



# Iowa Department of **REVENUE**

## **Tax Credits Contingent Liabilities Report**

December 13, 2018

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

### **Summary**

- Tax credit awards in FY 2018 increased 27.0 percent from FY 2017 to \$246.1 million. FY 2018 awards were 19.6 percent below FY 2012, when tax credit awards reached \$306.2 million (see Table 1). Although the number of awarded tax credits in FY 2018 was 20 compared to 17 in FY 2012, the decline in the total value of awards can be attributed to several programs being repealed. Awards in FY 2019 to-date total \$102.4 million, although several programs have not yet issued any or all current year awards.
- Nonrefundable and refundable tax credit claims reported on the IA 148 Tax Credits Schedule against individual income, corporation income, insurance premium, franchise, replacement, moneys and credits, and sales and use taxes for tax year 2014, the most recent year with complete data, were \$290.6 million, up from \$248.8 million in tax year 2013.
- Sales and use tax refunds under EDA tax credit programs totaled \$26.1 million in FY 2018, which was an increase from \$15.1 million in FY 2017 measured on an accrual basis (see Table 5). In FY 2018, an additional \$44.1 million in tax credit claims were made against individual withholding tax (see Table 6).
- The estimated contingent liability of all tax credits is \$504.4 million for FY 2019, \$508.0 million for FY 2020, and \$505.3 million for FY 2021 (see Table 8). Expected claims for all tax credits, based on historical information showing some tax credit awards are not always fully claimed, are \$439.4 million for FY 2019, \$426.8 million for FY 2020 and \$424.6 million for FY 2021 (see Table 9).
- Contingent liability and expected claims projections for most credits are based on historical claims data from the IA 148 Tax Credits Schedule. Because claims data are constantly updated, these forecasts will change based on the best data available at the time. Updated information about tax credit awards from awarding agencies, including awards that have been either revoked, declined, or modified, will also change the estimates.

## ***Tax Credit Awards***

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

The amount of awarded tax credits reached a peak in FY 2012 due to higher utilization of existing tax credit programs (see Table 1). The substantial increase during FY 2012 was mainly due to a large award made under the High Quality Jobs Program. Tax credit awards were at their lowest level in the last ten years in FY 2010.

Total FY 2018 awards increased 27.0 percent compared to FY 2017 awards. The program with the largest increase in awards for FY 2018 was the Targeted Jobs Tax Credit from Withholding, which increased over 300 percent from FY 2017, due to a single large award. The Custom Farming Contract Tax Credit awards decreased over 85 percent in FY 2018 from FY 2017. Awards made to-date in FY 2019 total \$102.4 million with many programs still issuing awards.

## ***Tax Credit Claims***

Between tax years 2009 and 2017, individual income tax credit claims averaged \$208.9 million per year (see Table 2). Total individual income tax credit claims in 2016 increased 5.5 percent from claims made in 2015 with the rise reflecting increases in "other nonrefundable" and "other refundable" tax credit claims.

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

With the implementation of the IA 148 Tax Credits Schedule in tax year 2006 the availability of detailed income tax credit claim data has improved; note that withholding tax credits and sales and use refunds are tracked separately. In tax years 2006 through 2014, on average, over 72 percent of nonrefundable tax credit claims made on the IA 148 were claimed against individual income tax (see Table 3). In those years, nonrefundable tax credit claims were made against corporation income, franchise, individual income, insurance premium, moneys and credits, replacement, and sales and use taxes. The majority of IA 148 refundable tax credit claims made between 2006 and 2014 were claimed against corporation income tax,

averaging just over 73 percent of all refundable tax credit claims (see Table 4). Since 2006, refundable tax credit claims made on the IA 148 have been claimed against corporation income, franchise, individual income, insurance premium, and replacement taxes.

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

As part of the Enterprise Zone (including the Housing component), the High Quality Jobs Programs, and the Workforce Housing Tax Incentive Program, taxpayers are allowed to file for refunds of sales and use taxes paid by contractors and subcontractors after construction is completed. The New Capital Investment and New Job and Income Programs, predecessors to the High Quality Jobs Program, also included sales and use tax refund awards. The first refunds were made during FY 2000 through the Enterprise Zone Program (see Table 5). Refunds reached an all-time high in FY 2018 when they exceeded \$26 million, which was a 72.8 percent increase over FY 2017. These refunds are reported on an accrual basis (refunds issued September through August) in line with the period for which the REC forecasts General Fund refunds.

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

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

The withholding credits are reported on a quarterly basis. Information on withholding tax credit claims is presented since the December 2013 quarter (see Table 6). Withholding tax credit claims have averaged \$47.6 million each fiscal year between 2015 and 2018. It is apparent that total withholding credits are strongly driven by the New Jobs Tax Credit (260E) (see Figure 1).

