

IOWA Department of REVENUE

Tax Credits Contingent Liabilities Report

December 15, 2010

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

This report presents six types of data:

1. Tax Credit Awards in State Fiscal Years 2001 through 2011
2. Tax Credit Claims in Tax Years 2000 through 2009
3. Sales and Use Tax Refunds by Tax Credit Program for State Fiscal Years 2000 through 2011
4. Withholding Tax Credit Claims by Quarter since January 2005
5. Forecasts of the Contingent Liabilities due to Tax Credits for FY 2011 through 2015
6. Forecasts of Expected Claims of Tax Credits for FY 2011 through 2015

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

Summary

- Tax credit awards in FY 2009, totaling \$155 million, were 28 percent below FY 2008 and 57 percent below FY 2007, when a record \$364.7 million were awarded. Although awards in FY 2010 increased 20 percent over FY 2009 to \$188 million, they remained below award levels in FY 2007 and 2008, a result of the recession.
- Tax credit claims against individual income, corporate income, insurance premium, and franchise taxes for tax year 2008, the most recent year with complete data, exceeded \$188 million, up from \$184 million in tax year 2007.
- During FY 2010, nearly \$9.2 million in sales and use taxes were refunded under tax credit programs and an additional \$50.0 million in tax credit claims were made against individual income tax withholding.
- The contingent liability of tax credits is \$371.1 million for FY 2011 and \$356.0 million for FY 2012.
- Contingent liability and estimated claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. However, since the tax credits schedule was only initiated in tax year 2006, information on claims made against some tax credits awarded prior to that time is not available. Because claims data are constantly updated, these forecasts will change each quarter based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

Tax Credit Awards

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

The amount of awarded tax credits substantially increased between FY 2001 and FY 2007, but has since declined and in FY 2009 was at its lowest level since FY 2005, which was likely due to the recession (see Table 1). The increase was due to higher utilization and rising caps for some of the existing programs as well as the addition of new tax credit programs. The substantial increase during FY 2007 was largely due to awards made to biofuel producers. Information on the amount of the awards was received from the agencies issuing the tax credits. For the Accelerated Career Education (ACE) Program, the Historic Preservation and Cultural and Entertainment District Tax Credit, and the Wage-Benefit Tax Credit it is assumed that the full amount of the tax credit cap was awarded.

Total FY 2010 awards increased 20 percent over FY 2009 awards. The programs with the largest increases in awards for FY 2010 were the High Quality Jobs Program and the Historic Preservation and Cultural and Entertainment District Tax Credit. The High Quality Jobs Program increase can likely be attributed to the economic recovery with more companies looking to build and expand. The Historic Preservation Tax Credit increase can be attributed to an expansion of the program cap from \$15 million to \$50 million.

Tax Credit Claims

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed tax credit claim data has improved. However, this data is limited because prior to the 2006 tax year, most tax credits were aggregated on tax forms. This prevented collection of data on tax credit claims by tax credit program. A summary of data from the IA 148 for tax years 2006 and 2007 has been published separately and can be found online at: <http://www.iowa.gov/tax/taxlaw/TaxCreditsClaimReport2007.pdf>.

After consistent growth in individual tax credit claims since tax year 2000, in 2007 there was some leveling off (see Table 2). Credit claims increased again in tax year 2008 by about \$10.9 million, but then decreased by nearly 6.5 million in tax year 2009. The biggest decrease in tax year 2009 was seen in "Other Nonrefundable Tax Credits" which saw a nearly \$11 million drop in claims.

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

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

Sales & Use Tax Refunds for Tax Credit Programs

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

Tax Credits from Withholding

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

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is available since March 2005 (see Table 6), which was the first quarter of the Department of Revenue's E-File and Pay system. This system allows taxpayers to file withholding tax returns on a secure Web site. An increase can be seen in withholding tax credits over this time period. It is apparent that total withholding credits are strongly driven by the Iowa Industrial New Jobs Tax Credit (260E) (see Figure 1). The "Credits Incorrectly Claimed on Return" in Table 6 are tax credits that were incorrectly claimed on the withholding tax return and does not include any credits that were claimed incorrectly due to lack of eligibility.

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

Tax Credit Contingent Liabilities Projection

Forecasts of the liability facing General Fund revenues due to tax credits show that potential tax credit claims may begin to decrease after FY 2011 (see Table 8). The amounts of contingent liability were estimated using a number of methods, but in all cases it was assumed that 100 percent of awards under a cap would be made and 100 percent of awards issued would be claimed. The methods used for forecasting each tax credit are listed in the table footnotes.

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

Most of the historical numbers provided are actual claims made against each of the tax credits on the IA 148, with the exception of the Enterprise Zone, High Quality Jobs, New Capital Investment, and New Jobs and Income Programs. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are sent to the Compliance Division of the Department of Revenue for review. In the case of the DED programs mentioned above, historical claim data is estimated because corporate fiscal year filers cause a gap in the information available. FY 2009 was the first fiscal year in which all taxpayers were required to complete the IA 148, but the review of the tax credit claims under those programs has not yet been finalized.

Most of the tax returns that were filed in FY 2010 have been entered into the IA 148 database and therefore many of the FY 2010 history numbers are final. However, it is possible the numbers will change as there are still some claims that have yet to be entered.

The Film, Television, and Video Project Promotion Program (FILM) is currently being reviewed by State officials. As new information is received from other State departments the estimates are adjusted.

Due to the uncertainty regarding some of the film tax credits, the forecast for this program has been divided into three parts. The "Awarded" credits account for the projects that have already been issued tax credit certificates (see Table 1). The "Under Review" credits account for an estimate of eventual claims by projects approved to participate in the program before its suspension in September 2009. The "Future Awards Under the Cap" credits includes an estimate of claims that will be made once the program is reinstated in FY 2014 under the DED \$120 million tax credit award cap. The estimates for the last two parts are separated from all other estimates but can be found below the "Capped Programs" section of Table 8. The total estimate for all tax credit programs is provided with and without these film estimates at the end of Table 8.

