0.015 per kilowatt-hour of electricity, or \$4.50 per million British thermal units of heat for a commercial purpose, or \$4.50 per million British thermal units of methane gas or other biogas used to generate electricity, or \$1.44 per one thousand standard cubic feet of hydrogen fuel generated by and purchased from an eligible renewable energy facility.

The Small Wind Innovation Zone Program, effective in tax years starting on or after January 1, 2009, allows Renewable Energy Tax Credits for small wind energy systems in small wind innovation zones. A small wind energy system is defined as a wind energy conversion system that collects and converts wind into energy to generate electricity which has a nameplate generating capacity of one hundred kilowatts or less. A small wind innovation zone is defined as a political subdivision of the state, including but not limited to a city, county, township, school district, community college, Area Education Agency, institution under control of the State Board of Regents, or any other local commission, association, or tribal council which adopts, or is encompassed within a local government which adopts the model ordinance as provided in the Code of Iowa.

D. **Year Program was Enacted or Modified:** The Renewable Wind Energy Tax Credit went into effect on July 1, 2005. The Small Wind Innovation Zone Program was created and will be in effect for tax years starting on or after January 1, 2009 where the owner of a small wind energy system located within a Small Wind Innovation Zone is eligible for the tax credit. Effective July 1, 2009 the nameplate capacity limit for Renewable Energy Tax Credit awards was increased from 180 megawatts to 330 megawatts. The maximum nameplate capacity for credit awards for other than renewable energy facilities is 20 megawatts. Effective July 1, 2011 the time period by which facilities must be placed in service was extended from January 1, 2012 to January 1, 2015, nameplate capacity for wind projects was increased from 330 megawatts to 363 megawatts, facilities other than wind facilities can have a nameplate capacity of no more than 53 megawatts, and tax credits can now be received for renewable energy produced for on-site consumption by the producer. During the 2014 legislative session, the time period by which facilities must be placed in service was extended from January 1, 2015 to January 1, 2017. During the 2015 legislative session the 167 MW cap on tax credits available for heat generation was changed to an annual cap rather than a lifetime cap. The credit is limited to 55 billion BTUs annually for any single applicant. Effective January 1, 2015, the maximum energy production capacity that may be approved for renewable energy tax credits that are facilities other than wind facilities was increased to 63 megawatts. Of those 63 megawatts, 10 megawatts is reserved for solar facilities contracted or owned by utility companies. During the 2016 legislative session the time period by which facilities must be placed in service was extended from January 1, 2017 to January 1, 2018. The 2016 legislation also modified the qualifications and ownership requirements for solar facilities to be eligible for the 10 megawatts of generating capacity that is reserved for certain solar facilities.

E. **Sunset Date:** The facility must be placed in service by January 1, 2018 and credits can be awarded for up to 10 years.

F. **IA 148 Tax Credit Code:** 10

G. **Year(s) of Completed Evaluation Study:** 2014,2019, and 2024

H. **Year of Next Evaluation Study:** 2029

I. **Credit Award Mechanism:** Facilities must be approved as eligible through an application to the Iowa Utilities Commission (IUC) and energy production and sales must be shown. Credits are awarded based on certificates issued by the Iowa Department of Revenue (IDR) to the energy producer or purchaser so designated on the tax credit certificate.

J. **Awarding Department Program Manager or Contact:** Brenda Biddle, IUC; Angela Gullickson, IDR

K. **Taxes to which Credit Applies:** The Renewable Energy Tax Credit applies to corporation income, individual income, franchise, insurance premium, consumer's use, and replacement taxes. Each tax credit certificate must specify the tax type toward which the credit is to be applied.

L. **Certification Requirements:** The purchaser or producer notifies IUC of the amount of eligible renewable energy generated and purchased, and IUC then notifies IDR. IDR issues tax credit certificates to the purchaser or producer setting forth the amount of tax credit. The tax credit certificate must be included with the taxpayer's tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer's name, address, tax identification number, a unique certificate number, the type of tax for which the credit will be applied, and the amount of the tax credit award. Once the certificate is issued, it cannot be terminated or rescinded. For a partnership, limited liability company, S corporation, estate, trust, or other reporting entity seeking to claim credits on the individual income or corporation income tax, certificates are issued to equity owners or their beneficiaries based on the pro-rata share of the income of the entity. For such entities seeking to claim credits on the franchise, insurance premium, consumer's use, or replacement tax, certificates are issued directly to the partnership, limited liability company, S corporation, estate, trust, or other reporting entity.

M. **Credit Limits:** Credits are not directly limited. However, there is an indirect cap because the maximum amount of generating capacity for wind projects is limited to 363 megawatts and for other renewable energy projects, 63 megawatts. Facility eligibility designations are granted on a first-come, first-served basis. An amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for natural gas, methane and landfill gas, or biogas cogeneration facilities incorporated within or associated with an ethanol plant to assist the ethanol plant in meeting a low carbon fuel standard.

N. **Transferability Provisions:** The tax credit certificate may be transferred once to any person or entity. The initial decision on whether the purchaser or producer is entitled to the tax credit certificate does not count as a transfer. For taxpayers filing a married filing joint return or married filing separately on a combined return, it is unnecessary to transfer a portion or the entire certificate to a spouse in order for them to claim the credit. Within 30 days of transfer, the transferred tax credit certificate must be submitted to IDR. IDR then has 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit shall not be deductible for Iowa tax purposes.

O. **Refundability Provisions:** Credits are nonrefundable. Unused credits can be carried forward for up to seven years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Renewable Energy Tax Credit certificates shall not be issued for renewable energy purchased after December 31, 2027. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. For a consumer's use tax refund, Form IA 843 must be filed. All claimants must include the Schedule IA 148.

R. **Performance Monitoring Requirements:** IUC monitors whether facilities are operational 18 months or less after approval. IUC also monitors and receives requests for credits for up to ten years from the date the purchaser first purchases energy from the eligible facility. IUC and IDR have developed a system for the registration of certificates issued or transferred to permit verification that tax credits claimed are valid and that transfers follow legal requirements.

Research Activities Tax Credit and Supplemental Research Activities Tax Credit

A. **Code Citation(s):**

Section 15.119, Code of Iowa (awards limitation for supplemental credits)
Section 15.335, Code of Iowa (program description)
Section 422.10, Code of Iowa (individual income tax)
Section 422.33(5), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

261 IAC 59.6(3)(d) (Iowa Economic Development Authority, Enterprise Zone supplemental)(rescinded 8/28/24)
261 IAC 68.4(4) (Iowa Economic Development Authority, High Quality Jobs supplemental)
701 IAC 304.11 (Iowa Department of Revenue, individual income tax)
701 IAC 304.29(1) (Iowa Department of Revenue, individual income tax supplemental)
701 IAC 501.7 (Iowa Department of Revenue, corporation income tax)
701 IAC 501.14(3) (Iowa Department of Revenue, corporation income tax supplemental)
701 IAC 501.28(1) (Iowa Department of Revenue, corporation income tax supplemental)

C. Program Description Based on Code Language and Administrative Rules:

Starting in 1985, a credit became available equal to 6.5 percent of Iowa's apportioned share of qualifying expenses for increasing research activities. The Iowa Research Activities Tax Credit is based on the rules governing the federal research and experimentation tax credit. The Iowa credit is based on the ratio of Iowa qualified research expenses, for research conducted in Iowa, over total qualified research expenses.

Taxpayers conducting basic research in Iowa may claim those expenses as qualified research, along with research-related wages and supply costs for in-house research, or payments for contract research conducted in Iowa. For Iowa tax purposes in tax years beginning before January 1, 2023, the taxpayer can elect each year whether to calculate the credit using the regular method, 6.5 percent of incremental research expenses, or the alternative simplified method, 4.55 percent of the excess of current year qualified research expenses in Iowa over 50 percent of the prior three year average or 1.95 percent of current year qualified research expenses in Iowa when no prior research has been conducted, as described in clauses (A) and (B) of section 41(c)(4) of the Internal Revenue Code. For tax years beginning on or after January 1, 2023, taxpayers must use the same method for Iowa purposes as used for federal purposes.

Taxpayers who are approved by the Iowa Economic Development Authority (IEDA) under the High Quality Job Program may receive a Supplemental Research Activities Tax Credit.

For businesses using the regular method and with annual gross revenues of $20 million or less the amount of supplemental credit is the sum of:

- 10 percent of the excess of qualified research expenses during the tax year over the base amount for the tax year based upon Iowa's apportioned share of the qualifying expenses for increasing research activities; and
- 10 percent of the basic research payments during the tax year based upon

Iowa's apportioned share of the qualifying expenses for increasing research activities.

For businesses with gross revenues exceeding $20 million the amount of the supplemental credits is the sum of:

- 3 percent of the excess of qualified research expenses during the tax year over the base amount for the tax year based upon Iowa's apportioned share of the qualifying expenses for increasing research activities; and
- 3 percent of the basic research payments during the tax year based upon Iowa's apportioned share of the qualifying expenses for increasing research activities.

For businesses using the alternative simplified methodology the supplemental credit percentages are 7 percent or 3 percent of qualified research expenses that are incurred in Iowa for businesses with annual gross revenues of $20 million or less, and for businesses with annual gross revenues exceeding $20 million the percentages are 2.1 percent or 0.9 percent.

Effective July 1, 2005, an additional $1 million in Research Activities Tax Credits are available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. These expenses are not eligible for the federal research tax credit. A business eligible for this credit must be approved by IEDA. This additional $1 million is not eligible for the Supplemental Research Activities Tax Credit.

Effective July 1, 2009, an additional $1 million was made available for Renewable Energy Components Research Activities Credit, for a total of $2 million.

During the 2018 legislative session, the Iowa Research Activities Tax Credit was limited, for tax years beginning on or after January 1, 2017, to businesses conducting qualified research that are engaged in manufacturing, life sciences, software engineering, or the aviation and aerospace industry. Ineligible businesses include but are not limited to persons engaged in agricultural production, persons that are an agricultural cooperative, finance or investment company, retailer, wholesaler, transportation company, publisher, real estate company, collection agency, accountant, or architect, or persons that are a contractor, subcontractor, builder, or contractor-retailer engaging in commercial and residential repair and installation including but not limited to heating or cooling installation and repair, plumbing and pipe fitting, security system installation, and electrical installation and repair. In addition, to be eligible to claim the Iowa credit, Iowa law requires that the researching entity must claim and be eligible for the Federal Credit for Increasing Research Activities under IRC section 41 for the same taxable year. During the 2019 legislative session, agriscience was added as a qualifying industry.

During the 2022 legislative session, the following criteria was enacted for calculating qualified research expenditures in Iowa for tax years beginning on or after January 1, 2023:

- Wages paid to an employee for qualified services only constitute qualified research expenses in Iowa if the services are performed in Iowa and if, during the period of the tax year that the business is engaging in one or more research projects, a majority of the total services performed by the employee for the business are directly related to those research projects.
- Contract research expenses paid to a third party for the performance of qualified research services only constitute qualified research expenses in Iowa if the services are performed in Iowa and if, during the period of the tax year that the third party is performing research services for the business, a majority of the total services performed by the person for the third party are directly related to those research projects of the business.
- The substantially all rule for determining qualified services as described in IRC section 41(b)(2)(B) and Treasury Regulation 1.41-2(d)(2) does not apply.
- Amounts paid for the right to use computers as described in IRC section 41(b)(2)(A)(iii) are not qualified research expenses in Iowa.
- Amounts paid for supplies as defined in IRC section 41(b)(2)(C) only constitute qualified research expenses in Iowa if the supplies directly relate to research performed in Iowa and are limited to the following percentages:
    - 80% for tax years beginning on or after January 1, 2023, but before January 1, 2024.
    - 60% for tax years beginning on or after January 1, 2024, but before January 1, 2025.
    - 40% for tax years beginning on or after January 1, 2025, but before January 1, 2026.
    - 20% for tax years beginning on or after January 1, 2026, but before January 1, 2027.
    - These expenses will not qualify for tax years beginning on or after January 1, 2027

D. **Year Program was Enacted or Modified:** This program went into effect on January 1, 1985. In tax years 2000 through 2009, taxpayers could elect to take the Alternative Incremental Research Activities Tax Credit. Starting in 2010, taxpayers could elect to take the Alternative Simplified Research Activities Tax Credit. Effective July 1, 2005, an additional $1 million in Research Activities Tax Credits are available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. Effective July 1, 2009, an additional $1 million was made available for the Renewable Energy Components Research Activities Credit. Taxpayers making Research Activities Tax Credit claims exceeding $500,000 filed after July 1, 2009 must be reported annually to the Legislature. Effective July 1, 2010, the calculation of the Supplemental Research Activities Credit was made conditional on the annual gross revenues of the eligible business. Effective for tax year 2017, the industry of researching entities was limited to those specified in Code. Effective for tax year 2023, the criteria for what constitutes qualified research expenses in Iowa was changed. Also effective for tax year 2023, taxpayers are required to use the same method to calculate the credit that they used to calculate the credit for federal purposes, and taxpayers have limitations on when a tax credit claim may be made.

E. Sunset Date: None

F. IA 148 Tax Credit Code: Research Activities Tax Credit – 58
Supplemental Research Activities Tax Credit – 59

G. Year(s) of Completed Evaluation Study: 2008, 2011, 2016, and 2021

H. Year of Next Evaluation Study: 2026

I. Credit Award Mechanism: The regular Research Activities Tax Credit does not require any award to claim. Taxpayers claim the credit, if eligible, on the income tax return. The Supplemental Research Activities Tax Credit must be awarded by IEDA as part of a project under the Enterprise Zone Program or the High Quality Jobs Program.

Approval from IEDA under the Enterprise Zone Program or the High Quality Jobs Program is also required for the additional $2 million renewable energy Research Activities Tax Credit.

J. Awarding Department Program Manager or Contact: For Supplemental Research Activities Tax Credit awards - Paul Stueckradt, IEDA

K. Taxes to which Credit Applies: The Research Activities Tax Credit applies to corporation income and individual income taxes.

L. Certification Requirements: IEDA will issue a tax credit certificate with a unique certificate number to the taxpayer when a Supplemental Research Activities Tax Credit is awarded as part of the High Quality Jobs Program or Enterprise Zone Program. The tax credit certificate must be included with the taxpayer’s tax return for the year in which it is used to claim the Supplemental Research Activities Credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer’s name, address, tax identification number, and the amount of the tax credit.

M. **Credit Limits:** There are generally no limits on the Research Activities Tax Credit. The only exception is the $2 million limit on the Research Activities Tax Credit available for expenses related to the development and deployment of innovative renewable energy generation components manufactured or assembled in Iowa. Credits are granted for this $2 million on a first-come, first-served basis. Awards of the Supplemental Research Activities Tax Credit are subject to the IEDA tax credit award cap under the High Quality Jobs Program.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits earned by or awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are fully refundable for tax years beginning prior to January 1, 2023.

For tax years beginning in 2023, the refundable portion of the Research Activities Tax Credit is limited to 90% of the excess of the tax liability. For tax years beginning in 2024, the refundable portion of the Research Activities Tax Credit is limited to 80% of the excess of the tax liability. For tax years beginning in 2025, the refundable portion of the Research Activities Tax Credit is limited to 70% of the excess of the tax liability. For tax years beginning in 2026, the refundable portion of the Research Activities Tax Credit is limited to 60% of the excess of the tax liability. For tax years beginning in 2027 or later, the refundable portion of the Research Activities Tax Credit is limited to 50% of the excess of the tax liability.

For tax years beginning in 2023, the refundable portion of the Supplemental Research Activities Tax Credit is limited to 95% of the excess of the tax liability. For tax years beginning in 2024, the refundable portion of the Supplemental Research Activities Tax Credit is limited to 90% of the excess of the tax liability. For tax years beginning in 2025, the refundable portion of the Supplemental Research Activities Tax Credit is limited to 85% of the excess of the tax liability. For tax years beginning in 2026, the refundable portion of the Supplemental Research Activities Tax Credit is limited to 80% of the excess of the tax liability. For tax years beginning in 2027 or later, the refundable portion of the Supplemental Research Activities Tax Credit is limited to 75% of the excess of the tax liability.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 must be completed. All taxpayers are required to include the Form IA 128 or Form IA 128S with their claim for the Research Activities Tax Credit in addition to the Schedule IA 148 and must include the federal Form 6765 to prove a claim to the federal tax credit. A taxpayer can change the method of Research Activities Tax Credit calculation between tax years; however, the calculation method used for a tax year cannot be changed from Form IA I28S to Form IA 128 or vice versa once the tax year has ended. For tax years beginning on or after January 1, 2023, the Research Activities Tax Credit must be claimed on a timely filed return, including extensions. If timely claimed, a taxpayer may not amend their return to increase the amount of the Research Activities Tax Credit unless the amended return is filed within six months of the due date for filing, including extensions, or the increase results from an audit or examination by the IRS or the Department.