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

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

Forecasts of the liability facing General Fund revenues due to tax credits show an upward trend in potential tax credit claims in the next fiscal year before decreasing and then leveling off in subsequent fiscal years (see Table 8). The decline can largely be attributed to tax credits programs that have expired. The contingent liability amounts were estimated using a number of methods, but in all cases it was assumed that 100 percent of awards under a cap would be made each fiscal year unless an awarding agency indicates otherwise. It is also assumed that 100 percent of awards issued would be claimed; for Investment Tax Credit awards near expiration it is assumed that 100 percent of reported carry forward would be claimed, with the timing of claims based on the observed timing of past claims. The methods used for forecasting each tax credit are listed in the table footnotes.

Based on the award history and current information, the FY 2019 allocation of the \$170 million EDA cap is: High Quality Jobs Program - \$105 million, Workforce Housing Tax Incentive Program - \$20 million, Redevelopment Tax Credit - \$10 million, Renewable Chemical Production Tax Credit Program - \$10 million, Venture Capital Tax Credit – Innovation Fund - \$8 million, Venture Capital Tax Credit – Qualifying Business - \$2 million, and Assistive Device Tax Credit - \$0; \$25 million is to be unallocated to finance expected costs of the Renewable Chemical Production Tax Credit enacted during the 2016 Legislative session.

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

The historical numbers provided are actual claims made against each of the tax credits on the IA 148 or the IA 1040, although FY 2018 numbers are likely to increase marginally as tax credit claims continue to be verified. Actual claims may not equal the amount of awards issued. If incorrect tax credit claims are made, these claims are reviewed by IDR staff. The historical numbers for fiscal years 2016 and 2017 may also change as the review of tax credit claims in these years continues.

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

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

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

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

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

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

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*
Accelerated Career Education Program (ACE) <sup>†</sup>	\$6,000,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$0
Agricultural Assets Transfer Tax Credit <sup>†</sup>	\$2,663,338	\$3,598,502	\$5,222,987	\$5,756,759	\$5,981,266	\$6,508,811	\$6,959,738	\$8,505,027	\$9,568,673	\$0
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>†</sup>	n/a	n/a	n/a	n/a	\$28,975	\$30,046	\$89,704	\$114,786	\$16,595	n/a
Endow Iowa Tax Credit <sup>††</sup>	\$2,394,446	\$3,461,445	\$4,523,397	\$5,779,542	\$5,999,996	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Enterprise Zone Program <sup>†</sup>	\$14,423,497	\$28,562,725	\$6,569,013	\$6,340,963	\$16,549,566	n/a	n/a	n/a	n/a	n/a
Enterprise Zone Program - Housing Component <sup>†</sup>	\$14,326,032	\$6,973,408	\$14,644,071	\$25,823,382	\$45,922,284	n/a	n/a	n/a	n/a	n/a
Farm to Food Donation Tax Credit	n/a	n/a	n/a	n/a	n/a	\$12,500	\$14,089	\$9,097	\$11,083	\$0
Film, Television, And Video Project Promotion Program <sup>†</sup>	\$14,326,032	\$6,973,408	\$14,644,071	\$89,047	n/a	n/a	n/a	n/a	n/a	n/a
High Quality Jobs Program <sup>†</sup>	\$28,291,439	\$28,509,910	\$144,378,886	\$116,746,179	\$42,568,140	\$50,478,792	\$61,333,580	\$45,150,681	\$66,707,457	\$20,359,566
Historic Preservation Tax Credit <sup>†</sup>	\$14,966,072	\$44,867,467	\$44,703,623	\$26,960,281	\$35,625,483	\$39,022,230	\$65,679,991	\$45,899,311	\$45,407,164	\$44,313,711
Iowa Industrial New Jobs Training Program (260E)	\$32,127,000	\$40,755,000	\$48,500,000	\$35,655,727	\$38,667,132	\$39,860,995	\$40,294,972	\$38,167,000	\$44,595,000	\$4,850,000
Redevelopment Tax Credit <sup>†</sup>	\$546,510	n/a	\$4,925,103	\$4,915,688	\$9,851,383	\$9,607,495	\$9,924,043	\$9,271,351	\$10,000,000	\$10,000,000
Renewable Chemical Production Tax Credit Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1,042,114	\$0
Renewable Energy Tax Credit <sup>†</sup>	\$2,398,784	\$2,503,361	\$3,010,850	\$3,918,708	\$5,519,767	\$5,403,737	\$4,811,827	\$5,166,787	\$4,327,762	\$271,754
School Tuition Organization Tax Credit <sup>††</sup>	\$7,402,023	\$7,476,821	\$7,499,025	\$8,749,061	\$8,749,980	\$11,997,890	\$12,000,000	\$12,000,000	\$12,000,206	\$0
Solar Energy System Tax Credit <sup>†</sup>	n/a	n/a	n/a	\$652,144	\$1,498,364	\$4,411,891	\$5,083,754	\$4,976,308	\$4,987,715	\$4,949,280
Targeted Jobs Tax Credit from Withholding	\$2,638,177	\$14,911,793	\$6,113,937	\$9,685,051	\$0	\$2,214,081	\$705,900	\$2,444,293	\$10,298,240	\$0
Venture Capital Tax Credit - Fund of Funds <sup>†</sup>	\$0	\$0	\$0	\$11,295,681	\$12,772,951	\$0	\$358,689	\$756,169	\$0	\$0
Venture Capital Tax Credit - Innovation Fund <sup>†</sup>	n/a	n/a	n/a	\$0	\$890,590	\$2,739,754	\$1,652,922	\$1,066,888	\$3,708,557	\$803,811
Venture Capital Tax Credit - Qualifying Business <sup>†</sup>	\$0	\$96,000	\$598,832	\$545,425	\$0	\$0	\$1,234,707	\$1,999,001	\$2,000,000	\$2,000,000
Venture Capital Tax Credit - Venture Capital Fund <sup>†</sup>	\$217,320	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wage Benefit Tax Credit <sup>†</sup>	\$4,000,000	\$4,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wind Energy Production Tax Credit <sup>†</sup>	\$516,821	\$726,025	\$763,797	\$1,582,498	\$1,577,165	\$1,669,734	\$1,650,877	\$1,657,604	\$1,601,299	\$0
Workforce Housing Tax Incentive Program <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	\$0	\$0	\$5,296,302	\$18,470,533	\$8,865,381
Total Credits Awarded Each Fiscal Year	\$147,237,491	\$198,815,865	\$311,497,592	\$269,896,136	\$237,603,042	\$185,357,955	\$223,194,793	\$193,880,605	\$246,142,398	\$102,413,503