Tax Credit Expected Claims Projection

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

The historical numbers provided are the same numbers presented in Table 8. The primary difference between the Contingent Liabilities Projection (Table 8) and the Expected Claims Projection is the amount of awarded credits that are actually expected to be awarded and claimed. For example, the amounts presented in Table 8 for the Venture Capital Tax Credit – Fund of Funds are reduced to zero as historically no awards have been made and are not expected to be awarded in the future. The difference between contingent liabilities and expected claims with and without FILM estimates can be seen in Figure 2.

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

Table 1: Tax Credit Awards by Fiscal Year

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*
Accelerated Career Education Program (ACE) [†]	\$2,784,552	\$2,900,752	\$3,900,872	\$5,814,485	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$5,400,000
Agricultural Assets Transfer Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$0	\$1,358,604	\$2,212,946	\$2,605,826	\$3,168,000
Assistive Device Tax Credit	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit [†]	n/a	n/a	\$1,003,773	\$2,000,000	\$2,000,000	\$2,000,000	\$1,710,453	\$1,490,283	\$2,737,444	\$1,409,122
Enterprise Zone Program [†]	\$68,865,745	\$13,282,669	\$20,455,353	\$37,386,889	\$73,762,466	\$78,614,080	\$29,251,444	\$11,660,372	\$17,835,098	\$11,625,323
Enterprise Zone Program - Housing Component [†]	\$4,453,528	\$5,780,202	\$9,885,694	\$10,154,458	\$13,611,778	\$7,124,724	\$9,841,223	\$13,838,336	\$ 14,660,947	\$1,277,808
Film Expenditure Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	n/a	\$383,934	\$15,372,554	\$3,826,560	\$226,959
Film Investment Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	n/a	\$206,397	\$8,557,107	\$3,621,091	\$186,208
High Quality Job Program [†]	n/a	n/a	n/a	n/a	\$38,907,926	\$181,820,196	\$70,229,567	\$9,444,374	\$33,814,827	\$9,969,639
Historic Preservation and Cultural and Entertainment District Tax Credit [†]	\$2,400,000	\$2,400,000	\$2,400,000	\$2,370,000	\$6,400,000	\$6,400,000	\$9,800,000	\$15,000,000	\$50,000,000	\$45,000,000
Iowa Industrial New Jobs Training Program (260E)	\$36,465,750	\$26,705,000	\$26,746,500	\$60,659,000	\$37,020,000	\$64,941,000	\$68,115,000	\$51,025,000	\$35,505,000	\$5,575,000
New Capital Investment Program	n/a	n/a	\$24,174,619	\$13,464,864	n/a	n/a	n/a	n/a	n/a	n/a
New Jobs and Income Program	\$24,995,065	\$47,523,776	\$35,375,781	\$40,402,878	n/a	n/a	n/a	n/a	n/a	n/a
Redevelopment Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$1,000,000	n/a
Renewable Energy Tax Credit [†]	n/a	n/a	n/a	n/a	\$0	\$0	\$1,492,898	\$2,570,197	\$1,594,829	\$0
School Tuition Organization Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$2,500,000	\$4,886,880	\$6,200,378	\$7,402,023	\$7,500,000
Soy-Based Transformer Fluid Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$17,062	\$17,540	\$3,394	n/a	n/a
Targeted Jobs Tax Credit from Withholding	n/a	n/a	n/a	n/a	n/a	\$845,700	\$5,714,588	\$8,014,000	\$2,638,177	\$3,401,139
Venture Capital Tax Credit - Fund of Funds [†]	n/a	n/a	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Seed Capital Fund [†]	n/a	\$374,419	\$719,535	\$824,872	\$2,166,308	\$3,784,713	\$2,130,133	\$0	\$0	\$0
Venture Capital Tax Credit - Venture Capital Fund [†]	n/a	\$200,448	\$384,600	\$185,625	\$764,411	\$620,404	\$59,760	\$140,856	\$217,320	\$0
Wage Benefit Tax Credit [†]	n/a	n/a	n/a	n/a	n/a	\$10,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Wind Energy Production Tax Credit [†]	n/a	n/a	n/a	n/a	\$0	\$0	\$0	\$0	\$516,821	\$0
Total Credits Awarded Each Fiscal Year	\$139,967,140	\$99,167,266	\$125,046,727	\$173,263,071	\$180,632,889	\$364,667,880	\$215,198,421	\$155,529,796	\$187,975,963	\$98,739,197

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

Source: Awarding Agencies

n/a = program not yet created, or discontinued

[†] = tax credit programs that have capped awards

* = partial award year

Table 2: Tax Credit Claims by Tax Year

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Individual Income Tax Credits	\$48,279,743	\$51,410,455	\$72,705,744	\$81,418,844	\$84,959,270	\$105,116,138	\$132,644,831	\$131,900,401	\$142,765,119	\$136,271,966
Child & Dependent Care Tax Credit	\$6,396,628	\$6,236,660	\$6,160,402	\$8,354,236	\$8,120,963	\$8,241,622	\$8,918,055	\$8,800,473	\$8,209,472	\$8,035,152
Early Childhood Development Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	\$457,802	\$506,182	\$521,513	\$566,380
Earned Income Tax Credit	\$6,142,575	\$6,504,698	\$8,304,908	\$8,534,392	\$8,902,719	\$9,800,348	\$10,736,848	\$23,594,812	\$24,994,270	\$28,877,277
Tuition and Textbook Tax Credit	\$11,453,646	\$12,379,883	\$13,138,193	\$13,772,790	\$14,267,756	\$15,235,560	\$15,054,930	\$15,287,421	\$15,135,572	\$15,435,555
Other Nonrefundable Tax Credits	\$23,228,165	\$24,668,908	\$42,394,881	\$46,272,542	\$49,359,183	\$65,243,453	\$90,042,381	\$72,550,295	\$81,916,644	\$70,983,161
Other Refundable Tax Credits	\$1,058,729	\$1,620,306	\$2,707,360	\$4,484,884	\$4,308,649	\$6,595,155	\$7,434,815	\$11,161,218	\$11,987,648	\$12,374,441