R. Performance Monitoring Requirements: Businesses that receive the Supplemental Research Activities Tax Credit as a result of their participation in IEDA's High Quality Jobs Program are subject to performance monitoring requirements of the respective program. There are no performance monitoring requirements for taxpayers that claim the regular credit. Taxpayers making Research Activities Tax Credit or Supplemental Research Tax Credit claims that total $500,000 or more in a year filed after July 1, 2009, must be reported annually to the Legislature.

S Corporation Apportionment Tax Credit

A. Code Citation(s):

Section 422.8(2)(b), Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 403 (Iowa Department of Revenue, individual income tax)

C. Program Description Based on Code Language and Administrative Rules: Individual resident shareholders of S corporations which conduct business within and without Iowa can claim the S Corporation Apportionment Tax Credit. The credit is structured so that the S corporation is taxed on the greater of income attributable to Iowa under the single sales factor or actual distributions by the S corporation less federal income tax. If a taxpayer takes advantage of the apportionment provision they cannot also claim an out-of-state credit on this income. Effective tax year 2013, the tax credit can be claimed on a fiduciary return filed by estates and trusts.

Examples of how this credit is calculated can be found in Iowa Administrative Code rules 701—403.9 (for tax periods before January 1, 2002) and 701—403.10 (for tax periods beginning on or after January 1, 2002).

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 1996. Effective January 1, 2002, the amount of federal income tax deduction attributable to S corporation income was increased from 50 percent to 100 percent. Effective January 1, 2013, the credit was extended to estates and trusts.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** 11

G. **Year(s) of Completed Evaluation Study:** 2016 and 2020

H. **Year of Next Evaluation Study:** 2025

I. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The S Corporation Apportionment Tax Credit applies to individual income tax.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. **Refundability Provisions:** Credits are nonrefundable. Unused credits do not carry forward to the following year.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit is only available to full-year and part-year Iowa residents.

Q. **Claim Filing Requirements:** Taxpayers are required to include the Form IA 134 in addition to Schedule IA 148 with the tax return on which the S Corporation Apportionment Tax Credit is claimed.

R. **Performance Monitoring Requirements:** None

School Tuition Organization (STO) Tax Credit

A. Code Citation(s):

Section 422.11S, Code of Iowa (individual income tax)
Section 422.33(28), Code of Iowa (corporation income tax)

B. Administrative Rules Citation(s):

701 IAC 304.32 (Iowa Department of Revenue, individual income tax)
701 IAC 501.38 (Iowa Department of Revenue, corporation income tax)

C. Program Description Based on Code Language and Administrative Rules:
A School Tuition Organization Tax Credit is available for 75 percent of the amount of a voluntary cash or noncash contribution made by a taxpayer to a STO. Prior to 2021, the amount of the credit was equal to 65 percent of the qualifying contribution. The contribution cannot be used for the direct benefit of any dependent of the taxpayer or any other student designated by the taxpayer. There is no limit to what an individual taxpayer contributes, but if a STO exceeds their allotted amount of tax credits, it is the organization’s responsibility to prorate the credits appropriately.

A school tuition organization must be a charitable organization in Iowa that is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code and that allocates at least 90 percent of its annual revenue to tuition grants for children who reside in Iowa to allow them to attend a qualified school of their parents’ choice. The STO must represent more than one school, and can only provide tuition grants to eligible students who are members of households whose annual income does not exceed an amount equal to three times the most recently published federal poverty guidelines published by the U.S. Department of Health and Human Services for tuition grants provided prior to January 1, 2019, or whose annual income does not exceed an amount equal to four times those guidelines for tuition grants provided on or after January 1, 2019.

The STO must initially register with the Iowa Department of Revenue (IDR) and must provide verification of 501(c)(3) status, a list of schools the organization serves, and the names and addresses of the board of directors of the organization. Once the organization has registered, it is not required to subsequently register unless the schools it serves changes.

Each school served by a school tuition organization must annually submit a participation form to IDR by November 1 which provides the certified enrollment as of October 1 and the STO that represents the school. A school cannot be represented by more than one STO.

Prior to 2020, a STO was limited to issuing no more than 25 percent of its allotted credits to C corporation taxpayers. This limitation was rescinded during the 2020 legislative session. Starting in 2020, the limitation no longer applies.

D. Year Program was Enacted or Modified: This program went into effect on January 1, 2006 with an annual award cap of $2.5 million. The cap was increased to $5 million in 2007 and $7.5 million for 2008 through 2011. Effective for tax years starting on or after July 1, 2009 this credit can be taken against corporation income tax. For 2012 and 2013, the annual tax credit cap was increased to $8.75 million. For tax years beginning on or after January 1, 2013, the STO Tax Credit can be awarded to S corporations, partnerships, limited liability companies, or estates or trusts. The annual cap was increased to $12 million beginning calendar year 2014 through 2018 and $13 million for 2019. During the 2019 legislative session, the cap was increased to $15 million for 2020 and subsequent calendar years. During the 2020 legislative session, the restriction on the percent of awards to corporations was rescinded. During the 2021 legislative session, the cap was increased to $20 million for 2022 and subsequent calendar years.

E. Sunset Date: None

F. IA 148 Tax Credit Code: 12

G. Year(s) of Completed Evaluation Study: 2012, 2017, 2022

H. Year of Next Evaluation Study: 2027

I. Credit Award Mechanism: Credits are awarded based on contributions to a school tuition organization registered with IDR.

J. Awarding Department Program Manager or Contact: Angela Gullickson, IDR

K. Taxes to which Credit Applies: The School Tuition Organization Tax Credit applies to corporation and individual income taxes.

L. Certification Requirements: By December 1 of each year, IDR will authorize school tuition organizations to issue tax credit certificates for the following tax year.

The STO issues tax credit certificates to the taxpayers that made a contribution to the organization; that certificate must be included with the tax return to claim the credit. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, amount of contribution, amount of the tax credit, unique certificate number, and any other information required by the Department.

M. **Credit Limits:** The STO Tax Credit limits are made on a calendar year basis.

The total tax credit certificates authorized for each calendar year are as follows:
- Calendar year 2006 - $2.5 million
- Calendar year 2007 - $5 million
- Calendar years 2008 through 2011 - $7.5 million
- Calendar years 2012 and 2013 - $8.75 million
- Calendar years 2014 through 2018 - $12 million
- Calendar year 2019 - $13 million
- Calendar year 2020 and 2021 - $15 million
- Calendar year 2022 and later- $20 million

The tax credit certificates available for issue by each school tuition organization is determined by first dividing the total tax credits available by the total enrollment of all participating schools. This result, which is the per student tax credit, is then multiplied by the total participating enrollment of each STO to determine the tax credit allotted to each organization.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Must be prorated based on the ratio of Iowa source income divided by total income.

Q. **Claim Filing Requirements:** The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes. For all taxpayers, Schedule IA 148 must be included with the return.

R. **Performance Monitoring Requirements:** By January 12 of each year, the school tuition organization must provide the following information to the Iowa Department of Revenue:

- Names and address of board members, along with the chairperson of the board.
- The total number and dollar value of contributions received during the prior year.
- The total number and dollar value of tax credits approved.

- A list of the individual donors for the previous year, including the dollar amount of each contribution, the dollar amount of each tax credit certificate, and the certificate number.
- The total number of children utilizing tuition grants for the school year in progress and the total dollar amount of the grants.
- The name and address of each represented school at which tuition grants are being utilized, detailing the number of students and the total dollar amount of grants being utilized at each school that the STO serves.

Solar Energy System Tax Credit (Business Installations)

A. Code Citation(s):

Section 422.11L, Code of Iowa (individual income tax)
Section 422.33(29), Code of Iowa (corporation income tax)
Section 422.60(12), Code of Iowa (franchise tax)
Section 533.329(2)(k), Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

701 IAC 304.48 (Iowa Department of Revenue, individual income tax)
701 IAC 501.44 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.22 (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules:
A Solar Energy System Tax Credit is available for certain types of solar energy systems installed at a business located in Iowa during tax years beginning on or after January 1, 2012. The credit is only available for years in which the federal credit is available. The tax credit is based on a percentage of the federal tax credit for solar energy systems. The tax credit was also available for solar energy systems installed at a residence in Iowa before January 1, 2022. For more information on this aspect of the tax credit, see the Repealed Tax Credits Which Are Still Active section of this manual below.

Business installations during tax years beginning on or after January 1, 2014 may be eligible for a Solar Energy System Tax Credit award equal to a percentage of the federal energy credit as provided in section 48(a)(2)(A)(i)(II) of the Internal Revenue Code for solar electric, heating or cooling a structure up to a maximum of $20,000. Business installations during tax years beginning on or after January 1, 2012 and before January 1, 2017 are eligible for a Solar Energy System Tax Credit award equal to a percentage of the federal energy credit as provided in section 48(a)(2)(A)(i)(III) of the Internal Revenue Code for equipment using solar energy to illuminate structures using fiber-optic distributed sunlight up to a maximum of $20,000. The federal credit for business installations is claimed on federal Form 3468, Investment Credit. For installations during tax years beginning on or after January 1, 2014 and installations prior to January 1, 2016, the credit was equal to 60 percent of the federal credit. After January 1, 2016 the credit is equal to 50 percent of the federal credit. The Iowa tax credit for businesses cannot exceed $20,000 per separate and distinct installation. Banks and credit unions are also eligible to apply for the credit effective during tax years beginning on or after January 1, 2014.

The version of the federal credit to which Iowa is coupled as provided in section 48(a)(2)(A)(i)(II) of the Internal Revenue Code for solar electric, heating or cooling a structure is available for business solar energy property if the construction begins before January 1, 2022, and the Iowa tax credit will be available for property if the construction begins before January 1, 2022. For property placed in service before January 1, 2020, the federal credit is equal to 30 percent of equipment and installation costs of qualifying property. If construction begins after December 31, 2019 and before January 1, 2021 the federal credit will decrease to 26 percent. The rate of the federal credit decreases to 22 percent for construction that begins after December 31, 2020 and before January 1, 2022. If construction begins on or after January 1, 2020 but the property is not placed in service before January 1, 2024, the federal credit will decrease to 10 percent. Please refer to IRS guidelines to determine the date construction begins.

For tax years beginning January 1, 2012 but before December 31, 2013, the total credits awarded for both residential and business systems installed during a calendar year could not exceed $1.5 million. The calendar year cap was $4.5 million for systems installed between January 1, 2014 and December 31, 2014. The cap was increased to $5 million per year effective January 1, 2015. Of this amount, $1 million is reserved for residential installations. Awards are made on a first-come, first-served basis. If the cap for tax years 2014 or later is not reached, the remaining amount below the cap will be added to the subsequent year's cap.
Taxpayers who claim this credit are not eligible to claim a Renewable Energy Tax Credit under Iowa Code Chapter 476C.

For residential installations between January 1, 2012 and 2014, the Solar Energy System Tax Credit for business installations was equal to 50 percent of the federal energy credit and could not exceed $15,000.

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 2012. During the 2014 legislative session, the tax credit rates, taxpayer award caps, and calendar year program cap were increased effective for installations during tax years beginning January 1, 2014. In addition, eligibility for the credit was expanded to include franchise tax, allowing banks to apply effective during tax years beginning on or after January 1, 2014. During the 2015 legislative session, the calendar year program cap was increased to $5 million effective January 1, 2015, and the credit rates were rolled back to 50 percent of the federal credit effective for installations on or after January 1, 2016. During the

2016 legislative session, the due date for applications was extended for installations made in 2014 and 2015. Taxpayers with installations in 2016 or later must submit an application to the Iowa Department of Revenue (IDR) before May 1 of the year following the year of installation to be eligible for an award.

E. **Sunset Date:** For businesses, the federal credit for equipment using solar energy to illuminate structures using fiber-optic distributed sunlight is available before January 1, 2017 so the Iowa credit will be available through the 2016 tax year. The federal credit for other types of systems is available for property if construction begins before January 1, 2022.

F. **IA 148 Tax Credit Code:** 22

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None scheduled

I. **Credit Award Mechanism:** Taxpayers must submit an application to IDR in order to receive a tax credit certificate and make a claim. For installations after January 1, 2016, the application, or amended application, must be filed by May 1 of the year following the installation of the solar energy system or the application will be denied. During the 2016 legislative session, the filing deadline for installations during calendar year 2014 and 2015 was extended. Installations completed during calendar year 2014 that file an application after May 1, 2015 may be placed on the annual awards list on a first-come, first-served basis beginning with 2016. Installations completed during calendar year 2015 that file an application after May 1, 2016 may be placed on the annual awards list on a first-come, first served basis beginning with 2017, but not before.

J. **Awarding Department Program Manager or Contact:** John Carley, IDR

K. **Taxes to which Credit Applies:** The Solar Energy System Tax Credit for business installations applies to corporation, franchise, moneys and credits, and individual income taxes.

L. **Certification Requirements:** IDR issues tax credit certificates to eligible taxpayers that qualify for a Solar Energy System Tax Credit. The certificates have a unique certificate number and the tax credit certificate must be included with the taxpayer’s tax return for the year in which it is used. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer’s name, address, tax identification number, and the amount of the tax credit.

M. **Credit Limits:** The cumulative amount of tax credit certificates to be awarded for both business and residential installations each year was capped at $1.5 million in 2012 and 2013. The cap was increased to $4.5 million for calendar year 2014 and to $5 million effective January 1, 2015 or later. Beginning with calendar year 2014, if the annual tax credit allocation cap is not reached, the remaining amount below the cap will be allowed to be carried forward to the following tax year. The cap was removed for applications for residential installations submitted before 2022 and for applications submitted by June 30, 2022 for residential installations completed in 2021. For more information on residential installations, see the Repealed Tax Credits Which Are Still Active section of this manual below.

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to ten years.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** Taxpayers claiming the business credit are required to include the federal 3468, Investment Credit, in addition to the Schedule IA 148 with the tax return on which the Solar Energy System Tax Credit is claimed.

R. **Performance Monitoring Requirements:** IDR is required to submit a written report to the Governor and the General Assembly by January 1 of each year regarding the number and value of tax credits claimed related to this credit, along with any other information deemed relevant by the Department.

Targeted Jobs Tax Credit from Withholding

A. **Code Citation(s):**

Section 403.19A, Code of Iowa (program description)
Section 422.16, Code of Iowa (withholding tax)

B. **Administrative Rules Citation(s):**

261 IAC 71 (Iowa Economic Development Authority)
701 IAC 307.10 (Iowa Department of Revenue, withholding tax)

C. Program Description Based on Code Language and Administrative Rules: A withholding tax credit is available to employers who enter into an agreement with pilot project cities approved by the Iowa Economic Development Authority (IEDA). Under the program four pilot project cities were authorized, each of which must contain three or more census tracts, and are approved by IEDA. One city must be in a county bordering South Dakota, one city in a county bordering Nebraska, and two cities must be in counties bordering a state other than South Dakota or Nebraska.

Current pilot project cities include: Sioux City, Council Bluffs, Burlington, Keokuk, and Fort Madison. Because Keokuk and Fort Madison are in the same county and have a total population of fewer than 45,000, they are considered as one pilot city due to 2007 changes to legislation.

A pilot project city, in conjunction with IEDA, must enter into a withholding agreement with an employer. An agreement cannot be entered into with a business currently located in Iowa unless the business either creates or retains ten jobs, each paying a wage at least equal to the average county wage, or makes a qualifying investment of at least $500,000 within the city. The withholding agreement may have a term of up to ten years. A copy of the withholding agreement must be provided to the Iowa Department of Revenue (IDR). During the 2018 legislative session, the date after which a pilot project city can no longer enter into a withholding agreement with an employer was extended from June 30, 2018 to June 30, 2019. During the 2019 legislative session, the date after which a pilot project city can no longer enter into a withholding agreement with an employer was extended from June 30, 2019 to June 30, 2021. During the 2021 legislative session, the date after which a pilot project city can no longer enter into a withholding agreement with an employer was extended from June 30, 2021 to June 30, 2024.