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

Source: Awarding Agencies

n/a = program not yet created or discontinued program

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

\*=partial award year

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Total Individual Income Tax Credits	\$137,804,407	\$149,750,737	\$163,275,611	\$195,389,116	\$290,148,864	\$272,507,966	\$221,768,067	\$233,870,653	\$215,721,916
Child & Dependent Care Tax Credit	\$7,934,918	\$7,797,680	\$7,494,943	\$4,488,530	\$3,813,708	\$4,061,279	\$5,686,294	\$6,086,567	\$6,063,633
Early Childhood Development Tax Credit	\$553,533	\$591,995	\$753,173	\$846,434	\$784,165	\$728,777	\$683,919	\$658,405	\$686,713
Earned Income Tax Credit	\$28,496,272	\$27,536,092	\$30,258,024	\$31,031,962	\$65,570,550	\$71,094,646	\$71,931,413	\$69,582,239	\$68,207,726
Taxpayers Trust Fund Tax Credit	n/a	n/a	n/a	n/a	\$88,258,180	\$24,945,414	\$0	\$0	\$0
Tuition and Textbook Tax Credit	\$15,190,303	\$15,164,401	\$15,088,982	\$15,319,837	\$15,168,557	\$15,356,667	\$15,489,317	\$15,344,341	\$14,896,533
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit	n/a	n/a	n/a	n/a	\$634,705	\$1,366,107	\$1,366,431	\$1,366,212	\$1,353,598
Other Nonrefundable Tax Credits	\$71,412,444	\$81,590,443	\$91,577,039	\$115,760,967	\$99,942,491	\$137,869,472	\$103,836,104	\$111,984,960	\$84,581,101
Other Refundable Tax Credits	\$14,216,937	\$17,070,126	\$18,103,450	\$27,941,386	\$15,976,508	\$17,085,604	\$22,774,589	\$28,847,929	\$39,932,612

	2009	2010	2011	2012	2013	2014	2015*	2016*	2017*
Total Corporation Income Tax Credits	\$83,425,148	\$91,344,189	\$92,256,431	\$97,125,106	\$113,494,467	\$114,637,756	\$93,567,612	\$96,982,670	\$16,432,456
Other Credits (Nonrefundable)	\$26,634,058	\$16,125,434	\$17,329,754	\$22,932,671	\$38,208,438	\$38,066,997	#	#	#
Other Credits (Refundable)	\$11,373,697	\$24,246,833	\$20,694,673	\$21,359,360	\$14,989,901	\$21,769,737	#	#	#
Iowa Industrial New Jobs Income Tax Credit (260E)	\$815,839	\$2,332,811	\$1,321,067	\$1,076,651	\$1,358,755	\$1,161,088	#	#	#
Research Activities Tax Credit	\$44,601,554	\$48,639,111	\$52,910,937	\$51,756,424	\$58,937,373	\$53,639,934	#	#	#