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Total Corporate Income Tax Credits	\$36,194,917	\$32,343,090	\$34,163,685	\$35,817,062	\$39,457,598	\$49,626,167	\$75,140,739	\$90,476,775	\$81,796,779	\$25,192,734
Other Credits (Nonrefundable)	\$9,025,440	\$5,114,323	\$3,891,798	\$2,883,458	\$4,714,399	\$5,025,609	\$17,695,771	\$21,788,775	\$18,311,918	#
Other Credits (Refundable)							\$15,096,235	\$14,435,889	\$14,055,657	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$1,833,421	\$1,875,798	\$2,209,527	\$2,297,027	\$1,516,298	\$5,226,650	\$2,254,517	\$1,979,637	\$1,231,641	#
Research Activities Credit	\$25,336,056	\$25,352,969	\$28,062,360	\$30,636,577	\$33,226,901	\$39,373,908	\$40,094,216	\$52,272,474	\$48,197,563	#

Source: IDR data

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

* = incomplete data for tax year

n/a = program not yet created, or discontinued

= tax credit detail not yet available

Table 3: Nonrefundable Tax Credit Claims from IA 148

Tax Type	TY 2006	TY 2007	TY 2008
Corporate Income Tax	\$19,950,288	\$23,768,412	\$19,543,559
Franchise Tax	\$717,319	\$632,919	\$4,015,899
Individual Income Tax	\$90,042,381	\$72,550,295	\$81,241,981
Insurance Premium Tax	\$3,278,104	\$1,864,663	\$3,042,067
Total	\$113,988,092	\$98,816,289	\$107,843,506

Source: IDR data

Table 4: Refundable Tax Credit Claims from IA 148

Tax Type	TY 2006	TY 2007	TY 2008
Corporate Income Tax	\$55,190,451	\$66,708,363	\$62,253,220
Franchise Tax	\$0	\$3,762,902	\$4,343,006
Individual Income Tax	\$7,434,815	\$11,161,218	\$11,575,662
Insurance Premium Tax	\$0	\$3,833,435	\$2,170,074
Replacement Tax	\$0	\$23,090	\$0
Total	\$62,625,266	\$85,489,008	\$80,341,962

Source: IDR data

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

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Job Program	Total Refunds
FY 2000	\$104,215	\$36,527				\$140,742
FY 2001	\$370,922	\$209,927	\$893,857			\$1,474,706
FY 2002	\$875,824	\$221,315	\$545			\$1,097,684
FY 2003	\$1,546,062	\$304,471	\$447,793			\$2,298,326
FY 2004	\$979,526	\$428,709	\$753,322			\$2,161,557
FY 2005	\$747,109	\$612,061	\$575,704	\$70,059		\$2,004,933
FY 2006	\$482,531	\$856,435	\$404,974	\$924,309	\$0	\$2,668,249
FY 2007	\$438,370	\$1,956,763	\$1,656,558	\$4,096,721	\$4,258	\$8,152,670
FY 2008	\$1,511,690	\$1,095,621	\$1,139,050	\$237,571	\$2,468,854	\$6,452,786
FY 2009	\$2,752,079	\$1,634,631	\$0	\$0	\$2,503,096	\$6,889,806
FY 2010	\$1,641,058	\$1,240,058	\$20,497	\$0	\$6,282,647	\$9,184,260
FY 2011*	\$83,001	\$631,013	\$0	\$0	\$758,249	\$1,472,263