<u>During the 2024 legislative session, the date after which a pilot project city can no longer enter into a withholding agreement with an employer was extended from June 30, 2024 to June 30, 2027. Also during the 2024 legislative session, the minimum required qualifying investment was increased to $1,000,000.</u>

The withholding credit is equal to 3 percent of the gross wages paid by the employer to each employee covered under the withholding agreement. If the amount of withholding is less than 3 percent of the gross wages paid to employees covered under the withholding agreement, the employer shall receive a credit against other withholding taxes due or may carry the credit forward for up to ten years. The employer shall remit the amount of the credit quarterly to the pilot project city, and the city must use this amount for a project related to the employer. The employee whose wages are subject to a withholding agreement will receive full credit for the amount withheld when filing their individual income tax returns. The amount of tax credits awarded cannot exceed the qualifying investment.

A retained job is defined as a full-time equivalent position in existence at the time an employer applies to IEDA for approval of a withholding agreement and which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance under the withholding agreement does not proceed.

If IEDA determines the employer no longer meets the requirements of the withholding agreement, the agreement is terminated and the tax credit will also cease. IEDA can negotiate a new agreement or terminate the agreement early if, after three years, it is determined the employer is incapable of meeting the original job or investment promises.

An employer may enter into an Iowa Industrial New Jobs Tax Credit from Withholding Agreement under section 260E including a Supplemental New Jobs Tax Credit from Withholding Agreement under section 15A.7 at the same time as the employer is participating in a withholding agreement with a pilot project city. The credits under sections 260E and 15A.7 are collected and disbursed first to the community college before the withholding is collected and disbursed to a pilot project city.

D. **Year Program was Enacted or Modified:** This program went into effect on October 1, 2006. In 2007, the definition of a pilot project city was modified. Effective July 1, 2009 the total amount of withholding tax credits cannot exceed the qualifying investment. In 2009, the sunset date of this program was extended from June 30, 2010 to June 30, 2013. In 2011, the program was expanded to include not only created jobs, but retained jobs as well, retroactive to the inception of the program. Effective July 1, 2012, eligible businesses were defined to include an enterprise in Iowa that is operated for profit and under a single management but not a government entity. During the 2013 legislative session, the requirement that the employer be located within an urban renewal area was removed and the definition of “retained job” was added. The amendments shifted administrative duties to IEDA’s regarding the review of withholding agreements and modified the consequences of an employer’s failure to comply with the agreement. The sunset date was also extended to June 30, 2018. During the 2018 legislative session, the sunset date was extended to June 30, 2019. During the 2019 legislative session, the sunset date was extended to June 30, 2021. During the 2021 legislative session, the sunset date was extended to June 30, 2024. During the 2024 legislative session, the sunset date was extended to June 30, 2027. Also during the 2024 legislative session, the minimum required qualifying investment was increased to $1,000,000.

E. **Sunset Date:** The deadline for cities to enter into a withholding agreement is June 30, 2027.

F. **IA 148 Tax Credit Code:** Not applicable – claimed on withholding tax return.

G. **Year(s) of Completed Evaluation Study:** 2012, 2017, 2022

H. **Year of Next Evaluation Study:** 2027

I. **Credit Award Mechanism:** Credits are awarded based on application to a pilot project city and IEDA.

J. **Awarding Department Program Manager or Contact:** Alaina Santizo or Maicie Pohlman, IEDA

K. **Taxes to which Credit Applies:** The Targeted Jobs Tax Credit from Withholding applies to withholding tax.

L. **Certification Requirements:** IEDA will issue tax credit certificate numbers to taxpayers through the pilot project city upon receipt of an agreement with the city. Tax credit certificate numbers are required for awarded companies to claim withholding tax credits.

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. **Refundability Provisions:** Credits are nonrefundable.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Not applicable to this credit.

Q. **Claim Filing Requirements:** Companies are required to pay withholding taxes semi-monthly, monthly, or quarterly. Companies can reduce semi-monthly and monthly payments by the amount of payments made to the city, but file claims for the Targeted Jobs Credit from Withholding using their tax credit certificate number on the quarterly return.

R. **Performance Monitoring Requirements:** The employer, in conjunction with the pilot project city, is required to submit an annual report to IEDA documenting the total amount of payments and receipts under the withholding agreement. On an annual basis, the employer shall also provide information to IEDA that documents the compliance of each employer with each requirement of the withholding agreement, including but not limited to the number of jobs created or retained and the amount of investment made by the employer. IEDA shall assess the level of compliance by each employer and provide to the pilot project city recommendations for either maintaining employer compliance with the withholding agreement or terminating the agreement for noncompliance.

Tuition and Textbook Tax Credit

A. Code Citation(s):

Section 422.12(2)(b), Code of Iowa (individual income tax)

B. Administrative Rules Citation(s):

701 IAC 304.4 (Iowa Department of Revenue, individual income tax)

C. Program Description Based on Code Language and Administrative Rules: This credit is available to individual taxpayers who have one or more dependents receiving private instruction (as defined in Iowa Code section 422.12(1)) or attending grades K-12 in an accredited Iowa school.

D. Year Program was Enacted or Modified: This credit went into effect on January 1, 1987 for non-itemizing taxpayers with household incomes of less than $45,000. Alternatively, a tuition deduction was available for taxpayers who itemized their deductions. In 1996, the deduction was repealed and all taxpayers were able to claim the Tuition and Textbook Tax Credit equal to 10 percent of qualified expenditures regardless of income. In 1998, the definition of qualified expenditures was revised to include certain extracurricular activities and the amount of the credit increased to 25 percent of the first $1,000 of expenditures per dependent. In 2021, the credit was increased to 25% of the first $2,000 of expenditures per dependent, and was further modified to allow expenditures related to dependents receiving private instruction.

E. Sunset Date: None

F. IA 148 Tax Credit Code: Not applicable, tax credit is claimed on IA 1040.

G. Year(s) of Completed Evaluation Study: 2012, 2017, 2022

H. Year of Next Evaluation Study: 2027

I. Credit Award Mechanism: Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

J. Awarding Department Program Manager or Contact: None

K. Taxes to which Credit Applies: The Tuition and Textbook Tax Credit applies to individual income tax.

L. Certification Requirements: None

M. Credit Limits: None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. For credits claimed by married taxpayers who elect to file separately on a combined return, the Tuition and Textbook Tax Credit must be claimed by the spouse who claims the dependent on the return.

O. **Refundability Provisions:** Credits are nonrefundable. Unused credits may not be carried forward.

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** The tax credit claim is prorated by the IA 126 Schedule for nonresidents and part-year residents.

Q. **Claim Filing Requirements:** None

R. **Performance Monitoring Requirements:** None

Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit

A. **Code Citation(s):**

Section 422.12(2)(c), Code of Iowa (individual income tax)

B. **Administrative Rules Citation(s):**

701 IAC 304.49 (Iowa Department of Revenue, individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:** This tax credit went into effect on January 1, 2013. A tax credit is available against individual income tax for volunteer firefighters, volunteer emergency medical services personnel, and for tax years beginning on or after January 1, 2014 reserve peace officers are also eligible for the tax credit.

A volunteer firefighter must be an active member of an organized volunteer fire department in Iowa who has met the minimum training standards established by the Fire Service Training Bureau. Volunteer emergency medical services personnel must be individuals who are trained to provide emergency medical care and who are certified as first responders and have been issued a certificate by the Department of Public Health. A reserve peace officer, defined in section 80D.1A, must meet the minimum training standards established by the Iowa law enforcement academy pursuant to chapter 80D.

A taxpayer who is a paid employee of an emergency medical services program or a fire department and who is also a volunteer emergency medical services personnel or volunteer fire fighter, in an area governed by an agreement pursuant to chapter 28E where the services are performed, shall qualify for the tax credit.

For the 2013 tax year the tax credit was equal to $50 if the volunteer served for the entire tax year. For tax years 2014 through 2020 the tax credit equals $100 if the volunteer served for the entire tax year. For tax years 2021 and after the tax credit equals $250 if the volunteer served for the entire tax year. If the volunteer did not serve for the entire year, the credit is prorated based on the number of months that the volunteer served, rounded to the nearest dollar. If the volunteer served for a portion of a month, that will be considered as an entire month. The credit can only be claimed for one volunteer position.

D. **Year Program was Enacted or Modified:** This credit was first available for tax years beginning or after January 1, 2013. During the 2014 legislative session, the amount of the tax credit was increased from $50 to $100 effective for tax years 2014 and subsequent tax years. The tax credit was also expanded to include reserve peace officers. During the 2021 legislative session, the amount of the tax credit was increased from $100 to $250 effective for tax years 2021 and later.

E. **Sunset Date:** None

F. **IA 148 Tax Credit Code:** Not applicable, tax credit is claimed on IA 1040.

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None scheduled

I. **Credit Award Mechanism:** The individual is required to have a written statement from the fire chief or other appropriate supervisor verifying that the individual was a volunteer fire fighter, volunteer emergency medical services personnel, or reserve peace officer for the months for which the credit is claimed.

J. **Awarding Department Program Manager or Contact:** None

K. **Taxes to which Credit Applies:** The Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit applies to individual income tax.

L. **Certification Requirements:** None

M. **Credit Limits:** None

N. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

O. Refundability Provisions: Credits are nonrefundable. Unused credits may not be carried forward.

P. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

Q. Claim Filing Requirements: No additional requirements.

R. Performance Monitoring Requirements: None

Workforce Housing Tax Incentive Program

A. Code Citation(s):

Section 15.119, Code of Iowa (award limitations)
Section 15.351 through 15.356 Code of Iowa (program description)
Section 422.11C Code of Iowa (individual income tax)
Section 422.33(15) Code of Iowa (corporation income tax)
Section 422.60(13) Code of Iowa (franchise tax)
Section 432.12G Code of Iowa (insurance premium tax)
Section 533.329(2)(j) Code of Iowa (moneys and credits tax)

B. Administrative Rules Citation(s):

261 IAC 48 (Iowa Economic Development Authority)
701 IAC 304.45 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 304.53 (Iowa Department of Revenue, individual income tax)
701 IAC 501.41 (Iowa Department of Revenue, IEDA awards limitation)
701 IAC 501.46 (Iowa Department of Revenue, corporation income tax)
701 IAC 601.23 (Iowa Department of Revenue, franchise income tax)

C. Program Description Based on Code Language and Administrative Rules: Tax incentives under the Workforce Housing Tax Incentives Program are available to taxpayers who complete a housing project in Iowa. Eligible projects include four or more single-family dwelling units, two or more single-family dwelling units in a small city, one or more multiple dwelling unit buildings each containing three or more individual dwelling units, or two or more dwelling units located in the upper story of an existing multi-use building. The project consists of rehabilitation, repair, or redevelopment at a brownfield or grayfield site that results in new dwelling units, the rehabilitation, repair, or redevelopment of dilapidated dwelling units, the rehabilitation, repair, the redevelopment of dwelling units located in the upper story of an existing multi-use building, or the construction of new dwelling units at a greenfield site. During the 2019 legislative session, a housing project located in any county that has been declared a major disaster by the president of the United States on or after March 12, 2019, and that is also a county in which individuals are eligible for federal individual assistance, development at a greenfield site is qualifying. The tax credit allocation for disaster recovery housing projects is a separate allocation than other projects.

Projects must be registered with EDA in order to receive tax credits, and only work completed after registration is eligible. Qualifying new investment eligible for tax incentives includes costs directly related to the acquisition, repair, or redevelopment of a housing project, but are limited to a per dwelling unit maximum set by the IEDA board, or 125% of the applicable maximum per unit if the property is considered historic. A housing business is required to complete the housing project within three years from the date the housing project is registered by IEDA, but the eligible housing business may be granted up to two separate 12-month completion deadline extensions from IEDA. The application to request the first extension is required before the original three-year deadline expires or prior to August 1, 2018. The application to request the second extension is required before the expiration of the first 12-month extension. During the 2019 legislative session the application process has been changed from a continuous basis to accepting applications during one or more annual application periods that will be reviewed and scored on a competitive basis by IEDA. Upon review, the authority may make a tax incentive award which will represent the maximum amount of tax incentives the housing project may qualify for under the program. An applicant that does not receive a tax incentive award during an application period may make additional applications during subsequent application periods. Such applicants are required to submit a new application and shall be competitively reviewed and scored in the same manner as other applicants in that application period.

Applications requested under the disaster recovery housing projects are on a first-come, first-served basis until the maximum amount of tax incentives of $10 million is reached.

In addition, a housing business that chooses to be considered as an applicant for tax credits reserved pursuant to section 15.119, subsection 5, shall also submit a certification that the applicant's housing project is located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, and is also a county in which individuals are eligible for federal individual assistance. The housing business must also submit documentation that provides evidence that the qualified housing project is needed due to impact of the disaster that is the subject of the presidential major disaster declaration.

Sales tax refunds are allowed for sales and use taxes paid that are directly related to the housing project. Investment tax credits are available for up to 10 percent of the qualifying new investment in the housing project or, beginning in FY 2018, 20 percent for projects in small cities. For corporation income, individual income, and franchise tax, the increase in the basis of the property that would otherwise result from the investment made under this project must be reduced by the amount of tax credit received. Beginning in 2019, the authority will issue the housing business a tax credit certificate including the maximum amount of the tax credit that will be refunded for sales and use tax.

D. **Year Program was Enacted or Modified:** The program went into effect July 1, 2014. During the 2015 legislative session, project completion date was defined as the date on which IEDA notifies the Iowa Department of Revenue (IDR) that all applicable requirements of an agreement are satisfied and specifying a reduction in awards in the case of cost overruns by approved projects.

During the 2017 legislative session, $5 million under the $20 million cap was set aside for housing projects in small cities. A "small city" is a city located outside the 11 most populous counties in Iowa. If a small city is situated in more than one county, the small city's location is determined by the county with the greatest taxable base. Incentives are allocated to small city projects on a first-come, first-served basis. If the $5 million cap is reached before all eligible projects receive incentives, the remaining projects will be placed on a wait list in the order the projects registered and will be given priority for tax incentives in succeeding fiscal years. If the maximum aggregate incentive amount for projects in small cities is not reached in a given fiscal year, IEDA may issue tax incentives to other eligible projects. For a small city housing project, the average dwelling unit cost for the project may not exceed $215,000. Each qualifying housing project located in a small city is eligible for tax incentives up to 20 percent of the qualifying new investment. A small city housing project that consists of two or more single-family dwelling units rather than four single-family dwelling units is eligible if it is developed at a greenfield site. A "greenfield site" is a site other than a brownfield or grayfield site. A project located on previously undeveloped land or agricultural land is presumed to be a greenfield site.

During the 2018 legislative session, the IEDA was given the option to grant an eligible housing business a one-time completion deadline extension of twelve months if the business applies for an extension before the original three-year deadline expires or prior to August 1, 2018. During the 2022 legislative session, the IEDA was given the option to grant a second 12-month completion deadline extension if the business applies for the second extension before the expiration of the first extension.

During the 2019 legislative session, the cap was increased to $25 million with $10 million under the cap reserved for small cities. The small city definition was changed to mean any city or township located in this state, except those located wholly within one or more of the eleven most populous counties in the state, as determined by the most recent population estimates issued by the United States Bureau of Census. A separate one-time allocation of $10 million was established for qualifying projects located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, for the tax period beginning July 1, 2019 and ending June 30, 2024. If requests for disaster recovery housing projects exceed the allocated amount, the applications will be placed on a wait list given priority in succeeding fiscal years. During the 2021 legislative session the credit cap was modified. For the fiscal year beginning July 1, 2021, the cap was increased to $40 million with $12 million under the cap reserved for small cities. For fiscal years beginning on or after July 1, 2022, the cap was changed to $35 million with $17.5 million under the cap reserved for small cities. During the 2022 legislative session, a number of changes were made to the tax credit program: the IEDA was given the option to grant a second 12-month completion deadline extension if the business applies for the second extension before the expiration of the first extension; the definition of “small city” was modified substantially; the separate qualification for housing projects in a distressed workforce housing community was repealed; and the average dwelling unit maximum cost was modified substantially.