Source: IDR data

\* = incomplete data for tax year

n/a = program not yet created, or discontinued

# = tax credit detail not yet available

**Table 3: Nonrefundable Tax Credit Claims from IA 148**

Tax Year	Tax Type							Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Moneys and Credits Tax	Replacement Tax	Sales & Use Taxes	
2006	\$19,182,474	\$717,169	\$89,362,019	\$3,282,851	\$0	\$0	\$0	\$112,544,513
2007	\$23,725,226	\$632,919	\$71,572,426	\$1,981,714	\$0	\$0	\$0	\$97,912,285
2008	\$21,128,936	\$4,002,099	\$81,254,706	\$3,699,015	\$0	\$0	\$241,264	\$110,326,020
2009	\$27,489,942	\$1,072,601	\$71,412,444	\$11,442,624	\$0	\$516,821	\$0	\$111,934,432
2010	\$18,537,709	\$3,122,920	\$81,590,443	\$1,396,120	\$0	\$726,025	\$0	\$105,373,217
2011	\$18,650,821	\$2,194,248	\$91,577,039	\$9,109,119	\$0	\$763,797	\$0	\$122,295,024
2012	\$24,009,322	\$3,432,968	\$115,760,967	\$3,184,455	\$0	\$791,633	\$54,732	\$147,234,077
2013	\$39,556,146	\$3,368,541	\$90,368,746	\$4,784,496	\$0	\$780,983	\$126,338	\$138,985,250
2014	\$39,249,396	\$4,463,360	\$123,835,123	\$6,104,806	\$268,002	\$837,557	\$356,649	\$175,114,893

Source: IDR data

Data is provided for all tax years where IA 148 data collection is completed; ongoing verification and corrections as well as new claims on amended returns may result in future changes to these numbers.

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

Tax Year	Tax Type							Total
	Corporation Income Tax	Franchise Tax	Individual Income Tax	Insurance Premium Tax	Moneys and Credits Tax	Replacement Tax	Sales & Use Taxes	
2006	\$55,311,861	\$0	\$7,856,777	\$0	\$0	\$0	\$0	\$63,168,638
2007	\$67,255,314	\$3,762,902	\$10,972,661	\$3,833,435	\$0	\$23,090	\$0	\$85,847,402
2008	\$61,553,146	\$4,357,967	\$13,399,852	\$4,433,454	\$0	\$0	\$0	\$83,744,419
2009	\$56,131,925	\$2,347,749	\$14,216,937	\$1,771,058	\$0	\$0	\$0	\$74,467,669
2010	\$72,896,447	\$9,899,916	\$17,070,126	\$2,353,410	\$0	\$0	\$0	\$102,219,899
2011	\$73,656,438	\$4,522,792	\$18,103,450	\$131,286	\$0	\$0	\$0	\$96,413,966
2012	\$73,216,464	\$11,057,276	\$27,941,386	\$2,118,789	\$0	\$0	\$0	\$114,333,915
2013	\$74,101,295	\$10,248,752	\$23,801,840	\$1,700,232	\$0	\$0	\$0	\$109,852,119
2014	\$75,556,802	\$9,411,004	\$29,134,779	\$1,343,225	\$0	\$0	\$0	\$115,445,810

Source: IDR data

Data is provided for all tax years where IA 148 data collection is completed; ongoing verification and corrections as well as new claims on amended returns may result in future changes to these numbers.



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

	Enterprise Zone	Housing-Enterprise Zone	New Jobs & Income Program	New Capital Investment Program	High Quality Jobs Program	Workforce Housing Program	Total Refunds
FY 2000	\$104,215	\$87,481					\$191,696
FY 2001	\$445,591	\$173,764	\$893,857				\$1,513,212
FY 2002	\$801,155	\$211,117	\$29,379				\$1,041,651
FY 2003	\$2,125,799	\$313,133	\$429,977				\$2,868,909
FY 2004	\$405,761	\$505,189	\$742,304				\$1,653,254
FY 2005	\$693,913	\$751,334	\$452,683	\$70,059			\$1,967,989
FY 2006	\$459,136	\$1,217,679	\$366,294	\$956,529	\$0		\$2,999,638
FY 2007	\$425,907	\$1,880,069	\$1,526,798	\$4,119,842	\$0		\$7,952,616
FY 2008	\$2,038,470	\$1,242,233	\$1,443,810	\$163,136	\$2,856,991		\$7,744,640
FY 2009	\$2,674,067	\$1,424,279	\$0	\$0	\$2,580,652		\$6,678,998
FY 2010	\$912,514	\$1,212,217	\$20,497	\$0	\$5,700,745		\$7,845,973
FY 2011	\$638,690	\$2,661,732	\$0	\$0	\$1,946,981		\$5,247,403
FY 2012	\$323,150	\$1,419,714	\$0	\$0	\$392,767		\$2,135,631
FY 2013	\$4,345,177	\$1,959,555	\$0	\$0	\$3,325,099		\$9,629,831
FY 2014	\$383,675	\$779,973	\$0	\$0	\$2,624,274		\$3,787,922
FY 2015	\$2,507,415	\$4,033,112	\$0	\$0	\$13,183,489		\$19,724,016
FY 2016	\$217,660	\$2,850,256	\$0	\$0	\$13,267,765		\$16,335,681
FY 2017	\$2,505,357	\$2,004,644	\$0	\$0	\$10,361,507	\$226,789	\$15,098,297
FY 2018	\$1,013,364	\$1,629,495	\$0	\$0	\$20,370,698	\$3,074,266	\$26,087,823
FY 2019 YTD	\$0	\$0	\$0	\$0	\$14,482,527	\$286,504	\$14,769,031