Source: IDR data

Table 6: Withholding Tax Credits Claimed by Quarter

Quarter	Number	Total Tax Credits	New Jobs Tax Credit (260E)	Supplemental Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit	Credits Incorrectly Claimed on Return	Total of Paper Filed Returns Without Credit Detail
3/31/2005	457	\$5,750,798	\$3,963,285	\$386,005	\$0	\$664,511	\$700	\$736,298
6/30/2005	546	\$7,057,125	\$5,470,408	\$185,980	\$0	\$534,135	\$700	\$865,905
9/30/2005	602	\$7,085,659	\$5,604,350	\$242,021	\$0	\$1,181,479	\$3,553	\$54,258
12/31/2005	716	\$9,674,093	\$7,406,189	\$657,046	\$0	\$1,419,595	\$63,461	\$127,805
3/31/2006	653	\$8,689,978	\$6,877,852	\$577,117	\$0	\$1,114,214	\$18,012	\$102,783
6/30/2006	712	\$10,243,946	\$8,169,745	\$546,401	\$0	\$1,428,627	\$94,666	\$4,508
9/30/2006	804	\$11,961,186	\$10,046,672	\$630,633	\$0	\$997,242	\$236,465	\$50,174
12/31/2006	894	\$12,676,045	\$10,885,718	\$906,277	\$0	\$759,043	\$107,791	\$17,217
3/31/2007	814	\$11,473,164	\$8,855,258	\$1,025,555	\$1,864	\$1,287,368	\$286,488	\$16,633
6/30/2007	807	\$11,355,195	\$8,255,593	\$1,118,868	\$6,085	\$1,838,466	\$124,095	\$12,089
9/30/2007	827	\$12,734,485	\$10,241,714	\$1,158,000	\$63,101	\$1,134,442	\$124,603	\$9,767
12/31/2007	893	\$12,978,790	\$10,385,484	\$1,452,832	\$100,322	\$830,391	\$188,748	\$21,013
3/31/2008	822	\$12,864,996	\$9,762,533	\$1,326,834	\$99,217	\$1,238,707	\$430,399	\$7,306
6/30/2008	816	\$12,404,610	\$9,328,063	\$1,259,748	\$87,832	\$1,272,347	\$209,123	\$247,497
9/30/2008	789	\$12,267,989	\$9,673,380	\$1,374,119	\$121,179	\$856,238	\$241,024	\$2,049
12/31/2008	915	\$12,873,826	\$9,771,053	\$1,829,832	\$166,873	\$888,139	\$178,195	\$39,734
3/31/2009	763	\$11,660,895	\$9,404,624	\$1,146,281	\$128,448	\$820,340	\$155,959	\$3,545
6/30/2009	868	\$11,764,118	\$8,990,535	\$1,001,498	\$135,908	\$1,386,004	\$247,296	\$2,877
9/30/2009	810	\$12,143,164	\$9,146,571	\$1,156,171	\$163,904	\$1,525,439	\$149,242	\$1,837
12/31/2009	575	\$13,506,892	\$11,102,950	\$1,279,796	\$231,802	\$881,055	\$11,289	\$0
3/31/2010	548	\$12,244,353	\$9,441,582	\$1,130,478	\$145,087	\$1,504,525	\$22,681	\$0
6/30/2010	556	\$12,139,212	\$9,486,525	\$1,095,123	\$171,525	\$1,339,661	\$46,378	\$0
9/30/2010	523	\$10,769,225	\$8,268,941	\$1,165,903	\$243,621	\$1,021,344	\$69,416	\$0
FY 2006	2683	\$35,693,676	\$28,058,136	\$2,022,585	\$0	\$5,143,915	\$179,692	\$289,354
FY 2007	3319	\$47,465,590	\$38,043,241	\$3,681,333	\$7,949	\$4,882,119	\$754,839	\$96,113
FY 2008	3358	\$50,982,881	\$39,717,794	\$5,197,414	\$350,472	\$4,475,887	\$952,873	\$285,583
FY 2009	3335	\$48,566,828	\$37,839,592	\$5,351,730	\$552,408	\$3,950,721	\$822,474	\$48,205
FY 2010	2489	\$50,033,621	\$39,177,628	\$4,661,568	\$712,318	\$5,250,680	\$229,590	\$1,837
YTD FY 2011	523	\$10,769,225	\$8,268,941	\$1,165,903	\$243,621	\$1,021,344	\$69,416	\$0
CY 2005	2321	\$29,567,675	\$22,444,232	\$1,471,052	\$0	\$3,799,720	\$68,414	\$1,784,266
CY 2006	3063	\$43,571,155	\$35,979,987	\$2,660,428	\$0	\$4,299,126	\$456,934	\$174,682
CY 2007	3341	\$48,541,634	\$37,738,049	\$4,755,255	\$171,372	\$5,090,667	\$723,934	\$59,502
CY 2008	3342	\$50,411,421	\$38,535,029	\$5,790,533	\$475,101	\$4,255,431	\$1,058,741	\$296,586
CY 2009	3016	\$49,075,069	\$38,644,680	\$4,583,746	\$660,062	\$4,612,838	\$563,786	\$8,259
YTD CY 2010	1627	\$35,152,790	\$27,197,048	\$3,391,504	\$560,233	\$3,865,530	\$138,475	\$0

Source: IDR data.

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

	Amount of 260E Credits Awarded	Payments Received by the Community Colleges	Amount of 260E and Supplemental Credit Claimed on Withholding Returns	Amount of 260E Income Tax Credit Claims	Total 260E Claims
FY 2001	\$38,567,500	n/a	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	n/a	
FY 2004	\$26,746,500	\$40,667,329	n/a	n/a	
FY 2005	\$60,659,000	\$42,218,828	n/a	n/a	
FY 2006	\$37,020,000	\$42,763,460	\$30,080,721	n/a	
FY 2007	\$64,941,000	\$46,110,828	\$41,724,574	\$4,965,913	\$46,690,487
FY 2008	\$68,115,000	\$43,088,634	\$44,915,208	\$6,506,617	\$51,421,825
FY 2009	\$51,025,000	\$52,783,363	\$43,191,322	\$4,374,152	\$47,565,474
FY 2010	\$35,505,000	\$46,848,545	\$43,839,196	\$3,756,852	\$47,596,048
YTD FY 2011	\$5,575,000	\$11,845,588	\$9,434,844	\$239,598	\$9,674,442