E. **Sunset Date:** The disaster recovery housing project subsection was repealed July 1, 2024. There is no sunset date for the other sections of this program.

F. **IA 148 Tax Credit Code:** 27

G. **Year(s) of Completed Evaluation Study:** None

H. **Year of Next Evaluation Study:** None scheduled

I. **Credit Award Mechanism:** Credits are awarded based on application to IEDA

J. **Awarding Department Program Manager or Contact:** Nick Sorensen, IEDA

K. **Taxes to which Credit Applies:** The Workforce Housing Investment Tax Credit applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes. Sales tax refund applies to the sales and use tax.

L. **Certification Requirements:** IEDA issues a tax credit certificate, with a unique certificate number, to the taxpayer once the project is complete. The tax credit certificate must be included with the taxpayer’s tax return for the tax period in which the housing is available for occupancy. If you file your return electronically, you do not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer’s name, address, tax identification number, the amount of tax credits, and the name of the eligible housing business.

M. **Credit Limits:** Awards made under the Workforce Housing Tax Incentives Program are capped at $35 million per fiscal year ($40 million for the fiscal year beginning July 1, 2021). Tax credit awards are limited to $1 million per housing project. Credits are awarded on a first-come, first-served basis although $17.5 million ($12 million for the fiscal year beginning July 1, 2021) is set aside each fiscal year for projects in small cities.

N. **Transferability Provisions:** Credits are transferable. Within 90 days of transfer, the transferred tax certificate must be submitted to IDR which then has 30 days to issue a replacement tax credit certificate to the transferee. Credits cannot be claimed by the transferee until a replacement certificate identifying the transferee as eligible to claim the credit has been issued. Credits earned by or awarded to a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner. Any consideration received by the awardee from the transfer of the tax credit is not added to income and any consideration paid by the transferee for the transfer is not deducted from income for the taxes to which the credit applies.

O. **Refundability Provisions:** Credits are nonrefundable. Any credit in excess of the tax liability may be carried forward for up to five years

P. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

Q. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 must be completed. A valid tax credit certificate and the Schedule IA 148 are also required to be filed with the taxpayer's return. Sales tax refunds are claimed by completing an IA 843, along with the valid tax credit certificates.

R. **Performance Monitoring Requirements:** None

Repealed Tax Credits Which Are Still Active

(due to contracts in place or tax credit carryforward)

Enterprise Zone Program (EZ)

A. **Date Repealed:** This program was repealed effective July 1, 2014.

B. **Last Code Citation(s):**

Section 15.119, Code of Iowa 2013 (awards limitation)
Section 15E.191 through 15E.196, Code of Iowa 2013 (program description)
Section 15E.197, Code of Iowa 2013, (supplemental withholding credit – withholding tax)
Section 15.333, Code of Iowa 2013, (amortization over five years of investment tax credit)
Section 422.10 (5), Code of Iowa 2013, (Supplemental Research Activities Tax Credit)
Section 422.11F (2), Code of Iowa 2013, (investment tax credit)
Section 422.33 (5) (f), Code of Iowa 2013, (Supplemental Research Activities Tax Credit)
Section 422.33 (12) (b), Code of Iowa 2013, (investment tax credit)
Section 533.329 (2)(e), Code of Iowa 2013, (moneys and credits tax)

C. **Program Description Based on Code Language and Administrative Rules:** To encourage investment in Iowa's economically distressed areas, local and state tax credits, refunds, and exemptions were available for qualifying companies that expanded or located in designated Enterprise Zones. A map of cities and counties that had certified Enterprise Zones is included in the Appendix.

A business locating or expanding in an Enterprise Zone may have received multiple tax incentives, including:

- A local property tax exemption on the value added to the property for up to 10 years.
- A Supplemental New Jobs Credit from Withholding, which provides additional funding for training new employees. If applicable, these funds would have been in addition to those authorized under the Iowa New Jobs Training Program.
- Prior to July 1, 2009, as an alternative to the Supplemental New Jobs Credit from Withholding, eligible businesses could elect to take the Housing Assistance Credit from Withholding, which provided down payment assistance or rental assistance for employees in new jobs.
- A refund of state sales, service, or use taxes paid to contractors or subcontractors during construction.
- An Investment Tax Credit of up to 10 percent of the new investment in machinery and equipment, land, buildings, and improvements to existing buildings. This tax credit may be carried forward for up to seven years. For

Enterprise Zone projects approved on or after July 1, 2005, the investment tax credit must be amortized over a five-year period.

- A Housing Investment Tax Credit of up to 10 percent of the new investment which was directly related to building or rehabilitating of a minimum of four single-family homes or one multiple dwelling unit building containing three or more individual dwelling units located in that part of a city or county in which there was a designated Enterprise Zone.
- A Supplemental Research Activities Tax Credit may have been awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to five years for awards made prior to July 1, 2010. For awards made on or after July 1, 2010, the Supplemental Research Activities Tax Credit available was a function of the gross receipts of the company and could have been claimed up to five years up to the total amount of the award.

To receive these benefits:

- The business must have made a minimum capital investment of $500,000.
- The business must have created or retained at least 10 full-time equivalent positions and maintained them until the maintenance period completion date.
- The business was required provide a sufficient package of benefits to each employee holding a created or retained job.
- The business could not be a retail establishment or a business whose entrance is limited by cover charge or membership.
- The business must have paid an average wage that was at least 90 percent of the qualifying wage threshold (see Appendix for the county's wage requirement).
- If the business was only partially located in an Enterprise Zone, the business must have been located on contiguous parcels of land.
- The business could not close or reduce its operation in one area of the state and relocate substantially the same operation in the Enterprise Zone.
- The local Enterprise Zone Commission and IEDA must have approved the business' proposed project prior to project initiation.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 1997. The Enterprise Zone Housing Assistance Tax Credit from Withholding went into effect July 1, 1998. Effective July 1, 2009, the Housing Assistance Tax Credit from Withholding was repealed and qualifications for the program were altered. Also, effective July 1, 2009, a $185 million cumulative tax credit cap was established for certain tax credits awarded by the IEDA. This credit fell under that cap. The cumulative cap amount was lowered to $120 million effective July 1, 2010. Effective April 15, 2010, the provision allowing up to $4 million in refundable investment tax credits awards per fiscal year for projects involving value-added agricultural products or biotechnology-related processes was repealed. Beginning July 1, 2012, the IEDA tax credit award cap was increased to $170 million per fiscal year. The Authority may authorize tax credits in excess of $170 million in a fiscal year, but such excess shall not exceed 20 percent of $170 million, or $34 million, and this continues to be counted against the total amount of tax credits that can be authorized for a subsequent fiscal year. Any tax credits authorized and awarded by IEDA during a fiscal year that are irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination occurs. During the 2014 legislative session, the Enterprise Zone program was repealed effective July 1, 2014. During the 2020 legislative session, the deadline to request the transfer of Housing Investment Tax Credits was extended to September 1, 2020, for housing businesses that had been awarded the investment credit before July 1, 2015, for housing developments located in a blighted area and in a county with a total population of less than 105,000 as determined by the most recent federal decennial census.

E. **Credit Award Mechanism:** Credits were awarded based on application to the IEDA.

F. **Taxes to which Credit Applied:**

- Local Property Tax Exemption applied to the property tax.
- Supplemental New Jobs Credit applied to the withholding tax.
- Housing Assistance Credit applied to the withholding tax.
- Sales Tax Refund applied to the sales and use tax.
- Housing Investment Tax Credit applied to corporation income, individual income, franchise, and insurance premium taxes.
- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** IEDA issued a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate had to be included with the taxpayer's tax return for the year in which it was used to claim either the Investment Tax Credit or the Supplemental Research Activities Tax Credit. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of tax credits.

IEDA would issue tax credit certificates to eligible housing businesses that were awarded Housing Investment Tax Credits. The certificates had a unique certificate number and the tax credit certificate had to be included with the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

H. **Credit Limits:** The eligible Housing Investment Tax Credit could not exceed 10 percent of $140,000 for each home or individual unit in a multiple dwelling unit building.

This program fell under the $170 million cumulative tax credit cap for certain tax credits awarded by IEDA.

Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving, and conveyor equipment. The Iowa Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to $500,000 limit would have their requests considered in the succeeding fiscal year.

I. **Transferability Provisions:** Enterprise Zone certificates issued to eligible housing businesses for Housing Investment Tax Credits could be transferred if low income housing tax credits authorized under section 42 of the Internal Revenue Code were also used to assist in financing the housing development or if the housing development is located in a brownfield site as defined in Iowa Code section 15.291 or a blighted area as defined in Iowa Code section 403.17. There was a $3 million limit per calendar year for transferable housing Enterprise Zone investment tax credits for projects in brownfield or blighted areas. Within 90 days of transfer, the transferred tax credit certificate had to be submitted to the Iowa Department of Revenue, which then had 30 days to issue a replacement tax credit certificate to the transferee. Credits could not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder had been issued. Any consideration received by the awardee from the transfer of the tax credit was not added to income, and any consideration paid by the transferee for the transfer was not deducted from income for the taxes to which the credit applies. For all other Enterprise Zone businesses, credits could not be sold or traded.

For the Investment Tax Credit and Supplemental Research Activities Tax Credit, credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:**

- Local Property Tax Exemption was not refundable.
- Supplemental New Jobs Credit was not refundable.
- Housing Assistance Credit was not refundable.
- Sales Tax Refund was refundable.
- Housing Investment Tax Credit was not refundable. Any credit in excess of the tax liability could be carried forward for up to seven years.
- Investment Tax Credit was not refundable. Any nonrefundable credit in excess of tax liability could be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. **Treatment of Credit for Non-Residents and Part-Year Residents:** Credit could be claimed in full.

L. Claim Filing Requirements: A Supplemental New Jobs Credit required a valid agreement with a community college under Chapter 260E, Code of Iowa. The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 was required to be included. The Investment Tax Credit required filing the IA 148 with the taxpayer's return, regardless of taxpayer type. The supplemental research activities tax credit required filing IA 128 or IA 128S with the taxpayer's return in addition to Schedule IA 148, regardless of taxpayer type.

M. Performance Monitoring Requirements: According to 261 IAC 59.14(1)(rescinded 8/28/24), an eligible business that was approved to receive incentives or assistance shall, for the length of its designation as an Enterprise Zone business, certify annually to the county or city and IEDA that it is in compliance with the requirements of program statute and rules. An eligible housing business had to report annually to IEDA until project completion as outlined in their contract with IEDA. Companies awarded credits agreed to job creation, job retention, wage, and investment goals. The Business Services unit of the Economic Development Authority surveyed companies every six months to assess progress toward meeting these goals.

Geothermal Heat Pump Tax Credit

A. Date Repealed: This program was repealed January 1, 2024.

B. Last Code Citation(s):

Section 422.11I, Code of Iowa 2019, 2012-2019 (individual income tax)
Section 422.12N Code of Iowa 2023, 2019 (individual income tax)

C. Program Description Based on Code Language and Administrative Rules: A Geothermal Heat Pump Tax Credit was available for individual income tax equal to 20 percent of the federal residential energy efficient property tax credit allowed for geothermal heat pumps provided in section 25D(a)(5) of the Internal Revenue Code for residential property located in Iowa. The federal credit was claimed on federal form 5695, Residential Energy Credits. The federal credit expired in December 31, 2016 but was extended retroactively through December 31, 2020 in the Bipartisan Budget Act of 2018. During the 2018 legislation session, Iowa coupled with the federal extension effective January 1, 2019 but also repealed the Geothermal Heat Pump Tax Credit effective January 1, 2019. During the 2019 legislative session, the Geothermal Heat Pump Tax Credit was reenacted, but was capped on a calendar year basis and thus became an awarded credit for tax years beginning on or after January 1, 2019. During the 2022 legislative session, the Geothermal Heat Pump Tax Credit was eliminated for installations occurring after December 31, 2023 and set for repeal on January 1, 2024.

D. **Year Program was Enacted or Modified:** This credit was available for tax years beginning on or after January 1, 2012 through December 31, 2016 and tax years beginning on or after January 1, 2019 through December 31, 2023.

E. **Credit Award Mechanism:** Taxpayers submitted an application to IDR for installations after January 1, 2019. The application or amended application had a filing deadline of May 1 of the year following the installation of the geothermal heat pump system or the application was denied. Installations during January 1, 2012 through December 31, 2016 did not require an award. Taxpayers claim the credit, if eligible, on the individual income tax return.

F. **Taxes to which Credit Applied:** The Geothermal Heat Pump Tax Credit applied to individual income taxes.

G. **Certification Requirements:** Beginning for 2019 installations, IDR issued tax credit certificates to eligible taxpayers that qualify for a Geothermal Heat Pump Tax Credit under the capped tax credit. The certificates have a unique certificate number. If you filed your return electronically, you did not need to include the tax credit certificate but you must complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate must contain the taxpayer’s name, address, tax identification number, and the amount of the tax credit.

H. **Credit Limits:** Beginning with 2019 installations, the cumulative amount of tax credit certificates to be awarded each year was $1 million. If the annual tax credit allocation cap was not reached, the remaining amount below the cap was allowed to be carried forward to the following tax year.

I. **Transferability Provisions:** Credits could not be sold, traded or otherwise transferred.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability may be carried forward for up to ten years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

L. **Claim Filing Requirements:** Taxpayers are required to include the federal Form 5695, Residential Energy Credits, in addition to the Schedule IA 148 with the tax return on which the Geothermal Heat Pump Tax Credit is claimed.

M. **Performance Monitoring Requirements:** None

<u>Geothermal Tax Credit</u>

A. **Date Repealed:** This credit was repealed for installations on or after January 1, 2019.

B. **Last Code Citation(s):**

Section 422.10A, Code of Iowa, 2017 (individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:**
If the federal residential energy efficient property tax credit for geothermal heat pumps is extended into additional tax years, the Iowa Geothermal Heat Pump Tax Credit found in Iowa Code section 422.11I will continue to be available for each year in which the federal residential energy efficient property tax credit for geothermal heat pumps is available. The Iowa Geothermal Tax Credit is available in years in which the federal geothermal heat pump credit is not available (which was the case for installations occurring on or after January 1, 2017 because Iowa did not couple with the retroactive extension of the federal credit during 2017 or 2018). The tax credit equals 10 percent of the taxpayer's 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. The equipment must meet the federal energy star program requirements in effect at the time the expenditure is made. The dwelling must be the taxpayer's residence and be located in Iowa.

For the Geothermal Tax Credit, expenditures are deemed to have been made on the date that installation is complete, or, in the case of new construction, the date the taxpayer begins using the structure. When multiple housing cooperatives or horizontal property regimes incur expenses that qualify for the tax credit, taxpayers owning and living in the units are treated as having made their proportionate share of any qualified geothermal property expenditures made by the cooperative or regime. This credit is repealed for installations on or after January 1, 2019.

D. **Year Program was Enacted or Modified:** This credit was available for installations on or after January 1, 2017, but only in tax years in which the federal residential energy efficient property tax credit for geothermal heat pumps was not available. The federal credit expired December 31, 2016 but was extended retroactively by the federal Bipartisan Budget Act of 2018; however, Iowa did not couple with that bill during 2017 or 2018. Therefore, this credit was available for tax years beginning on or after January 1, 2017, for installations completed before December 31, 2018.

During the 2018 legislative session, the Geothermal Tax Credit was repealed for installations on or after January 1, 2019.

E. **Credit Award Mechanism:** Credits did not require an award. Taxpayers claimed the credit, if eligible, on the individual income tax return.

F. **Taxes to which Credit Applied:** The Geothermal Tax Credit applied to individual income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for up to ten years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** Taxpayers filing a claim for the Geothermal Tax Credit had to submit Form IA 140 in addition to Schedule IA 148 with the individual income tax return.

M. **Performance Monitoring Requirements:** None

Solar Energy System Tax Credit (Residential Installations)

A. **Date Repealed:** This credit was repealed for residential installations on or after January 1, 2022.

B. **Last Code Citation(s):**

Section 422.11L, Code of Iowa 2021 (individual income tax)

C. **Program Description Based on Code Language and Administrative Rules:** A Solar Energy System Tax Credit was available for certain types of solar energy systems installed at a residence located in Iowa during tax years beginning on or after January 1, 2012, but before January 1, 2022. The tax credit was based on a percentage of the federal tax credit for solar energy systems.