Refunds are reported on an accrual basis

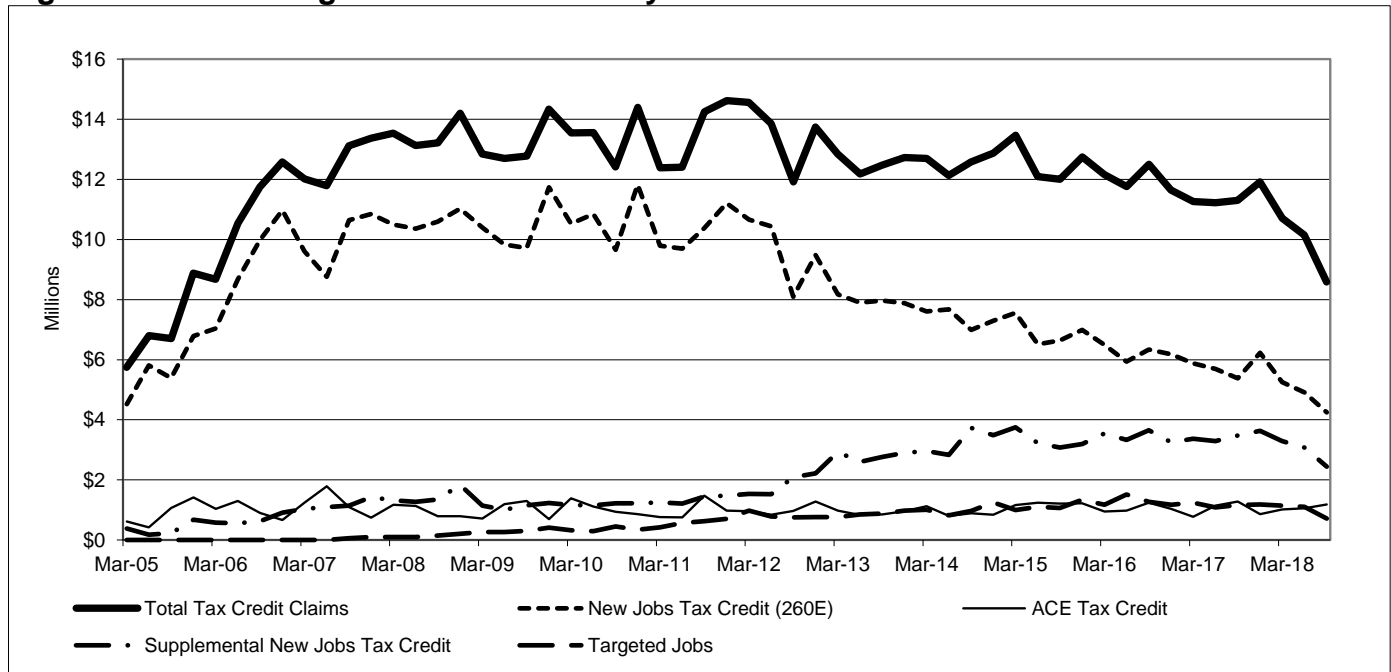
Source: IDR Data;