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

Figure 1: Graph of Withholding Tax Credit Claims by Quarter

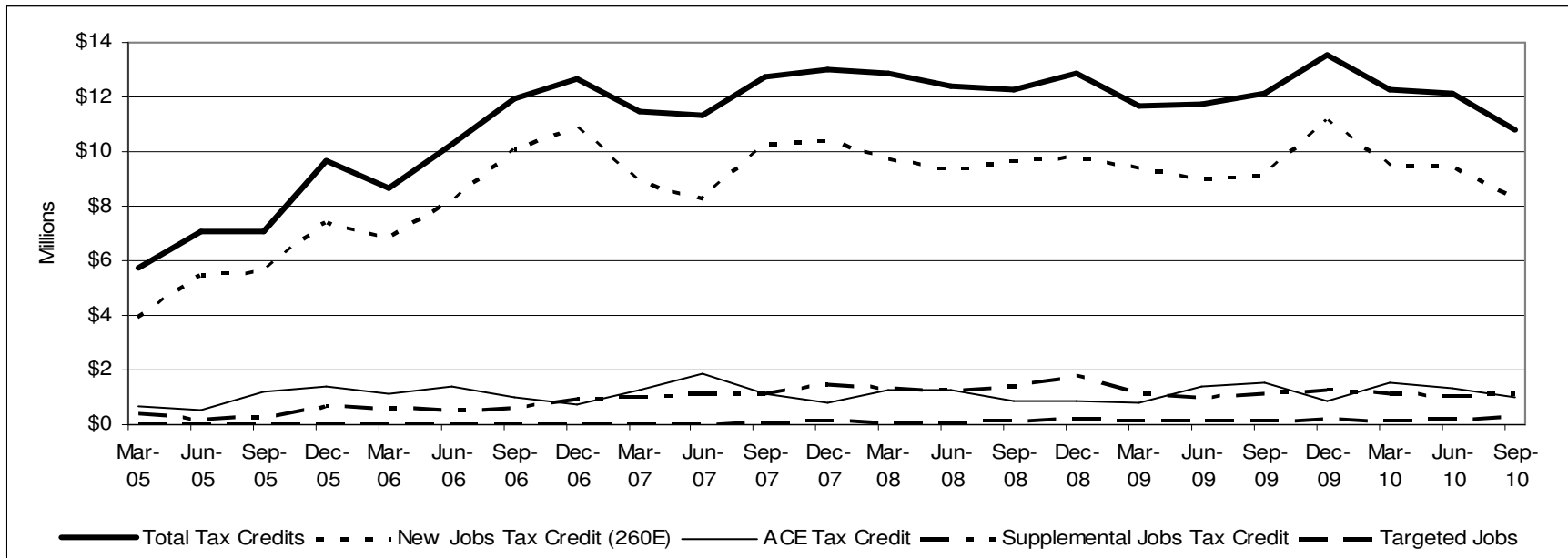


Table 8: Tax Credit Contingent Liabilities Projection

Capped Programs	History*			Forecast				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Accelerated Career Education Tax Credit ²	\$4,475,887	\$3,950,721	\$5,250,680	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit ³	\$582,852	\$1,249,280	\$1,359,691	\$2,780,981	\$4,411,110	\$5,426,359	\$6,023,763	\$6,258,532
Assistive Device Tax Credit ⁴	\$20	\$327	\$1,500	\$0	\$0	\$0	\$0	\$0
Cow-Calf Tax Credit ⁵	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit ³	\$1,520,196	\$2,032,587	\$2,141,055	\$2,925,537	\$3,702,426	\$3,904,326	\$3,972,736	\$3,895,783
Enterprise Zone Program ⁶	\$17,179,836	\$22,476,552	\$24,499,988	\$29,462,920	\$32,321,398	\$34,992,471	\$35,126,299	\$31,602,876
Enterprise Zone Program - Housing Component ⁷	\$4,532,660	\$5,344,313	\$4,786,897	\$10,605,627	\$11,901,942	\$12,044,944	\$11,249,938	\$10,554,420
Film, Television, and Video Project Promotion Program (FILM) - Awarded ⁸	\$294,001	\$9,978,698	\$14,919,598	\$4,889,127	\$503,896	\$28,019	\$3,067	\$161
High Quality Jobs Program ⁶	\$7,790,935	\$14,300,645	\$26,600,728	\$42,881,058	\$36,121,633	\$44,323,191	\$52,014,676	\$56,488,892
Historic Preservation and Cultural and Entertainment District Tax Credit ³	\$8,045,432	\$7,347,828	\$6,562,718	\$38,532,219	\$29,755,954	\$32,827,434	\$36,166,589	\$26,396,477
Redevelopment Tax Credit ⁹	\$0	\$0	\$550,000	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000
Renewable Energy Tax Credit ³	\$247,759	\$1,145,288	\$1,859,469	\$3,879,105	\$7,837,711	\$9,327,632	\$10,437,779	\$10,083,333
School Tuition Organization Tax Credit ³	\$3,924,692	\$5,667,244	\$6,624,022	\$7,156,829	\$7,330,201	\$7,361,038	\$7,649,283	\$7,457,799
Soy-Based Transformer Fluid Tax Credit ⁵	\$23,641	\$14,355	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Iowa Fund of Funds ²	\$0	\$0	\$0	\$20,000,000	\$20,000,000	\$20,000,000	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund ³	\$478,797	\$678,671	\$1,204,740	\$2,262,235	\$1,172,992	\$1,066,833	\$1,282,630	\$1,305,079
Venture Capital Tax Credit - Venture Capital Funds ³	\$225,050	\$150,748	\$128,023	\$507,260	\$273,649	\$257,476	\$307,153	\$159,496
Wage-Benefits Tax Credit ³	\$4,935,268	\$6,379,843	\$2,807,675	\$3,777,383	\$3,912,447	\$1,415,644	\$619,341	\$0
Wind Energy Production Tax Credit ¹⁰	\$2,173	\$0	\$516,821	\$4,689,667	\$4,689,667	\$4,689,667	\$4,689,667	\$4,689,667
TOTAL OF CAPPED PROGRAMS w Awarded FILM	\$56,259,199	\$82,717,100	\$99,813,605	\$179,949,947	\$169,385,025	\$183,115,034	\$174,992,921	\$164,342,515
FILM - Under Review ⁸	\$0	\$0	\$0	\$4,497,127	\$10,887,331	\$9,947,559	\$3,882,781	\$263,142
FILM - Future Awards Under Cap ⁸	\$0	\$0	\$0	\$0	\$0	\$0	\$4,071,193	\$8,649,309
TOTAL OF CAPPED PROGRAMS w All FILM	\$56,259,199	\$82,717,100	\$99,813,605	\$184,447,074	\$180,272,356	\$193,062,594	\$182,946,894	\$173,254,966

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

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

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

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

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

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

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

⁹ Estimates are based on information from the Fiscal Note for HF 2687, 2008 Legislative Session, and the \$1 million cap in the legislation.

¹⁰ Estimates are based on claim information for the Renewable Energy Tax Credit collected from the IA 148 and estimated future awards of the Wind Energy Production Tax Credit.