Residential installations during tax years beginning on or after January 1, 2014 and installations before January 1, 2022 were eligible for a Solar Energy System Tax Credit award equal to a percentage of the federal residential energy efficient property tax credit related to solar systems provided in section 25D(a)(1) of the Internal Revenue Code for solar electric property and section 25D(a)(2) of the

Internal Revenue Code for solar water heating property for individuals. The federal credit is claimed on federal Form 5695, Residential Energy Credits for individuals. For installations during tax years beginning on or after January 1, 2014 and installations prior to January 1, 2016, the Iowa credit was equal to 60 percent of the federal credit. For installations after January 1, 2016, the Iowa credit was equal to 50 percent of the federal credit. For each separate and distinct residential installation, the Iowa tax credit cannot exceed $5,000 per separate and distinct installation.

The version of the federal credit to which Iowa was coupled was available for residential property placed in service before January 1, 2022, and the Iowa tax credit was also available for installations before January 1, 2022. For property placed in service before January 1, 2020, the federal credit was equal to 30 percent of equipment and installation costs of qualifying property. For installations after December 31, 2019 and before January 1, 2021 the federal credit decreased to 26 percent. The rate of the federal credit decreased to 22 percent for property placed in service after December 31, 2020 and before January 1, 2022.

For tax years beginning January 1, 2012 but before December 31, 2013, the total credits awarded for both residential and business systems installed during a calendar year could not exceed $1.5 million. The calendar year cap was $4.5 million for systems installed between January 1, 2014 and December 31, 2014. The cap was increased to $5 million per year effective January 1, 2015. Of this amount, $1 million was reserved for residential installations. Awards were made on a first-come, first-served basis. The cap was removed for residential installations completed prior to January 1, 2022 that already had an application pending and residential installations completed in 2021 whose application was submitted by June 30, 2022.
Taxpayers who claim this credit are not eligible to claim a Renewable Energy Tax Credit under Iowa Code Chapter 476C.

For residential installations between January 1, 2012 and 2014, the Solar Energy System Tax Credit was equal to 50 percent of the federal residential energy efficient property tax credit and could not exceed $3,000.

D. Year Program was Enacted or Modified: This credit went into effect on January 1, 2012. During the 2014 legislative session, the tax credit rates, taxpayer award caps, and calendar year program cap were increased effective for installations during tax years beginning January 1, 2014. During the 2015 legislative session, the calendar year program cap was increased to $5 million effective January 1, 2015, and the credit rates were rolled back to 50 percent of the federal credit effective for installations on or after January 1, 2016. During the 2016 legislative session, the due date for applications was extended for installations made in 2014 and 2015. Taxpayers with installations in 2016 or later were required to submit an application to the Iowa Department of Revenue (IDR) before May 1 of the year following the year of installation to be eligible for an award. During the 2022 legislative session, the cap for residential installations was removed for projects completed prior to January 1, 2022 and the application deadline for residential installations completed in 2021 was extended to June 30, 2022.

E. **Credit Award Mechanism:** Taxpayers were required to submit an application to IDR in order to receive a tax credit certificate and make a claim. For installations after January 1, 2016, the application, or amended application, was required to be filed by May 1 of the year following the installation of the solar energy system or the application was denied. During the 2016 legislative session, the filing deadline for installations during calendar year 2014 and 2015 was extended. Installations completed during calendar year 2014 that filed an application after May 1, 2015 were placed on the annual awards list on a first-come, first-served basis beginning with 2016. Installations completed during calendar year 2015 that filed an application after May 1, 2016 were placed on the annual awards list on a first-come, first served basis beginning with 2017, but not before. During the 2022 legislative session, the application deadline for projects that were completed in 2021 was extended to June 30, 2022.

F. **Taxes to which Credit Applied:** The Solar Energy System Tax Credit for residential installations applied to the individual income tax.

G. **Certification Requirements:** IDR issued tax credit certificates to eligible taxpayers that qualified for a Solar Energy System Tax Credit. The certificates had a unique certificate number and the tax credit certificate had to be included with the taxpayer's tax return for the year in which it is used. If your return was filed electronically, you did not need to include the tax credit certificate but you had to complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of the tax credit.

H. **Credit Limits:** The cumulative amount of tax credit certificates to be awarded for both residential and business installations each year was capped at $1.5 million in 2012 and 2013. The cap was increased to $4.5 million for calendar year 2014 and to $5 million effective January 1, 2015 or later. The cap was removed for applications submitted before 2022 and for applications submitted by June 30, 2022 for installations completed in 2021.

I. **Transferability Provisions:** Credits could not be sold, traded or otherwise transferred.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for up to ten years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** Taxpayers claiming the residential credit were required to include the federal 5695, Residential Energy Credits, in addition to the Schedule IA 148 with the tax return on which the Solar Energy System Tax Credit was claimed.

M. **Performance Monitoring Requirements:** IDR is required to submit a written report to the Governor and the General Assembly by January 1 of each year regarding the number and value of tax credits claimed related to this credit, along with any other information deemed relevant by the Department.

Wind Energy Production Tax Credit

A. **Date Repealed:** The last qualifying projects for this credit were operational between 2011 and 2021.

B. **Last Code Citation(s):**

Section 476B, Code of Iowa 2021 (program description)
Section 422.11J, Code of Iowa 2021 (individual income tax)
Section 422.33 (16), Code of Iowa 2021 (corporation income tax)
Section 422.60 (7), Code of Iowa 2021 (franchise tax)
Section 423.4 (4), Code of Iowa 2021 (sales and use tax refund)
Section 432.12E, Code of Iowa 2021 (insurance premium tax)

C. **Program Description Based on Code Language and Administrative Rules:** A Wind Energy Production Tax Credit could be claimed by a qualified facility, defined as a facility the produces electricity from wind that is located in Iowa, was originally placed in service on or after July 1, 2005, but before July 1, 2012, and was approved by the local board of supervisors and the Iowa Utilities Board (IUB). For applications filed on or after March 1, 2008, the facility must also consist of one or more wind turbines connected to a common gathering line which has a combined nameplate capacity of no less than two megawatts and no more than thirty megawatts. For applications filed on or after July 1, 2009 by a private college or university, community college, institution under the control of the State Board of Regents, public or accredited nonpublic elementary or secondary school, or public hospital for the applicant's own use of qualified electricity, the facility must consist of wind turbines with a combined nameplate capacity of three-fourths of a megawatt or greater.

The credit was equal to $0.01 per kilowatt-hour of electricity sold or generated for on-site consumption. Credits were available for a ten-year period from the initial in-service date of the facility. Facilities had to be in service within 18 months of their designation as an eligible facility or the eligibility will be revoked.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2005. Effective January 1, 2008 eligibility requirements were changed. State banks became eligible to be equity investors in wind production facilities. Electricity generated and used for on-site consumption was also made eligible for the credit and the credit could be claimed against consumer's use as well as replacement taxes. The limitation stating that if consumer's use tax refunds and/or special valuation for property tax purposes were used then the tax credit could not be received was also removed. Effective July 1, 2009, the nameplate capacity limit was reduced from 450 megawatts of nameplate capacity to 150 megawatts. Effective May 26, 2011, the nameplate capacity limit was reduced from 150 megawatts of nameplate capacity to 50 megawatts.

E. **Credit Award Mechanism:** Facilities must be approved as eligible through an application to IUB and energy production and sales must be shown. Credits are awarded based on certificates issued by the Iowa Department of Revenue (IDR) to the energy producer or purchaser so designated on the tax certificate.

F. **Taxes to which Credit Applied:** The Wind Energy Production Tax Credit applied to corporation income, individual income, franchise, insurance premium, consumer's use, and replacement taxes.

G. **Certification Requirements:** The purchaser or producer notified IUB of the amount of eligible wind energy generated and purchased, and IUB then notified IDR. IDR issued a tax credit certificate to the purchaser or producer setting forth the amount of tax credit. The tax credit certificate had to be included with the taxpayer's tax return for the year in which it is used. If your return was filed electronically, you did not need to include the tax credit certificate but you had to complete the IA 148 Tax Credits Schedule reporting the correct certificate number and tax credit code. The certificate had to contain the taxpayer's name, address, tax identification number, unique certificate number, the amount of tax credits, the first tax year the certificates may be used, and the expiration date of the certificate.

H. **Credit Limits:** Credits were not directly limited. However, there was an indirect cap because capacity eligible for the credit was limited to 50 megawatts in the aggregate. Facility eligibility designations were granted on a first-come, first-served basis.

I. **Transferability Provisions:** Credits were transferrable. Within 30 days of transfer, the transferred tax credit certificate had to be submitted to IDR. IDR then had 30 days to issue a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit did not need to be included in income for Iowa tax purposes, and any consideration paid for the transfer of the tax credit was not deductible for Iowa tax purposes.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of tax liability could be carried forward for up to seven years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** The credit could not be used for a tax year beginning prior to July 1, 2006. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be completed. All claimants had to include the Schedule IA 148 with their return.

M. **Performance Monitoring Requirements:** IUB and IDR developed a system for the registration of certificates issued or transferred to permit verification that tax credits claimed were valid and that transfers followed legal requirements.

Repealed Tax Credits

(No additional awards or claims are expected)

Cow-Calf Tax Credit

A. **Date Repealed:** This credit was repealed effective for any claims made on or after November 1, 2008.

B. **Last Code Citation:**

Section 422.120, Code of Iowa 2009

C. **Program Description Based on Code Language and Administrative Rules:** Eligible individual and corporation income taxpayers who operate cow-calf beef operations in Iowa were eligible for a cow-calf credit. The amount of credit was limited to $3,000 per taxpayer. The amount of the credit was determined by adding together, for each eligible head of livestock in the taxpayer's operation, the product of 10 cents for each corn equivalent (111.5 in the case of cow-calf operations, or $11.15 total per head) deemed to have been consumed by that animal in the taxpayer's operation in the tax year. In order to qualify for the credit, the taxpayer had to have a net worth of less than $1 million, more than half of the taxpayer's gross income had to come from ranching or farming activities, and the taxpayer had to meet the federal taxable income threshold which is indexed for inflation each year.

D. **Year Program was Enacted or Modified:** This program went into effect on January 1, 1996. In 1997, the qualifying taxable income limit was established. In 1998, cow-calf operations became the only livestock operations which continued to qualify for the credit. This credit was repealed effective for any claims made on or after November 1, 2008.

E. **Credit Award Mechanism:** The credit was available to any taxpayer eligible for the credit, based on application to the Iowa Department of Revenue.

F. **Taxes to which Credit Applied:** The Cow-Calf Tax Credit applied to the individual and corporation income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** The refund was subject to an overall annual limit established each tax year, for example, $2 million for claims paid in February 2008. If the total amount of refund claims exceeded this cap, each eligible taxpayer received a prorated share of the total. Taxpayers did not receive any compensation if the credit received was less than the credit claimed.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** The Cow-Calf Credit was computed on Form IA 132. The form had to be filed within ten months after the end of the tax year, and the refunds were issued by February 28 of the next year.

M. **Performance Monitoring Requirements:** None

Disaster Recovery Housing Project Tax Credit

A. **Date Repealed:** The credit was repealed effective July 1, 2014.

B. **Last Code Citation(s):**
Section 16.191 through 16.192, Code of Iowa (program description)
Section 422.11X, Code of Iowa (individual income tax)
Section 422.33 (27), Code of Iowa (corporation income tax)

C. **Program Description Based on Code Language and Administrative Rules:** An income tax credit was available for 75 percent of a taxpayer's qualifying investment in a qualifying disaster recovery housing project. This applied to disaster recovery housing project costs incurred on or after May 12, 2009 and before July 1, 2010.

To qualify as a disaster recovery housing project, a property and the activities affecting the property was required to meet all of the following conditions:

- The property is owned by a taxpayer who is an individual, business, or corporation subject to taxation.
- A qualifying investment is made by the taxpayer.
- The project involves the construction or rehabilitation of housing on the property.
- The property is located in an area that the Governor proclaimed a disaster emergency or the President of the United States declared a major disaster during the period of time beginning May 1, 2008 and ending August 31, 2008.
- An application for low-income housing tax credits pursuant to section 42 of the Internal Revenue Code has been submitted to the Iowa Finance Authority (IFA) on behalf of the project and has been determined by IFA to meet the threshold requirements for an award of credits as set forth in the applicable qualified allocation plan.
- The project meets the requirements relating to the density of residential housing in the area as established by IFA.
- The project meets the requirements relating to the availability of and the accessibility to educational services as established by IFA.

- The project is designed to avoid, prevent, or mitigate the effects of a future natural disaster.

The amount of the credit shall be divided by five and applied equally to the taxpayer’s tax liability for five consecutive tax years starting with the tax year beginning in the 2011 calendar year.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2009.

E. **Credit Award Mechanism:** Credits were to have been awarded by IFA.

F. **Taxes to which Credit Applied:** The Disaster Recovery Housing Project Tax Credit applied to individual and corporation income taxes.

G. **Certification Requirements:** IFA issued tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate must have been included with the taxpayer’s tax return for the year in which it is used. The certificate contained the taxpayer’s name, address, tax identification number and the amount of tax credits.

H. **Credit Limits:** The total amount of credits issued could not exceed $3 million in each of the five tax years.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could be claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Taxpayers could not carry forward unused credits to the following year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** Taxpayers filing credit claims for the Disaster Recovery Housing Project Tax Credit must submit Schedule IA 148.

M. **Performance Monitoring Requirements:** None

<u>Economic Development Region Revolving Fund Tax Credit</u>

A. **Date Repealed:** This credit was repealed effective January 1, 2010.

B. **Last Code Citation(s):**

Section 15E.231(2), Code of Iowa (fund authorization)
Section 15E.232, Code of Iowa (program description)
Section 422.11K, Code of Iowa (individual income tax)
Section 422.33 (17), Code of Iowa (corporate income tax)
Section 422.60 (9), Code of Iowa (franchise tax)
Section 432.12F, Code of Iowa (insurance premium tax)
Section 533.329 (2)(k), Code of Iowa (moneys and credits tax)

C. **Program Description Based on Code Language and Administrative Rules:** A tax credit equal to 20 percent of the contribution made to an economic development region revolving fund was allowed. The economic development region had to be approved by the Iowa Economic Development Authority (IEDA), and IEDA was responsible for authorizing and administering these tax credits.

D. **Year Program was Enacted or Modified:** This credit went into effect on July 1, 2005, for tax years ending on or after that date. The tax credit was repealed effective January 1, 2010.

E. **Credit Award Mechanism:** Credits were awarded based on application to the IEDA.

F. **Taxes to which Credit Applied:** The Economic Development Region Revolving Fund Tax Credit applied to the corporation income, individual income, franchise, insurance premium, and moneys and credits tax.

G. **Certification Requirements:** None

H. **Credit Limits:** The credit awards were capped at $2 million per fiscal year. Any unused amount of the $2 million cap could be carried forward into the next fiscal year.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could be claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for ten years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1. For all taxpayers, Schedule IA 148 had to be attached.

M. **Performance Monitoring Requirements:** None

Ethanol Blended Gasoline Tax Credit

A. **Date Repealed:** This credit was repealed effective January 1, 2009.

B. **Last Code Citation(s):**

Section 422.11C (2), Code of Iowa 2009 (individual income tax)
Section 422.33 (11)(b), Code of Iowa 2009 (corporation income tax)

C. **Program Description Based on Code Language and Administrative Rules:** A tax credit was available to service stations at which more than 60 percent of the total gasoline sold was ethanol blended gasoline. The credit was equal to two and a half cents for each gallon sold in excess of 60 percent. This credit was replaced in 2009 by the Ethanol Promotion Tax Credit.

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 2002. This credit was repealed effective January 1, 2009.

E. **Credit Award Mechanism:** Credits did not require an award. Taxpayers claimed the credit, if eligible, on the corporation income or individual income tax return.

F. **Taxes to which Credit Applied:** The Ethanol Blended Gasoline Credit applied to individual and corporation income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable. Taxpayers could also elect to carry forward unused credits to the following year.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed in full.

L. Claim Filing Requirements: Taxpayers filing credit claims for the Ethanol Blended Gasoline Tax Credit had to submit Form IA 6478 for each location and also file Schedule IA 148 with the tax return on which the credit is claimed.