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

Quarter	Number of Claims	Total Tax Credit Claims	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit
12/31/2013	670	\$12,728,258	\$7,880,789	\$2,906,427	\$980,644	\$960,398
3/31/2014	643	\$12,692,557	\$7,603,905	\$2,963,602	\$1,003,276	\$1,121,774
6/30/2014	656	\$12,135,394	\$7,671,473	\$2,836,046	\$822,293	\$805,582
9/30/2014	658	\$12,582,100	\$6,996,344	\$3,728,937	\$966,571	\$890,248
12/31/2014	642	\$12,870,629	\$7,290,569	\$3,487,936	\$1,253,396	\$838,728
3/31/2015	640	\$13,463,575	\$7,555,306	\$3,746,667	\$1,000,054	\$1,161,548
6/30/2015	659	\$12,092,201	\$6,517,834	\$3,222,047	\$1,108,558	\$1,243,762
9/30/2015	642	\$12,000,842	\$6,642,269	\$3,076,407	\$1,068,969	\$1,213,197
12/31/2015	639	\$12,744,533	\$6,992,693	\$3,191,582	\$1,338,590	\$1,221,668
3/31/2016	643	\$12,157,865	\$6,497,716	\$3,544,334	\$1,170,612	\$945,203
6/30/2016	634	\$11,760,152	\$5,938,078	\$3,332,264	\$1,512,563	\$977,247
9/30/2016	617	\$12,504,905	\$6,335,574	\$3,655,502	\$1,269,200	\$1,244,629
12/31/2016	606	\$11,644,237	\$6,179,260	\$3,248,568	\$1,175,199	\$1,041,210
3/31/2017	594	\$11,257,598	\$5,876,462	\$3,365,441	\$1,240,783	\$774,912
6/30/2017	585	\$11,225,127	\$5,693,131	\$3,292,977	\$1,090,889	\$1,148,130
9/30/2017	569	\$11,306,060	\$5,383,009	\$3,477,578	\$1,162,172	\$1,283,301
12/31/2017	571	\$11,911,454	\$6,228,366	\$3,634,222	\$1,184,800	\$864,066
3/31/2018	554	\$10,703,466	\$5,252,340	\$3,290,588	\$1,142,826	\$1,017,712
6/30/2018	543	\$10,149,590	\$4,914,188	\$3,077,487	\$1,100,939	\$1,056,976
9/30/2018	475	\$8,588,075	\$4,251,897	\$2,438,727	\$717,284	\$1,180,167
FY 2015	2,599	\$51,008,505	\$28,360,053	\$14,185,587	\$4,328,579	\$4,134,286
FY 2016	2,558	\$48,663,392	\$26,070,756	\$13,144,587	\$5,090,734	\$4,357,315
FY 2017	2,402	\$46,631,867	\$24,084,427	\$13,562,488	\$4,776,071	\$4,208,881
FY 2018	2,237	\$44,070,570	\$21,777,903	\$13,479,875	\$4,590,737	\$4,222,055
YTD FY 2019	475	\$8,588,075	\$4,251,897	\$2,438,727	\$717,284	\$1,180,167
CY 2014	2,599	\$50,280,680	\$29,562,291	\$13,016,521	\$4,045,536	\$3,656,332
CY 2015	2,580	\$50,301,151	\$27,708,102	\$13,236,703	\$4,516,171	\$4,840,175
CY 2016	2,500	\$48,067,159	\$24,950,628	\$13,780,668	\$5,127,574	\$4,208,289
CY 2017	2,319	\$45,700,239	\$23,180,968	\$13,770,218	\$4,678,644	\$4,070,409
YTD CY 2018	1,572	\$29,441,131	\$14,418,425	\$8,806,802	\$2,961,049	\$3,254,855

Source: IDR data

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



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

	260E Withholding Credits Awarded	260E and Supplemental Credit Claims on Withholding Returns	New Jobs Income Tax Credit Claims	Total 260E Withholding and Income Tax Credit Claims
FY 2001	\$38,567,500	n/a	n/a	
FY 2002	\$36,465,750	n/a	n/a	
FY 2003	\$26,705,000	n/a	n/a	
FY 2004	\$26,746,500	n/a	n/a	
FY 2005	\$51,995,000	n/a	n/a	
FY 2006	\$40,280,000	\$29,928,649	n/a	
FY 2007	\$60,110,000	\$42,996,886	\$4,473,924	\$47,470,810
FY 2008	\$58,965,850	\$47,507,655	\$4,627,118	\$52,134,773
FY 2009	\$48,925,000	\$47,189,017	\$4,406,266	\$51,595,283
FY 2010	\$32,127,000	\$47,526,601	\$3,029,701	\$50,556,302
FY 2011	\$40,755,000	\$45,892,441	\$2,405,899	\$48,298,340
FY 2012	\$48,500,000	\$48,660,167	\$2,800,601	\$51,460,768
FY 2013	\$35,655,727	\$43,488,612	\$3,327,254	\$46,815,866
FY 2014	\$38,667,132	\$42,602,821	\$2,024,247	\$44,627,068
FY 2015	\$39,860,995	\$42,545,640	\$1,632,370	\$44,178,010
FY 2016	\$40,285,007	\$39,215,343	\$2,304,214	\$41,519,557
FY 2017	\$38,167,000	\$37,646,915	\$2,899,466	\$40,546,381
FY 2018	\$44,600,000	\$35,257,778	\$1,809,061	\$37,066,839
FY 2019 YTD	\$4,850,000	\$6,690,624	\$537,530	\$7,228,154