Table 8 Continued: Tax Credit Contingent Liabilities Projection

Uncapped Programs	History*			Forecast				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Biodiesel Blended Fuel Tax Credit ¹¹	\$2,855,283	\$4,603,021	\$2,913,629	\$5,976,904	\$5,431,979	\$4,296,779	\$362,212	\$0
Charitable Conservation Contribution Tax Credit ¹²	\$0	\$83,100	\$297,263	\$350,511	\$505,108	\$679,427	\$796,286	\$869,996
Child & Dependent Care Tax Credit ¹³	\$8,800,473	\$8,209,472	\$8,035,152	\$9,171,481	\$6,291,132	\$5,696,265	\$5,095,706	\$4,717,238
E85 Gasoline Promotion Tax Credit ¹¹	\$496,188	\$1,001,023	\$1,375,322	\$1,880,167	\$1,453,815	\$1,118,109	\$1,244,141	\$1,357,423
Early Childhood Development Tax Credit ¹³	\$506,182	\$521,513	\$566,380	\$504,884	\$487,727	\$447,525	\$397,484	\$371,520
Earned Income Tax Credit ¹³	\$23,594,812	\$24,994,270	\$28,877,277	\$32,647,435	\$30,271,699	\$29,059,820	\$27,889,740	\$28,033,518
Ethanol Blended Gasoline Tax Credit ¹¹	\$5,875,727	\$7,251,324	\$4,168,011	\$2,089,448	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit ¹⁴	\$0	\$9,729	\$1,905,082	\$4,976,836	\$4,436,341	\$3,032,339	\$1,861,642	\$1,670,028
Iowa Industrial New Job Training Program (260E) ¹⁵	\$51,421,825	\$47,565,474	\$47,596,048	\$53,694,902	\$56,158,442	\$53,935,950	\$54,979,897	\$52,165,719
New Capital Investment Program ¹⁶	\$5,584,818	\$3,809,892	\$3,008,055	\$1,068,206	\$0	\$0	\$0	\$0
New Jobs and Income Program ¹⁶	\$29,195,583	\$19,023,738	\$10,965,690	\$4,883,714	\$0	\$0	\$0	\$0
Research Activities Tax Credit ¹⁷	\$28,424,315	\$52,984,472	\$15,629,618	\$34,275,651	\$34,956,431	\$37,102,116	\$40,358,105	\$43,900,653
Supplemental Research Activities Tax Credit ¹⁸	\$14,225,082	\$26,236,826	\$6,920,399	\$16,846,908	\$16,241,423	\$13,324,923	\$10,287,055	\$8,469,709
Targeted Jobs Tax Credit from Withholding ¹⁹	\$350,472	\$778,285	\$914,024	\$2,334,499	\$3,509,278	\$4,984,278	\$5,984,278	\$5,984,278
Tuition and Textbook Tax Credit ¹³	\$15,287,421	\$15,135,572	\$15,435,555	\$15,925,921	\$15,964,802	\$16,087,109	\$16,094,905	\$16,240,060
TOTAL OF UNCAPPED PROGRAMS	\$186,618,180	\$212,207,711	\$148,607,504	\$186,627,469	\$175,708,177	\$169,764,641	\$165,351,451	\$163,780,141
TOTAL OF ALL PROGRAMS w Awarded FILM	\$242,877,379	\$294,924,812	\$248,421,109	\$366,577,416	\$345,093,202	\$352,879,675	\$340,344,372	\$328,122,656
TOTAL OF ALL PROGRAMS w All FILM	\$242,877,379	\$294,924,812	\$248,421,109	\$371,074,543	\$355,980,534	\$362,827,234	\$348,298,346	\$337,035,107

*The history portion of the table is based on actual claims for FY 2008 and 2009, with the exceptions of the Enterprise Zone, High Quality Jobs, New Capital Investment and New Jobs and Income Programs where estimates are used because of incomplete data. FY 2010 numbers are estimates because claims data collection is still ongoing. Because the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued.

¹¹ Estimates are based on claim information collected from the IA 148 and forecasted future claims based on data from the Annual Fuel Retailers Report for 2009.

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

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

¹⁴ Estimates are based on claim information for the Ethanol Blended Gasoline Tax Credit collected from the IA 148 and forecasted future claims based on data from the Annual Fuel Retailers Report for 2009.

¹⁵ Estimates are based on the assumption that awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims.

¹⁶ Estimates are based on information from the awarding agency. This program ended 7/1/05.

¹⁷ Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the annual growth rate from past claims and accounting for the economic slowdown in FY 2008 through FY 2010.

¹⁸ Estimates account for DED now capping the amount of Supplemental RAC that can be claimed and changes to the credit calculation based on corporate gross revenues. The credit is included in the \$120 million DED tax credit cap.

¹⁹ Estimates are based on the amount of fiscal year awards increasing by \$2 million in FY 2011 through FY 2013 when the program is scheduled to end.