M. Performance Monitoring Requirements: None

Ethanol Promotion Tax Credit

A. Date Repealed: This credit was repealed on January 1, 2021.

B. Last Code Citation(s):

Section 422.11N, Code of Iowa 2019 (individual income tax)
Section 422.33(11A), Code of Iowa 2019 (corporation income tax)

C. Program Description Based on Code Language and Administrative Rules: A tax credit was available to retail dealers of ethanol blended gasoline, including tank wagon sales. The amount of the tax credit was based on the pure amount of ethanol gallons sold. For example, 10 gallons of E10 equaled one gallon of pure ethanol.

The amount of the tax credit depended on whether the retail dealer attained a biofuel threshold percentage, and how many gallons of fuel were sold in a calendar year. For fiscal year filers, gallons sold had to be annualized for each calendar year that comprised the tax year. The biofuel threshold percentage for retail dealers who sold more than 200,000 gallons in a calendar year, and dealers who sold 200,000 gallons or less in a year, are set forth below where the number of gallons sold by a taxpayer included gallons sold at all retail locations operated by the retail dealer at all locations regardless of whether the taxpayer choose to calculate the credit on a site-by-site basis:

Calendar Year	Biofuel Threshold Percentage - More than 200,000 gallons per year	Biofuel Threshold Percentage - 200,000 gallons or less per year
2009	10%	6%

20 10	11%	6%
20 11	12%	10%
20 12	13%	11%
20 13	14%	12%
20 14	15%	13%
20 15	17%	14%
20 16	19%	15%
20 17	21%	17%
20 18	23%	19%
20 19	25%	21%
20 20	25%	25%

For fiscal year filers, gallons sold during each calendar year had to be annualized to determine the applicable biofuels threshold percentage which the retailer had to meet in order to qualify for the credit. For any year in which the retail dealer met the threshold, the credit was 8 cents for each gallon of pure ethanol sold in calendar year 2011 and later. If the retail dealer missed the threshold by 2 percentage points or less, the credit was 6 cents for each gallon of pure ethanol sold in calendar year 2011 and later. If the retail dealer missed the threshold by more than 2 percentage points but not more than 4 percentage points, the credit was 2.5 cents for each gallon of pure ethanol sold in calendar year 2011 and 4 cents for each gallon of pure ethanol sold in calendar year 2012 and later. If the retail dealer missed the threshold by 4 percentage points or more, then no credit was allowed.

If the company-wide method was elected, the retail dealer determined its biofuel distribution percentage by summing the pure ethanol gallons and the pure biodiesel gallons sold during the calendar year at all retail motor fuel sites, and dividing this sum by the total gasoline gallons sold during the calendar year. If the site-by-site method was elected, the retail dealer determined its biofuel distribution at each retail motor fuel site separately. While pure biodiesel gallons were included in the computation of the biofuel distribution percentage to determine if the threshold was met, only the pure ethanol gallons sold were used in determining the amount of the credit.

A retail dealer of gasoline could claim the Ethanol Promotion Tax Credit even if the dealer claimed an E15 Plus Gasoline Promotion Tax Credit and/or E85 Gasoline Promotion Tax Credit for the same tax year for the same ethanol gallons sold.

For retail dealers of gasoline whose tax year was not the calendar year, the retail dealer must compute the biofuel distribution percentage and tax credit separately for gallons sold during each calendar year which comprised the dealer's tax year using the applicable credit amounts as shown above.

D. **Year Program was Enacted or Modified:** This credit went into effect on January 1, 2009. Effective January 1, 2011, companies must elect whether they are going to calculate the credit on a company-wide basis or on a site-by-site basis. Once this election is made, the company cannot change the election without written consent from the Iowa Department of Revenue. The credit rates were also increased during the 2011 legislative session effective for gallons sold in 2011, with an additional increase in the lowest rate for gallons sold in 2012 and later.

E. **Credit Award Mechanism:** Credits do not require an award. Taxpayers claim the credit, if eligible, on the corporation income or individual income tax return.

F. **Taxes to which Credit Applies:** The Ethanol Promotion Tax Credit applied to individual and corporation income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits may not be sold, traded or otherwise transferred. Credits earned by a pass-through entity shall be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits are refundable. Any credits in excess of tax liability can be refunded or credited to tax liability for the following year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.

L. Claim Filing Requirements: Taxpayers filing credit claims for the Ethanol Promotion Tax Credit must submit Form IA 137 in addition to Schedule IA 148 with the tax return on which the credit is claimed.

M. Performance Monitoring Requirements: None

Film, Television, and Video Project Promotion Program

A. Date Repealed: This program was repealed effective January 1, 2012.

B. Last Code Citation(s):

Section 15.119, Code of Iowa 2011(awards limitation)
Section 15.391 through 15.393, Code of Iowa 2011(program description)
Section 422.11T, Code of Iowa 2011(expenditure tax credit – individual income tax)
Section 422.11U, Code of Iowa 2011(investment tax credit – individual income tax)
Section 422.33 (24), Code of Iowa 2011(expenditure tax credit – corporation income tax)
Section 422.33 (25), Code of Iowa 2011(investment tax credit – corporation income tax)
Section 422.60 (13), Code of Iowa 2011(expenditure tax credit – franchise tax)
Section 422.60 (14), Code of Iowa 2011(investment tax credit – franchise tax)
Section 432.12J, Code of Iowa 2011(expenditure tax credit – insurance premium tax)
Section 432.12K, Code of Iowa 2011(investment tax credit – insurance premium tax)
Section 533.329 (2)(f), Code of Iowa 2011(expenditure tax credit – moneys and credits tax)
Section 533.329 (2)(g), Code of Iowa 2011(investment tax credit – moneys and credits tax)

C. Program Description Based on Code Language and Administrative Rules: Starting in 2007, tax credits were available to assist legitimate film, television, and video producers in the production of projects in the state and to increase the fiscal impact on the state's economy of film, television, and video projects produced in the state.

In order to qualify for the benefits of the program a project that was shooting on location in the State of Iowa would have to register with IEDA. IEDA would determine that all of the following criteria were met:

- The project was a legitimate effort to produce an entire film, television, or video episode or segment in the state.

- The project would include expenditures of at least $100,000 in the state and have an economic impact on the economy of the state or the locality sufficient to justify assistance under the program.
- The project would further tourism, economic development, and population retention or growth in the state or locality.
- The project was intended to be widely distributed beyond the Midwest region.
- The project had commitments for at least 50 percent of the funding.
- Other criteria established by rule relating to the economic impact and promotional aspects of the project on the state or locality were met.

For the purpose of qualified expenditures, labor and personnel includes compensation that was paid to the principal producer, principal director, and principal cast members if the principal producer, principal director, or principal cast members were Iowa residents or an Iowa-based business and if the compensation paid met one of the following conditions:

- If the total of qualified expenditures was between $10 million and $20 million, then the qualifying compensation paid to each principal producer, principal director, or principal cast member could not exceed $250,000 each.
- If the total of qualified expenditures was at least $20 million, then the qualifying compensation paid to each principal producer, principal director, or principal cast member could not exceed $1 million each.

Compensation that was paid to labor and personnel other than the principal producer, principal director, or principal cast members qualified if the compensation met one of the following conditions:

- If the total of qualified expenditures was less than $10 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed $150,000 for each detailed budget line item or for each budget accounting sub-code.
- If the total of qualified expenditures was between $10 million and $20 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed $200,000 for each detailed budget line item or for each budget accounting sub-code.
- If the total of qualified expenditures was at least $20 million, then the qualifying compensation paid to labor and personnel other than the principal producer, principal director, or principal cast member could not exceed $300,000 for each detailed budget line item or for each budget accounting sub-code.

The amount of the Film Expenditure Tax Credit was equal to an amount not to exceed 25 percent of qualified expenditures on a project. The amount of the Film Investment Tax Credit was equal to an amount not to exceed 25 percent of the investment in the project. IEDA could negotiate the amount of the tax credits. The same dollars could not be used to qualify for the expenditure and investment tax credits.

The same taxpayer could not claim both an expenditure tax credit and an investment tax credit on the same project.

D. **Year Program was Enacted or Modified:** This credit went into effect January 1, 2007. Effective July 1, 2009 a $185 million cumulative tax credit cap was established for certain tax credits awarded by the Iowa Economic Development Authority (IEDA). The cumulative cap amount was lowered to $120 million effective July 1, 2010. This credit fell under that cap. Also effective July 1, 2009 a portion of the salaries of primary actors, directors, and producers could be considered as qualified expenditures in some circumstances. The reduction of adjusted gross income for 25 percent of qualified expenditures paid to Iowa businesses for film projects had to be taken over four years, effective July 1, 2009. Effective April 15, 2010 the Economic Development Authority was prohibited from registering new film projects until July 1, 2013. Effective January 1, 2012, the Film, Television and Video Project Promotion Program was repealed, although any tax credits or income exclusions related to contracts or agreements entered into before May 25, 2012 will still be allowed.

E. **Credit Award Mechanism:** Credits were awarded based on registration with IEDA.

F. **Taxes to which Credits Applied:**

- The Film Expenditure Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes
- The Film Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes

G. **Certification Requirements:** IEDA would issue tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits. Prior to issuance of the tax credit certificate the Iowa Department of Revenue had to review and approve qualifying expenditures.

H. **Credit Limits:** This program fell under the $120 million cumulative tax credit cap for certain tax credits awarded by IEDA.

I. **Transferability Provisions:** Film Expenditure Tax Credits and Film Investment Tax Credits were transferable, but could only be transferred two times. Within 90 days of transfer, the transferee had to submit the transferred tax credit certificate to the Iowa Department of Revenue, which then had 30 days to issue a replacement tax credit certificate to the transferee. Credits could not be claimed by a transferee until a replacement certificate identifying the transferee as the proper holder had been issued. Any consideration received by the awardee from the transfer of the tax credit was not added to income, and any consideration paid by the transferee for the transfer was not deducted from income for the taxes to which the credit applied.

Credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward for up to five years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** Taxpayers were required to attach Schedule IA 148 to the tax return on which the tax credit was claimed.

M. **Performance Monitoring Requirements:** None

Iowa Alternative Minimum Tax Credit

A. **Date Repealed:** This credit was repealed for corporation and franchise tax years beginning on or after January 1, 2022. This credit was repealed for individual tax years beginning on or after January 1, 2024.

B. **Last Code Citation(s):**

Section 422.11B, Code of Iowa (individual income tax)
Section 422.33 (7), Code of Iowa (corporation income tax) (2021)
Section 422.60 (3), Code of Iowa (franchise tax) (2021)

C. **Program Description Based on Code Language and Administrative Rules:** A taxpayer could be eligible for the Iowa Alternative Minimum Tax Credit if they paid Iowa alternative minimum tax in previous years based on tax preferences and adjustments. The tax from tables or alternate tax paid is different from Iowa alternative minimum tax and does not qualify for this credit. The credit is limited to the extent the regular tax less all "other nonrefundable" tax credits exceeds the alternative minimum tax for a tax year. During the 2018 legislative session, the Iowa Alternative Minimum Tax Credit available for a corporation is repealed for tax years beginning on or after January 1, 2022, reflecting the elimination of the Iowa Alternative Minimum Tax effective January 1, 2021. A corporation is allowed the Minimum Tax Credit for minimum tax paid for tax years beginning on or after January 1, 1987 and before January 1, 2021. During the 2019 legislative session, the Iowa Alternative Minimum Tax Credit available to be claimed against franchise tax is repealed for tax years beginning on or after January 1, 2022, reflecting the elimination of the Iowa Alternative Minimum Tax effective January 1, 2021. A bank is allowed the Minimum Tax Credit for minimum tax paid for tax years beginning on or after January 1, 1987 and before January 1, 2021.

The Iowa Alternative Minimum Tax Credit for individual income taxpayers will be eliminated effective January 1, 2024.

D. Year Program was Enacted or Modified: This credit went into effect on January 1, 1988.

E. Credit Award Mechanism: Credits did not require an award.

F. Taxes to which Credit Applied: The Iowa Alternative Minimum Tax Credit applied to individual income taxes.

G. Certification Requirements: None

H. Credit Limits: None

I. Transferability Provisions: Credits could not be sold, traded or otherwise transferred.

J. Refundability Provisions: Credits were nonrefundable. Any credit in excess of the tax liability could be carried forward to future tax years until the credit was repealed.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed based on the ratio of Iowa-source net income plus Iowa preferences to total net income plus all preference items.

L. Claim Filing Requirements: Taxpayers filing credit claims for the Iowa Alternative Minimum Tax Credit had to submit Form IA 8801 for individual income tax, Form IA 8827 for corporation income tax, or Form IA 8827F for franchise tax. In addition, Schedule IA 148 also had to be included with the tax return on which the credit was claimed.

M. Performance Monitoring Requirements: None

New Capital Investment Program (NCIP)

A. **Date Repealed:** This program was repealed effective July 1, 2005.

B. **Last Code Citation(s):**
Section 15.381 through Section 15.387, Code of Iowa 2005

C. **Program Description Based on Code Language and Administrative Rules:** The New Capital Investment Program provided a package of tax credits and exemptions to businesses making a capital investment of at least $1,000,000. Any awards made before July 1, 2005, will be honored until the NCIP contract expires.

Businesses participating in NCIP received multiple tax incentives, including:

- Refunds of sales or use taxes paid to contractors or subcontractors during construction.
- A corporation tax credit for certain sales taxes paid by a third-party developer.
- An investment tax credit of up to 5 percent (based on the number and type of new jobs created) of the capital investment in machinery and equipment, land, buildings, and improvements to existing buildings. This Iowa tax credit may be carried forward for up to seven years or until depleted.
- A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to 10 years.

In order to be eligible for NCIP benefits, a company had to meet several requirements. The investment tax credit varied between 1 percent and 5 percent, based on the number of new high-quality jobs. To qualify as a high-quality job, new jobs had to pay a starting wage of at least the average county wage (see appendix for recent county and regional wages). The company also had to provide and pay at least 80 percent of the costs of a standard employee medical insurance plan for all full-time employees. The company could not close or significantly reduce operations elsewhere in Iowa in order to relocate the operation to the proposed community. Retail establishments were prohibited.

D. **Year Program was Enacted or Modified:** This program went into effect on July 1, 2003. Effective July 1, 2005, the New Capital Investment Program was repealed and replaced by the High Quality Job Program.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Iowa Economic Development Authority (IEDA).

F. **Taxes to which Credit Applied:**

- Sales Tax Refund applied to the sales and use tax.
- Corporation Tax Credit for Third Party Sales Tax applied to corporation income, franchise, insurance premium, and moneys and credits taxes.

- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** The Third Party Sales Tax Credit required the business to submit completed forms for the credit to IEDA, which then issued a tax credit certificate, with a unique certificate number. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Companies with value-added agricultural and biotechnology projects, could, upon successful completion of the project, receive a portion of the Investment Tax Credit in the form of a refund. IEDA would issue the tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of tax credits.

H. **Credit Limits:** The refund of unused Investment Tax Credits for value-added agricultural and biotechnology projects was limited to $4 million per fiscal year. Credits were prorated by IEDA among all applicants.

Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving and conveyor equipment. Iowa Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit would have their requests considered in the succeeding fiscal year.

I. **Transferability Provisions:** Credits could not be sold or traded. For the Investment Tax Credit and the Supplemental Research Activities Tax Credit, credits awarded to a pass-through entity should have been claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:**

- Sales Tax Refund was refundable.
- Corporation Tax Credit for Third Party Sales Tax was refundable.
- Investment Tax Credit was generally nonrefundable. Investment Tax Credit could be refundable for value-added agricultural and biotechnology projects, subject to the cap of $4 million per fiscal year. Any nonrefundable credit in excess of tax liability could be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. The Investment Tax Credit required filing Form IA 3468 with the taxpayer's return, regardless of taxpayer type. The Supplemental Research Activities Tax Credit required filing Form IA 128 or Form IA 128A with the taxpayer's return, regardless of taxpayer type. Schedule IA 148 was also required to claim any of the credits with the exception of the Sales Tax Refund.

M. **Performance Monitoring Requirements:** Businesses had to certify that they were in compliance with the requirements of the agreement. Companies awarded credits agreed to job creation, high-quality job creation, wage, and investment goals. The Business Services Unit of IEDA surveyed companies every six months to assess progress toward meeting these goals.