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

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

Capped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accelerated Career Education Tax Credit <sup>2</sup>	\$4,357,315	\$4,208,881	\$4,222,055	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Agricultural Assets Transfer Tax Credit <sup>3</sup>	\$3,792,623	\$4,936,713	\$4,736,503	\$7,136,084	\$7,109,601	\$7,485,194	\$7,998,069	\$8,000,262
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>5</sup>	\$44,577	\$62,336	\$103,729	\$47,220	\$36,735	\$5,750	\$5,750	\$3,058
Endow Iowa Tax Credit <sup>3</sup>	\$5,448,319	\$4,352,171	\$5,829,908	\$6,537,210	\$6,488,088	\$6,746,830	\$6,979,348	\$6,480,284
Enterprise Zone Program <sup>4</sup>	\$7,761,813	\$6,687,567	\$4,044,164	\$12,104,924	\$10,389,168	\$5,711,561	\$5,172,806	\$4,509,342
Enterprise Zone Program - Housing Component <sup>6</sup>	\$13,302,809	\$10,287,777	\$7,977,769	\$19,648,987	\$15,243,347	\$8,252,453	\$1,643,001	\$1,094,144
High Quality Jobs Program <sup>4</sup>	\$38,133,130	\$28,339,153	\$37,474,527	\$83,513,242	\$83,581,984	\$93,855,387	\$90,926,855	\$90,175,590
Historic Preservation Tax Credit <sup>3</sup>	\$27,592,357	\$45,917,397	\$60,506,690	\$61,998,942	\$66,886,014	\$49,290,948	\$41,872,037	\$42,065,727
Redevelopment Tax Credit <sup>7</sup>	\$3,129,627	\$2,625,039	\$4,838,356	\$14,276,054	\$11,119,289	\$12,959,424	\$10,344,048	\$10,683,629
Renewable Chemical Production Tax Credit Program <sup>7</sup>	\$0	\$0	\$0	\$1,860,663	\$4,954,998	\$7,682,136	\$9,834,253	\$10,750,204
Renewable Energy Tax Credit <sup>3</sup>	\$5,413,157	\$4,972,472	\$3,555,061	\$5,517,690	\$6,581,310	\$6,798,986	\$6,529,964	\$5,787,866
School Tuition Organization Tax Credit <sup>3</sup>	\$11,302,261	\$11,340,742	\$11,378,093	\$12,648,982	\$13,311,634	\$13,384,366	\$13,744,030	\$13,515,626
Solar Energy System Tax Credit <sup>3</sup>	\$3,221,305	\$4,143,800	\$3,902,764	\$3,950,827	\$4,041,392	\$4,193,151	\$4,367,458	\$2,293,991
Venture Capital Tax Credit - Innovation Fund <sup>7</sup>	\$2,137,070	\$1,174,791	\$858,218	\$3,980,155	\$7,170,693	\$7,277,392	\$7,248,227	\$7,669,263
Venture Capital Tax Credit - Iowa Fund of Funds <sup>8</sup>	\$948,689	\$621,489	\$0	\$56,860	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>7</sup>	\$749,154	\$1,713,154	\$2,055,339	\$2,488,290	\$2,185,372	\$2,142,323	\$1,994,753	\$1,999,767
Venture Capital Tax Credit - Venture Capital Funds <sup>9</sup>	\$17,501	\$8,930	\$0	\$9,032	\$2,395	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>3</sup>	\$1,062,804	\$1,206,421	\$958,475	\$2,220,070	\$2,082,045	\$2,079,599	\$933,495	\$527,652
Workforce Housing Tax Incentive Program <sup>10</sup>	\$0	\$233,364	\$8,987,241	\$19,316,582	\$20,583,514	\$19,383,174	\$19,693,988	\$19,851,604
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$128,414,511</b>	<b>\$132,832,197</b>	<b>\$161,428,892</b>	<b>\$262,711,814</b>	<b>\$267,167,581</b>	<b>\$252,648,673</b>	<b>\$234,688,081</b>	<b>\$230,808,007</b>

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

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

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

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

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

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

<sup>8</sup> Estimates are based on amounts verified by ICIB and claim information collected from the IA 148.

<sup>9</sup> Estimates are based on claim information collected from the IA 148 and the elimination of the program.

<sup>10</sup> Estimates are based on actual award allocations, estimated timing based on information received from the awarding agency, and include Investment Tax Credits and Sales and Use Tax Refunds. This program is included in the \$170 million EDA tax credit award cap.