Table 9: Tax Credit Expected Claims Projection

Capped Programs	History*			Forecast				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Accelerated Career Education Tax Credit ²⁰	\$4,475,887	\$3,950,721	\$5,250,680	\$4,266,598	\$4,266,598	\$4,266,598	\$4,266,598	\$4,266,598
Agricultural Assets Transfer Tax Credit ²¹	\$582,852	\$1,249,280	\$1,359,691	\$1,985,590	\$2,191,145	\$2,467,946	\$2,811,433	\$3,218,094
Assistive Device Tax Credit ⁴	\$20	\$327	\$1,500	\$0	\$0	\$0	\$0	\$0
Cow-Calf Tax Credit ⁵	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Endow Iowa Tax Credit ²²	\$1,520,196	\$2,032,587	\$2,141,055	\$2,495,963	\$2,968,940	\$3,053,772	\$3,074,295	\$3,072,311
Enterprise Zone Program ²²	\$17,179,836	\$22,476,552	\$24,499,988	\$19,447,730	\$19,599,052	\$20,952,437	\$21,383,591	\$19,693,159
Enterprise Zone Program - Housing Component ²²	\$4,532,660	\$5,344,313	\$4,786,897	\$4,707,635	\$5,273,138	\$4,952,345	\$4,394,103	\$4,172,213
Film, Television, and Video Project Promotion Program (FILM) - Awarded ⁸	\$294,001	\$9,978,698	\$14,919,598	\$4,889,127	\$503,896	\$28,019	\$3,067	\$161
High Quality Jobs Program ²²	\$7,790,935	\$14,300,645	\$26,600,728	\$38,228,284	\$32,949,145	\$37,016,903	\$43,865,417	\$47,648,418
Historic Preservation and Cultural and Entertainment District Tax Credit ³	\$8,045,432	\$7,347,828	\$6,562,718	\$38,532,219	\$29,755,954	\$32,827,434	\$36,166,589	\$26,396,477
Redevelopment Tax Credit ⁹	\$0	\$0	\$550,000	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000
Renewable Energy Tax Credit ³	\$247,759	\$1,145,288	\$1,859,469	\$2,246,977	\$2,499,011	\$3,021,818	\$4,236,303	\$4,351,418
School Tuition Organization Tax Credit ³	\$3,924,692	\$5,667,244	\$6,624,022	\$7,156,829	\$7,330,201	\$7,361,038	\$7,649,283	\$7,457,799
Soy-Based Transformer Fluid Tax Credit ⁵	\$23,641	\$14,355	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Iowa Fund of Funds ²³	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund ³	\$478,797	\$678,671	\$1,204,740	\$2,262,235	\$1,172,992	\$1,066,833	\$1,282,630	\$1,305,079
Venture Capital Tax Credit - Venture Capital Funds ³	\$225,050	\$150,748	\$128,023	\$507,260	\$273,649	\$257,476	\$307,153	\$159,496
Wage-Benefits Tax Credit ³	\$4,935,268	\$6,379,843	\$2,807,675	\$3,777,383	\$3,912,447	\$1,415,644	\$619,341	\$0
Wind Energy Production Tax Credit ¹⁰	\$2,173	\$0	\$516,821	\$620,185	\$744,222	\$893,067	\$1,071,680	\$1,286,016
TOTAL OF CAPPED PROGRAMS w Awarded FILM	\$56,259,199	\$82,717,100	\$99,813,605	\$131,324,015	\$113,490,392	\$119,631,330	\$131,181,482	\$123,077,239
FILM - Under Review ⁸	\$0	\$0	\$0	\$2,174,583	\$5,360,474	\$4,967,535	\$1,941,326	\$131,507
FILM - Future Awards Under Cap ⁸	\$0	\$0	\$0	\$0	\$0	\$0	\$4,071,193	\$8,649,309
TOTAL OF CAPPED PROGRAMS w All FILM	\$56,259,199	\$82,717,100	\$99,813,605	\$133,498,597	\$118,850,865	\$124,598,864	\$137,194,002	\$131,858,056

²⁰ Estimates are based on the average of historical claims.

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

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

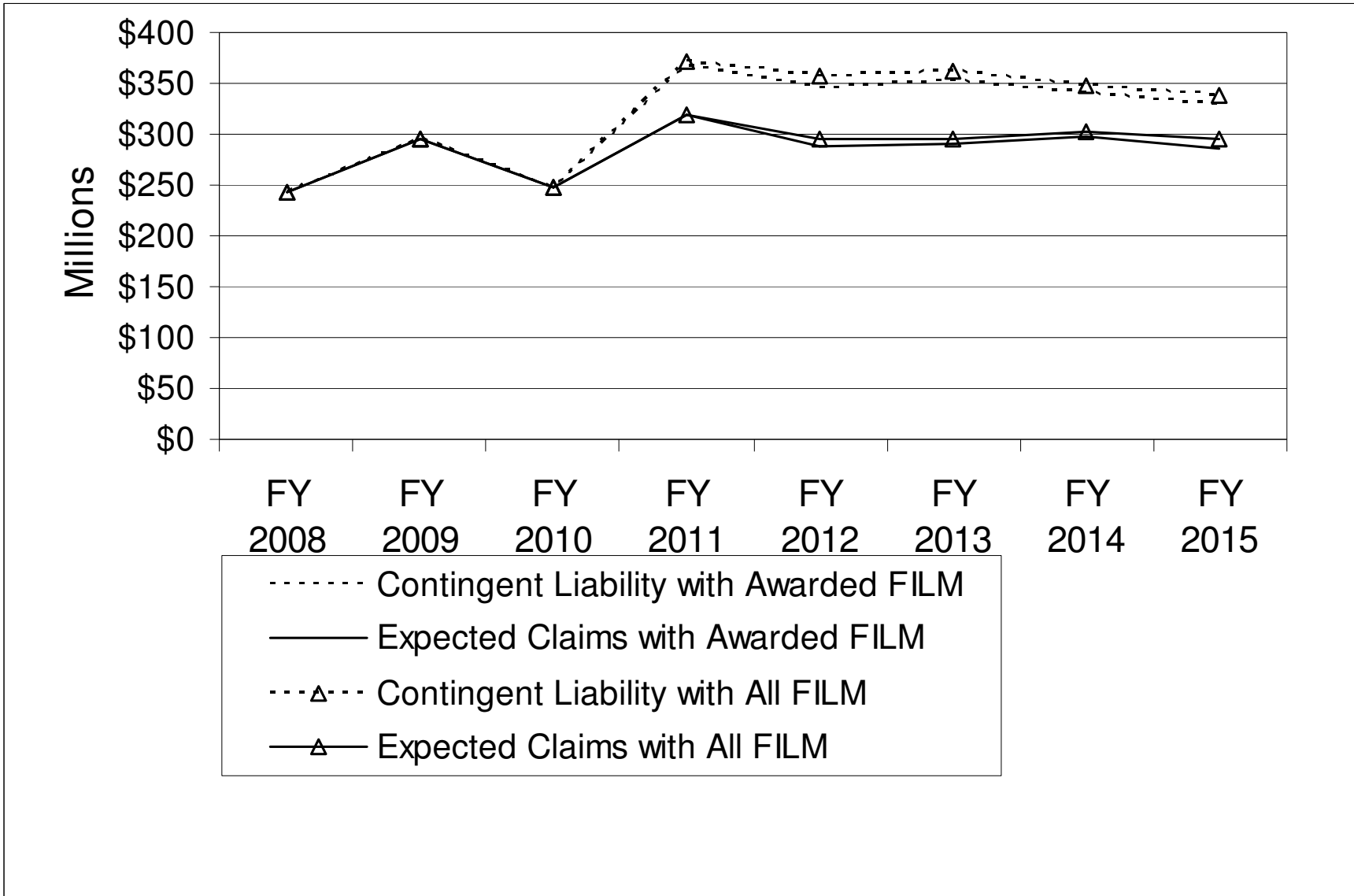
²³ It is not expected that any awards will be made under this program based on historical awards.