New Jobs and Income Program (NJIP)

A. **Date Repealed:** This program was repealed effective July 1, 2005.

B. **Last Code Citation(s):**
Section 15.326 through Section 15.337, Code of Iowa 2005

C. **Program Description Based on Code Language and Administrative Rules:** The New Jobs and Income Program provided a package of tax credits and exemptions to businesses making a capital investment of at least $12,100,000 in CY 2005 and creating 50 or more jobs meeting wage and benefit targets within five years. Any awards made before July 1, 2005 will be honored until the NJIP contract expires.

Businesses participating in NJIP received multiple tax incentives, including:

- Local property tax exemptions for up to 20 years on the value added to the property.
- Supplemental withholding tax credits for new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- Refunds of sales or use taxes paid to contractors or subcontractors during construction and/or for racks, shelving and conveyor equipment used in warehouse/distribution center projects.
- A corporation tax credit for certain sales taxes paid by a third-party developer.
- An Investment Tax Credit of up to 10 percent of the capital investment in machinery and equipment, land, buildings, and improvements to existing

buildings. This Iowa tax credit may be carried forward for up to seven years or until depleted.

- A Supplemental Research Activities Tax Credit may be awarded to a company participating in the program. The supplemental credit could allow the company to as much as double their Research Activities Tax Credit for up to 10 years. A business was eligible for NJIP benefits if it:
- Paid a median starting wage of at least $13.35 per hour in CY 2005 or 130 percent of the average county wage, whichever is higher (see appendix for recent county and regional wages).
- Provided and paid at least 80 percent of the costs of a standard employee medical and dental insurance plan for all full-time employees.
- Did not close or significantly reduce operations elsewhere in Iowa in order to relocate the operation to the proposed community.
- Was not a retail establishment.

Additionally, a participating company had to meet at least three of the following criteria:

- Offer a pension or profit-sharing plan.
- Produce/manufacture value-added goods or services or belong to one of Iowa's "target" business segments: value-added agricultural products; insurance, financial services or telecommunications; plastics; metals; printing, paper or packaging products; pharmaceuticals; software development; instruments, measuring devices and medical instruments; and recycling and waste management.
- Make daycare services available.
- Annually invest no less than 1 percent of the Iowa facility's pretax profits in research and development.
- Have a productivity and safety improvement program in place.
- Annually invest not less than 1 percent of Iowa facility's pretax profits in worker training and skills enhancement.
- Occupy an existing vacant facility of at least 20,000 square feet.

D. **Year Program Enacted or Modified:** This program went into effect on July 1, 1994. Effective July 1, 2005, the New Jobs and Income Program was repealed and replaced by the High Quality Job Program.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Iowa Economic Development Authority (IEDA).

F. **Taxes to which Credit Applied:**

- Local Property Tax Exemption applied to property tax.
- Supplemental New Jobs Credit applied to withholding tax.
- Sales Tax Refund applied to sales and use tax.
- Corporation Tax Credit for Third Party Sales Tax applied to corporation income, franchise, insurance premium, and moneys and credits taxes.
- Investment Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.
- Supplemental Research Activities Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** The Third Party Sales Tax Credit required the business to submit completed forms for the credit to IEDA, which then issued a tax credit certificate, with a unique certificate number. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it is used. The certificate had to contain the taxpayer's name, address, tax identification number and the amount of tax credits.

Companies with value-added agricultural and biotechnology projects, could, upon successful completion of the project, receive a portion of the Investment Tax Credit in the form of a refund. IEDA would issue the tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it was used. The certificate had to contain the taxpayer's name, address, tax identification number, and the amount of tax credits.

H. Credit Limits: The refund of unused Investment Tax Credits for value-added agricultural and biotechnology projects was limited to $4 million per fiscal year. Credits were prorated by IEDA among all applicants.
Warehouse and distribution center projects could receive a refund of sales taxes paid on racks, shelving and conveyor equipment. The Iowa Department of Revenue could not issue more than $500,000 of these refunds during a fiscal year. The refunds were issued on a first-come, first-served basis. Taxpayers not receiving a refund due to the $500,000 limit would have their requests considered in the succeeding fiscal year.

I. Transferability Provisions: Credits could not be sold or traded. For the Investment Tax Credit and the Supplemental Research Activities Tax Credit, credits awarded to a pass-through entity should be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. Refundability Provisions:

- Local Property Tax Exemption was nonrefundable.
- Supplemental Withholding Tax Credit was nonrefundable.
- Sales Tax Refund was refundable.
- Corporation Tax Credit for Third Party Sales Tax was refundable or could be carried forward for up to seven years.
- Investment Tax Credit was generally nonrefundable. Investment Tax Credit could be refundable for value-added agricultural and biotechnology projects, subject to the cap of $4 million per fiscal year. Any nonrefundable credit in excess of tax liability could be carried forward for up to seven years.
- Supplemental Research Activities Tax Credit was refundable.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit may be claimed in full.

L. Claim Filing Requirements: Supplemental New Jobs Credit required valid agreement with a community college under Chapter 260E, Code of Iowa. The Sales Tax Refund required filing the Construction Contract Claim for Refund form. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. The Investment Tax Credit required filing Form IA 3468 with the taxpayer's return, regardless of taxpayer type. The Supplemental Research Activities Tax Credit required filing Form IA 128 or Form IA 128A with the taxpayer's return, regardless of taxpayer type. Schedule IA 148 was also required for credits being claimed again corporate income, individual income, franchise, and insurance premium taxes.

M. **Performance Monitoring Requirements:** Companies awarded credits agreed to job creation, job retention, wage, and investment goals. The Business Services unit of the Economic Development Authority surveyed companies every six months to assess progress toward meeting these goals.

Soy-Based Cutting Tool Oil Tax Credit

A. **Date Repealed:** This program was repealed effective December 31, 2006.

B. **Last Code Citation(s):**

Section 422.11I, Code of Iowa 2007
Section 422.33(19), Code of Iowa 2007

C. **Program Description Based on Code Language and Administrative Rules:** A manufacturer was eligible to take a credit equal to the costs incurred for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs had to be incurred after June 30, 2005, and before January 1, 2007, and the costs had to be incurred during the first 12 months of transition. This affected tax years ending after June 30, 2005, and beginning before January 1, 2007. The costs could not exceed two dollars per gallon, and the number of gallons eligible for the credit could not exceed 2,000 gallons.

D. **Year Program was Enacted or Modified:** This program went into effect on June 30, 2005. The program was repealed effective December 31, 2006.

E. **Credit Award Mechanism:** Credits did not require an award. Taxpayers claimed the credit, if eligible, on the individual or corporation income tax return.

F. **Taxes to which Credit Applied:** The Soy-Based Cutting Tool Oil Tax Credit applied to corporation income and individual income taxes.

G. **Certification Requirements:** None

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity should have been claimed by the entity’s owners based on the share of the entity’s income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable. Any credit in excess of the tax liability could be carried forward to the next tax year.

K. Treatment of Credit for Non-Resident and Part-Year Residents: Credit could be claimed in full.

L. Claim Filing Requirements: For taxpayers filing corporation income tax returns, Schedule C1 had to be attached. All claimants had to file Schedule IA 148.

M. Performance Monitoring Requirements: None

Soy-Based Transformer Fluid Tax Credit

A. Date Repealed: This program was repealed effective December 31, 2009.

B. Last Code Citation(s):

Section 476D, Code of Iowa 2007
Section 422.11R, Code of Iowa 2007
Section 422.33 (23), Code of Iowa 2007
Section 423.4 (7), Code of Iowa 2007
Section 437A.17C, Code of Iowa 2007

C. Program Description Based on Code Language and Administrative Rules: Electric utilities may claim this credit for the costs incurred by the utility for the purchase and replacement costs relating to the transition from using nonsoy-based transformer fluid to using soy-based transformer fluid. The costs must be incurred after June 30, 2006, and before January 1, 2009, and the costs must be incurred during the first eighteen months of the transition. The cost of the purchase and replacement cannot exceed two dollars per gallon of soy-based transformer fluid, and the number of gallons eligible for the credit cannot exceed 20,000 gallons per electric utility. The total amount of soy-based transformer fluid eligible for a tax credit cannot exceed 60,000 gallons in the aggregate.

If the electric utility elects to take the tax credit, any costs incurred in the transition that are deductible for federal income tax purposes cannot be deducted for Iowa tax purposes.

D. Year Program was Enacted or Modified: This program went into effect on July 1, 2006. During the 2008 legislative session the credit was extended for an additional year. This program was repealed effective December 31, 2009.

E. Credit Award Mechanism: The Soy-Based Transformer Fluid Tax Credit was awarded based on application to the Iowa Department of Revenue.

F. **Taxes to which Credit Applied:** The Soy-Based Transformer Fluid Credit applied to corporation income, individual income, sales and use, and replacement taxes.

G. **Certification Requirements:** In addition to the application, the electric utility had to submit a copy of a signed purchase agreement or other agreement to purchase soy-based transformer fluid. The Iowa Department of Revenue calculated the amount of the credit and issued a tax credit certificate to the applicant. The tax credit certificate contained the taxpayer's name, address, tax identification number, a unique certificate number, the amount of credit, the first year the certificate may be used, the type of tax to which the credit will apply, and any other information required by the Department. The certificate could only list one type of tax for which the credit may be applied.

H. **Credit Limits:** None

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity should have been claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable. Any credit in excess of the tax liability could also be carried forward to the next tax year.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns, Schedule C1 had to be attached. For all taxpayers, Schedule IA 148 had to be attached.

M. **Performance Monitoring Requirements:** None

Taxpayers Trust Fund Tax Credit

A. **Date Repealed:** This tax credit was repealed January 1, 2018.

B. **Last Code Citation(s):**

Section 422.11E, Code of Iowa 2017

C. **Program Description Based on Code Language and Administrative Rules:** This tax credit was available in any year in which the Iowa Taxpayers Trust Fund balance exceeded $30 million. The credit was first available in tax year 2013, for all individuals who filed an Iowa Income Tax return by October 31, 2014.

The amount of the tax credit was calculated each year by the Iowa Department of Revenue (IDR). The tax credit was equal to the amount of funds transferred from the Iowa Taxpayers Trust Fund, divided by the number of eligible taxpayers who filed timely returns during the prior tax year. Eligible taxpayers included residents, nonresidents, and all taxpayers that filed a composite return. Married taxpayers who filed a joint return counted as two taxpayers. The Taxpayers Trust Fund Tax Credit equaled $54 in tax year 2013 and $15 in tax year 2014. No tax credit was available for tax years 2015, 2016, or 2017.

The tax credit was nonrefundable, but was applied after all other tax credits had been claimed against the individual income taxes imposed. Therefore, only taxpayers with a positive Iowa tax liability could claim the tax credit. During the 2018 legislation session this credit was repealed retroactively to January 1, 2018, for tax years beginning on or after that date.

D. **Year Program was Enacted or Modified:** This tax credit went into effect on January 1, 2013. The tax 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 preceding the year in which the credit is allowed.

E. **Credit Award Mechanism:** Credits did not require an award. Taxpayers claimed the credit, if eligible, on the individual income tax return.

F. **Taxes to which Credit Applied:** The Taxpayers Trust Fund Tax Credit applied to individual income tax.

G. **Certification Requirements:** None

H. **Credit Limits:** The tax credit amount per taxpayer was limited each year to the amount calculated by IDR based on the transfer authorized by the Department of Management and the number of taxpayers who filed returns in the prior tax year. If the total amount of Taxpayers Trust Fund Tax Credits claimed on tax returns was less than the amount authorized, the difference was transferred back to the Taxpayers Trust Fund for possible disbursement in the subsequent tax year.

I. **Transferability Provisions:** Credits could not be sold, traded or otherwise transferred.

J. **Refundability Provisions:** Credits were nonrefundable. Unused credits could not be carried forward.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full by taxpayers with tax liability after all credits in excess of the credit amount.

L. Claim Filing Requirements: The Iowa individual income tax return had to be filed by October 31 in order to be eligible to claim the Taxpayers Trust Fund Tax Credit.

M. Performance Monitoring Requirements: None

Venture Capital Tax Credit – Iowa Fund of Funds

A. Date Repealed: This tax credit is repealed upon the occurrence of one of the following, a) the expiration or termination of all fund documents, or b) December 31, 2027, whichever is earlier. No further tax credits will be issued under this code section.

B. Last Code Citation(s):

Section 15E.61 through Section 15E.69, Code of Iowa 2017
Section 15E.72, Code of Iowa 2017
Section 422.11Q, Code of Iowa 2017
Section 422.33 (20), Code of Iowa 2017
Section 422.60 (9), Code of Iowa 2017
Section 432.12I, Code of Iowa 2017
Section 533.329 (2)(g), Code of Iowa 2017

C. Program Description Based on Code Language and Administrative Rules: A contingent tax credit was allowed for investments made into the Iowa Fund of Funds. The tax credit was only allowed to the extent that the actual rate of return on these investments did not meet the rate of return guaranteed to investors.

Credits were awarded only when investors presented mature investment certificates and the board certified that the return was lower than the guaranteed rate of return. Based upon the wind down noted below, $25.6 million of tax credit certificates could be issued and redeemed.

D. Year Program Enacted or Modified: This program went into effect on January 1, 2002. Effective April 15, 2010 the aggregate contingent tax credits cap was reduced from $100 million to $60 million. During the 2013 legislative session, legislation was enacted to wind down the Fund of Funds program.

Wind-down provisions included the following:

- The Iowa Fund of Funds could not make new investments in private seed and venture capital partnerships or entities.
- A designated investor could not make any investment in the Iowa Fund of Funds unless such investment was required by the Agreement.

- No additional tax credits could be issued, redeemed or verified unless required by the Agreement or deemed necessary by the Director of Revenue or the Iowa Attorney General's office.
- No new fund managers could be involved in the Fund of Funds program.
- Tax credit certificates could no longer be pledged as security for a loan unless provided in the Agreement.
- The $3 million of credits reserved for loan guarantees and credit related enhancements on loans to rural and small business borrowers was repealed.
- The Iowa Capital Investment Corporation assisted the Iowa Capital Investment Board, the Iowa Department of Revenue (IDR), and the Attorney General's office in winding down the Fund of Funds program.
- Any investment returns for the Fund of Funds in excess of the rate guaranteed to investors was deposited in the General Fund of the State of Iowa after the revolving debt was satisfied.
- The issuance of contingent and verified tax credit certificates related to the Fund of Funds program was to be governed by the Agreement.
- The Fund of Funds program was repealed on the expiration or termination of the Agreement or December 31, 2027, whichever is the later.

E. Credit Award Mechanism: Credits are awarded based on application to the Iowa Capital Investment Board (staffed by IDR).

F. Taxes to which Credit Applied: The Venture Capital Tax Credit – Iowa Fund of Funds applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

G. Certification Requirements: IDR issued a tax credit certificate, with a unique certificate number, to the taxpayer. The tax credit certificate had to be included with the taxpayer's tax return for the year in which it was used. The certificate had to contain the taxpayer's name, address, tax identification number, unique tax credit certificate number, and the amount of tax credits.

H. Credit Limits: Effective April 15, 2010 the aggregate contingent tax credits cap was reduced from $100 million to $60 million. There was a restriction that only $20 million of credits could be claimed in one year. Credits were awarded on a first-come, first-served basis.

I. Transferability Provisions: Credits were transferable. There were no limits. The certificate holder had to surrender the certificate and a request to transfer the certificate, along with the name, address, and taxpayer identification number of the transferee to the Iowa Capital Investment Board. The board then issued a replacement certificate within 10 days.

Credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Credits in excess of tax liability could be carried forward for up to seven years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** The tax credit could not be claimed until after the maturity date noted on the certificate. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be completed. All claimants also had to include the Schedule IA 148 with their return.

M. **Performance Monitoring Requirements:** None

Venture Capital Tax Credit – Venture Capital Funds

A. **Date Repealed:** This program was repealed effective July 1, 2010.

B. **Last Code Citation(s):**

Section 15E.51, Code of Iowa 2009
Section 422.11G, Code of Iowa 2009
Section 422.33 (13), Code of Iowa 2009
Section 422.60 (6), Code of Iowa 2009
Section 432.12B, Code of Iowa 2009
Section 533.329 (2)(i), Code of Iowa 2009

C. **Program Description Based on Code Language and Administrative Rules:** A tax credit was allowed for 6 percent of the equity investment made in a venture capital fund approved by the Iowa Capital Investment Board. Investors had to apply to the Iowa Capital Investment Board by March 31 of the year following the date of the initial investment. Effective July 1, 2010 the tax credit was repealed. However, any qualifying investments made prior to July 1, 2010 remained eligible for the credit.

D. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2002. Effective July 1, 2010 the tax credit was repealed.

E. **Credit Award Mechanism:** Credits were awarded based on application to the Iowa Capital Investment Board (staffed by the Iowa Department of Revenue).

F. **Taxes to which Credit Applies:** The Venture Capital Tax Credit – Venture Capital Funds applies to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

G. **Certification Requirements:** The Iowa Department of Revenue issued tax credit certificates, with a unique certificate number, to the taxpayer. The tax credit certificate had to be attached to the taxpayer's tax return for the year in which it was used. The certificate had to contain the taxpayer's name, address, tax identification number, unique certificate number, and the amount of tax credits.

H. **Credit Limits:** The credits are capped in the aggregate at $5 million. Credits were awarded on a first-come, first-served basis.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were nonrefundable. Credits in excess of tax liability could be carried forward for up to five years.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** The tax credit could not be claimed until three years after the investment was made, so investors who made investments in 2002 could not claim the tax credit until the 2005 tax return. For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. All claimants had to attach Form IA 148 to their return.

M. **Performance Monitoring Requirements:** The Iowa Capital Investment Board was required to publish an annual report with credit activity, including a listing of eligible qualifying businesses and the number of tax credit certificates and the amount of tax credits issued.

Wage-Benefit Tax Credit

A. **Date Repealed:** This program was repealed effective June 30, 2008.

B. **Last Code Citation(s):**

Section 15I.1 through Section 15I.5, Code of Iowa, 2007 Supplement (program description)
Section 422.11L, Code of Iowa 2011
Section 422.33 (18), Code of Iowa 2011
Section 422.60 (10), Code of Iowa 2011
Section 432.12G, Code of Iowa 2011
Section 533.329 (2)(m), Code of Iowa 2011

C. Program Description Based on Code Language and Administrative Rules: A Wage-Benefit Tax Credit was available to non-retail, non-services businesses which created new jobs related to the location or expansion of a business in Iowa. The credit was effective in tax years ending on or after June 9, 2006 through tax year 2011. If the annual wage and benefits equaled at least 130 percent of the average county wage, but less than 160 percent, the tax credit equaled 5 percent of the wages and benefits paid. If the annual wage and benefits were 160 percent or greater of the average county wage, the tax credit equaled 10 percent of the wages and benefits paid. If the business retained the job, the tax credit would be allowed for the subsequent four years, although the credit was awarded for a specific employee and not for a specific position, so if an employee left the position, the credit could no longer be claimed. Companies that receive Wage-Benefit Tax Credits were not eligible to receive benefits from the Iowa Grow Values Fund or the High Quality Job Program, both of which were administered by the Economic Development Authority.

D. Year Program was Enacted or Modified: This program went into effect on June 9, 2006. During the 2008 legislative session this tax credit was repealed, but qualified new jobs in existence on June 30, 2008 could continue to be eligible to receive the tax credits for the remainder of the five year period. However, a business was not entitled to a tax credit for a qualified new job created on or after July 1, 2008.

E. Credit Award Mechanism: Credits were awarded based on application to the Iowa Department of Revenue.

F. Taxes to which Credit Applied: The Wage-Benefit Tax Credit applied to corporation income, individual income, franchise, insurance premium, and moneys and credits taxes.

G. Certification Requirements: Tax credit certificates were issued to applicants determined to be eligible for the credit by the Iowa Department of Revenue. The tax credit certificate had to be attached to the taxpayer's return when the credit was claimed. The tax credit certificate had to identify the business claiming the tax credit and the wage and benefit costs incurred during the previous twelve months. The tax credit certificate had to contain the taxpayer's name, address, tax identification number, unique certificate number, the date of the qualified new job, the amount of credit, and other information required by the Department.

H. Credit Limits: The total amount of credits awarded per fiscal year was limited to $10 million in fiscal year 2007. In fiscal years 2008 through 2011, the total amount of credits awarded was limited to $4 million. The credits were issued on a first-come, first-served basis.

I. **Transferability Provisions:** Credits could not be sold or traded. Credits awarded to a pass-through entity could not be claimed by the entity's owners based on the share of the entity's income distributed to each owner.

J. **Refundability Provisions:** Credits were refundable.

K. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit could be claimed in full.

L. **Claim Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1 had to be attached. All claimants had to attach Schedule IA 148 to their return.

M. **Performance Monitoring Requirements:** According to Section 15H.4, Code of Iowa, IDR could develop definitions for the terms "job creation" and "job retention" to measure and identify the number of permanent, full-time positions which businesses actually create and retain and which can be documented by comparison of the payroll reports during the 24-month period before and after tax credits were earned.

Appendix

Order of the Deduction of Tax Credits

Credits should be claimed in the following order according to Iowa Administrative Code rule 701—304.44 for individuals, Iowa Administrative Code rule 701—501.12 for corporations, and Iowa Administrative Code rule 701—601.24 for franchise tax. Credits that are only available for individual income tax filers are denoted with (^). Credits that are only available for corporation income tax filers are denoted with (*). Credits that are available for multiple tax types are denoted with (+).

1. Personal Exemption Credit (^)
2. Tuition and Textbook Tax Credit (^)
3. Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit (^)
4. Nonresident and Part-Year Resident Credit (^)
5. Out-of-State Tax Credit (^)
6. Franchise Tax Credit (+)
7. S Corporation Apportionment Tax Credit (^)
8. Angel Investor Tax Credit (when nonrefundable for corporation and franchise) (+)
9. Historic Preservation Tax Credit (when nonrefundable) (+)
10. School Tuition Organization Tax Credit (+)
11. Innovation Fund Tax Credit (+)
12. Endow Iowa Tax Credit (+)
13. Redevelopment Tax Credit (+)
14. Farm to Food Donation Tax Credit (+)
15. Workforce Housing Investment Tax Credit (+)
16. Hoover Presidential Library Tax Credit (+)
17. Employer Child Care Tax Credit (+)
18. MEGA Investment Tax Credit (when nonrefundable) (+)
19. Enterprise Zone Investment Tax Credit (+)
20. High Quality Jobs Investment Tax Credit (+)
21. Wind Energy Production Tax Credit (+)
22. Renewable Energy Tax Credit (+)
23. New Jobs Tax Credit (+)
24. Beginning Farmer Tax Credit (+)
25. Agricultural Assets Transfer Tax Credit (+)
26. Custom Farming Contract Tax Credit (+)
27. Geothermal Heat Pump Tax Credit/Geothermal Tax Credit (^)
28. Solar Energy System Tax Credit (+)
29. Charitable Conservation Contribution Tax Credit (+)
30. Research Activities Tax Credit (+)
31. Historic Preservation Tax Credit (when refundable) (+)
32. High Quality Jobs Third Party Developer Tax Credit (+)
33. Assistive Device Tax Credit (*)
34. Child and Dependent Care Tax Credit or Early Childhood Development Tax Credit (^)
35. Motor Fuel Tax Credit (+)

36. Claim of Right Tax Credit (^)
37. Angel Investor Tax Credit (when refundable for individuals) (^)
38. Adoption Tax Credit (^)
39. E-85 Gasoline Promotion Tax Credit (+)
40. Biodiesel Blended Fuel Tax Credit (+)
41. E-15 Plus Gasoline Promotion Tax Credit (+)
42. Earned Income Tax Credit (^)
43. Renewable Chemical Production Tax Credit (+)
44. MEGA Investment Tax Credit (when refundable) (+)
45. Public Safety Officer Moving Expense Tax Credit (^)
46. PTET Credit (+)
47. Estimated payments, payment with vouchers, composite credit, and withholding tax (+)

Iowa Economic Development Authority Wage Requirements

Laborshed wages are calculated based on an employment area's actual commuting patterns and exclude retail and healthcare wages, among others; the resulting wage is more representative of a true starting wage for the types of businesses eligible for assistance.

Eligibility

- Jobs must pay a starting wage of 100% of the laborshed wage and will reach 120% within three years (by the end of the contract performance period).
- Projects in counties that are determined to be in an "economically distressed area", jobs only need to meet the 100% laborshed wage threshold through the life of the project.
- Jobs created by projects utilizing the Major Economic Growth and Attraction (MEGA) Program must pay a wage of 140% of the laborshed wage from the project completion date through the maintenance period completion date.

Find Wage Requirements

The current Wage Requirements published by the Iowa Economic Development Authority can be found at: https://www.iowaeda.com/wage-requirements/.

Definitions

Laborshed area - Geographic area surrounding an employment center from which the employment center draws commuting workers. The Iowa Department of Workforce Development (IWD) determines the employment centers and defines the boundaries of each laborshed area. IWD defines laborshed areas by surveying commuters within the various zip code areas surrounding an employment center, combining the zip code areas into as many as three zones, and determining how many people commute from a zip code to the employment center from each zone. The zones reflect the fact that as the distance from an employment center increases, the number of people willing to commute to the employment center decreases. When determining the applicable laborshed wage, the Iowa Economic Development Authority (IEDA) will use the closest laborshed area, as determined by road distance between the employment center and the zip code of the project location.

Laborshed wage - Same as defined in Iowa Code section 15.327. The IEDA will calculate the laborshed wage as follows:

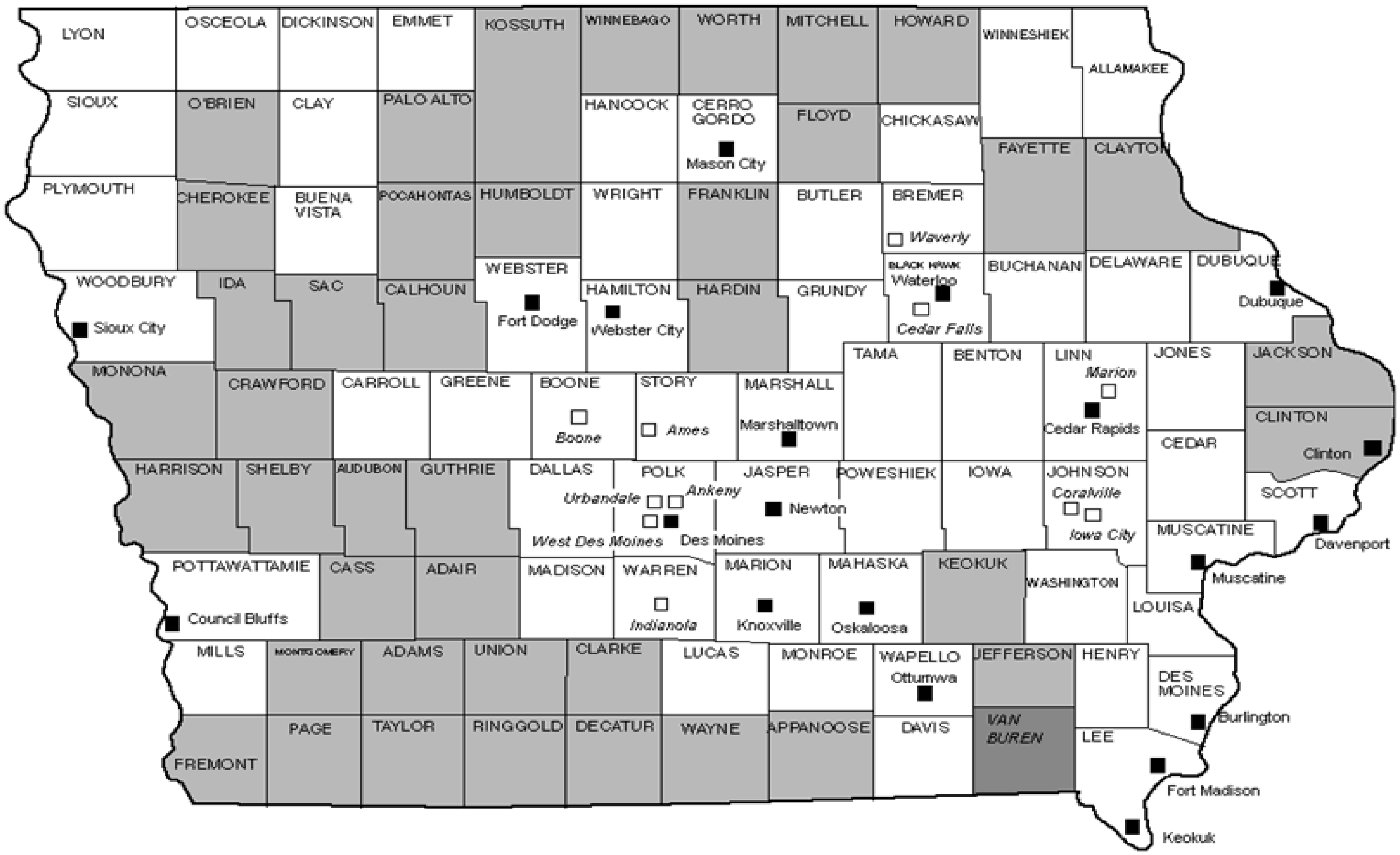
- Most current covered wage and employment data from IWD used
- Wage computed as a mean wage figure and represented in terms of an hourly rate
- Only wages paid for jobs performed within the first 2 zones of a laborshed area included
- Wages paid in government, retail trade, heath care and social assistance, and accommodations and food service will be excluded from the calculation

- If laborshed area includes zip codes from states, wages paid in those zip codes may be included if IWD has a final data sharing agreement with the state and has required data
- Only wages within 2 standard deviations from the mean wage included

Economically distressed area - (Effective September 1, 2022) A county that fits among three of the following six criteria:

- 33 counties with highest average monthly unemployment rate for the most recent twelve-month period, according to the Bureau of Labor Statistics' Local Area Unemployment Statistics
- 33 counties with highest average annualized unemployment for the most recent five-year period, according to the Bureau of Labor Statistics' Local Area Unemployment Statistics
- 33 counties with the lowest annual average annual weekly wages, according to the Bureau of Labor Statistics' Quarterly Census of Employment and Wages
- 33 counties with the highest family poverty rate, according to the Census Bureau's American Community Survey
- 33 counties with the highest percentage of persons age sixty-five or older, according to the Census Bureau's American Community Survey
- 33 counties with the highest percentage population loss comparing the most recent population estimates from the Census Bureau to the most recent decennial census (in a calendar year when decennial census data is released, the percentage population loss will compare the decennial census data released that calendar year to the population in the decennial census released ten years prior)

Iowa Counties and Cities That Had Certified Enterprise Zones



(light grey)	Eligible County with Existing Zones	■	Eligible City with Existing Zones
(dark grey)	*Eligible County – No Established Zones*	□	*Eligible City – No Established Zones*

Legislative Tax Expenditure Committee Tax Credit Review Schedule

Based on Code of Iowa, Section 2.48

Year	Tax Credit
2025	Beginning Farmer Tax Credit Program Assistive Device Tax Credit for C Corporations Charitable Conservation Contribution Tax Credit Claim of Right Tax Credit Minimum Tax Credit Fuel Tax Credit Iowa New Jobs Tax Credit Program S Corporation Apportionment Tax Credit
2026	Earned Income Tax Credit Franchise Tax Credit High Quality Jobs Program Research Activities Tax Credit Property Homestead Tax Credit Elderly and Disabled Property Tax Credit Property Agricultural Land Tax Credit Property Military Service Tax Credit Business Property Tax Credit Commercial and Industrial Property Tax Replacement Claims
2027	Increased Local Option Sales Tax Funding of Urban Renewal Projects Innovation Fund Tax Credit Renewable Chemical Production Tax Credit School Tuition Organization Tax Credit Targeted Jobs Withholding Tax Credit Tuition and Textbook Tax Credit
2028	Brownfield - Grayfield Redevelopment Tax Credit Child and Dependent Care Tax Credit Early Childhood Development Tax Credit Endow Iowa Tax Credit Property Tax Increment Financing for Urban Renewal Areas
2029	Angel Investor Tax Credit (Venture Capital Tax Credit - Qualifying Business) Biodiesel Blended Fuel Tax Credit E15 Plus Gasoline Promotion Tax Credit E85 Gasoline Promotion Tax Credit Historic Preservation Tax Credit Renewable Energy Tax Credit Wind Energy Production Tax Credit