Table 9 Continued: Tax Credit Expected Claims Projection

Uncapped Programs	History*			Forecast				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Biodiesel Blended Fuel Tax Credit ¹¹	\$2,855,283	\$4,603,021	\$2,913,629	\$5,976,904	\$5,431,979	\$4,296,779	\$362,212	\$0
Charitable Conservation Contribution Tax Credit ¹²	\$0	\$83,100	\$297,263	\$350,511	\$505,108	\$679,427	\$796,286	\$869,996
Child & Dependent Care Tax Credit ¹³	\$8,800,473	\$8,209,472	\$8,035,152	\$9,171,481	\$6,291,132	\$5,696,265	\$5,095,706	\$4,717,238
E85 Gasoline Promotion Tax Credit ¹¹	\$496,188	\$1,001,023	\$1,375,322	\$1,880,167	\$1,453,815	\$1,118,109	\$1,244,141	\$1,357,423
Early Childhood Development Tax Credit ¹³	\$506,182	\$521,513	\$566,380	\$504,884	\$487,727	\$447,525	\$397,484	\$371,520
Earned Income Tax Credit ¹³	\$23,594,812	\$24,994,270	\$28,877,277	\$32,647,435	\$30,271,699	\$29,059,820	\$27,889,740	\$28,033,518
Ethanol Blended Gasoline Tax Credit ¹¹	\$5,875,727	\$7,251,324	\$4,168,011	\$2,089,448	\$0	\$0	\$0	\$0
Ethanol Promotion Tax Credit ¹⁴	\$0	\$9,729	\$1,905,082	\$4,976,836	\$4,436,341	\$3,032,339	\$1,861,642	\$1,670,028
Iowa Industrial New Job Training Program (260E) ¹⁵	\$51,421,825	\$47,565,474	\$47,596,048	\$53,694,902	\$56,158,442	\$53,935,950	\$54,979,897	\$52,165,719
New Capital Investment Program ¹⁶	\$5,584,818	\$3,809,892	\$3,008,055	\$1,068,206	\$0	\$0	\$0	\$0
New Jobs and Income Program ¹⁶	\$29,195,583	\$19,023,738	\$10,965,690	\$4,883,714	\$0	\$0	\$0	\$0
Research Activities Tax Credit ¹⁷	\$28,424,315	\$52,984,472	\$15,629,618	\$34,275,651	\$34,956,431	\$37,102,116	\$40,358,105	\$43,900,653
Supplemental Research Activities Tax Credit ¹⁸	\$14,225,082	\$26,236,826	\$6,920,399	\$16,846,908	\$16,241,423	\$13,324,923	\$10,287,055	\$8,469,709
Targeted Jobs Tax Credit from Withholding ¹⁹	\$350,472	\$778,285	\$914,024	\$2,334,499	\$3,509,278	\$4,984,278	\$5,984,278	\$5,984,278
Tuition and Textbook Tax Credit ¹³	\$15,287,421	\$15,135,572	\$15,435,555	\$15,925,921	\$15,964,802	\$16,087,109	\$16,094,905	\$16,240,060
TOTAL OF UNCAPPED PROGRAMS	\$186,618,180	\$212,207,711	\$148,607,504	\$186,627,469	\$175,708,177	\$169,764,641	\$165,351,451	\$163,780,141
TOTAL OF ALL PROGRAMS w Awarded FILM	\$242,877,379	\$294,924,812	\$248,421,109	\$317,951,483	\$289,198,569	\$289,395,970	\$296,532,934	\$286,857,380
TOTAL OF ALL PROGRAMS w All FILM	\$242,877,379	\$294,924,812	\$248,421,109	\$320,126,066	\$294,559,043	\$294,363,505	\$302,545,453	\$295,638,197

*The history portion of the table is based on actual claims for FY 2008 and 2009, with the exceptions of the Enterprise Zone, High Quality Jobs, New Capital Investment and New Jobs and Income Programs where estimates are used because of incomplete data. FY 2010 numbers are estimates because claims data collection is still ongoing. Because the table is based on actual claims made by taxpayers, the amounts may not reflect the amount of awards issued.

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



Appendix: Description of Iowa's Tax Credit Programs

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

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

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

Biodiesel Blended Fuel Tax Credit: This three cent per gallon credit is available to retail dealers who sell biodiesel blended fuel equal to over 50 percent of their diesel sales. Section 422.11P, Code of Iowa.

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

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

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

E85 Gasoline Promotion Tax Credit: An income tax credit, on a rate per gallon sold basis, is available to retail dealers of gasoline who sell E85 gasoline. Section 422.11O, Code of Iowa.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Soy-Based Cutting Tool Oil Tax Credit: A manufacturer is 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. This program was repealed effective December 31, 2006. Section 422.11I, Code of Iowa.

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

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

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

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

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

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

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

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