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

Uncapped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Adoption Tax Credit <sup>11</sup>	\$537,066	\$632,889	\$934,087	\$1,171,180	\$1,223,673	\$1,265,812	\$1,298,194	\$1,337,140
Biodiesel Blended Fuel Tax Credit <sup>12</sup>	\$15,894,868	\$16,424,674	\$17,447,141	\$19,618,386	\$22,214,903	\$22,569,459	\$22,954,609	\$23,387,305
Charitable Conservation Contribution Tax Credit <sup>13</sup>	\$471,157	\$771,824	\$639,316	\$755,135	\$793,602	\$816,692	\$831,115	\$854,455
Child & Dependent Care Tax Credit <sup>14</sup>	\$5,686,294	\$6,086,567	\$6,063,633	\$6,597,747	\$6,449,522	\$6,333,310	\$6,200,897	\$6,067,899
E15 Plus Gasoline Promotion Tax Credit <sup>12</sup>	\$102,812	\$166,463	\$609,446	\$1,554,189	\$2,596,898	\$4,222,042	\$4,865,962	\$5,467,358
E85 Gasoline Promotion Tax Credit <sup>12</sup>	\$1,960,635	\$2,061,263	\$2,408,369	\$3,235,615	\$3,498,196	\$3,891,730	\$4,245,537	\$4,628,439
Early Childhood Development Tax Credit <sup>14</sup>	\$683,919	\$658,405	\$686,713	\$728,398	\$760,844	\$787,645	\$830,220	\$847,110
Earned Income Tax Credit <sup>14</sup>	\$71,931,413	\$69,582,239	\$68,207,726	\$70,325,972	\$71,590,457	\$72,803,122	\$74,423,555	\$75,499,041
Ethanol Promotion Tax Credit <sup>12</sup>	\$1,882,413	\$1,424,778	\$782,429	\$1,270,707	\$1,144,689	\$948,134	\$601,564	\$45,545
Farm to Food Donation Tax Credit <sup>15</sup>	\$9,732	\$10,113	\$9,389	\$11,358	\$13,070	\$14,996	\$17,222	\$19,812
Geothermal Heat Pump Tax Credit <sup>16</sup>	\$2,035,516	\$2,356,277	\$510,725	\$103,066	\$82,447	\$78,967	\$78,967	\$78,967
Geothermal Tax Credit <sup>17</sup>	\$0	\$0	\$180,901	\$1,966,794	\$252,893	\$54,678	\$31,943	\$27,747
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$41,519,557	\$40,546,381	\$37,066,839	\$43,695,702	\$42,763,862	\$43,547,003	\$43,928,058	\$44,149,707
New Capital Investment Program <sup>19</sup>	\$17,672	\$5,004	\$363	\$0	\$0	\$0	\$0	\$0
New Jobs and Income Program <sup>19</sup>	\$16,801	\$23,653	\$13,040	\$0	\$0	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$62,968,162	\$64,733,800	\$68,147,739	\$61,893,922	\$61,636,927	\$63,771,244	\$66,045,215	\$68,400,271
Supplemental Research Activities Tax Credit <sup>21</sup>	\$6,392,157	\$7,991,157	\$2,826,968	\$4,817,208	\$2,016,344	\$10,095,917	\$13,188,778	\$13,403,029
Targeted Jobs Tax Credit from Withholding <sup>22</sup>	\$6,007,526	\$5,429,609	\$5,175,957	\$7,814,586	\$7,574,213	\$5,184,873	\$4,060,571	\$1,885,737
Tuition and Textbook Tax Credit <sup>14</sup>	\$15,489,317	\$15,344,341	\$14,896,533	\$14,837,522	\$14,939,774	\$14,982,875	\$15,093,150	\$15,238,431
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>14</sup>	\$1,366,431	\$1,366,212	\$1,353,598	\$1,324,357	\$1,327,396	\$1,329,436	\$1,334,541	\$1,339,455
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$234,973,448</b>	<b>\$235,615,649</b>	<b>\$227,960,912</b>	<b>\$241,721,844</b>	<b>\$240,879,709</b>	<b>\$252,697,936</b>	<b>\$260,030,098</b>	<b>\$262,677,449</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$363,387,959</b>	<b>\$368,447,846</b>	<b>\$389,389,804</b>	<b>\$504,433,658</b>	<b>\$508,047,290</b>	<b>\$505,346,609</b>	<b>\$494,718,179</b>	<b>\$493,485,456</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$403,812</b>	<b>\$1,122,677</b>	<b>\$296,601</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$362,984,147</b>	<b>\$367,325,169</b>	<b>\$389,093,203</b>					

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

<sup>11</sup> Estimates are based on actual claim information and assumed growth rates in future years.

<sup>12</sup> Estimates are based on claim information collected from the IA 148 and forecasted future claims based on the Retailers Annual Fuel Gallons Report for 2017.

<sup>13</sup> Estimates are based on claim information collected from the IA 148 and the average new claims from tax years 2008 through 2016 to estimate future new claims.

<sup>14</sup> Estimates are based on the IDR individual income tax micro model.

<sup>15</sup> Estimates are based on claim information collected from the IA 148 and forecasted awards based on historical awards.

<sup>16</sup> Estimates are based on claim information collected from the IA 148 and the expiration of the tax credit effective December 31, 2016.

<sup>17</sup> Estimates are based on the Fiscal Note for HF 2468, 2016 Legislative session and the repeal of the tax credit effective December 31, 2018.

<sup>18</sup> Estimates are based on the assumption that withholding tax credit awards are claimed against withholding tax equally over eight years. The income tax credit estimates are based on historical claims from the IA 148.

<sup>19</sup> Estimates are based on claim information from the IA 148. This program ended July 1, 2005, no further claims are expected.

<sup>20</sup> Estimates are based on claim information collected from the IA 148, forecasted future claims based on the compound annual growth rate from past claims, and changes to eligibility effective beginning in tax year 2017 made in SF 2417, 2018 Legislative session.

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

<sup>22</sup> Estimates are based on claim information collected from withholding returns and new awards are forecasted to equal average new awards from tax years 2007 through 2016. This program will expire June 30, 2019.

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

Capped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accelerated Career Education Tax Credit <sup>23</sup>	\$4,357,315	\$4,208,881	\$4,222,055	\$4,011,156	\$4,011,156	\$4,011,156	\$4,011,156	\$4,011,156
Agricultural Assets Transfer Tax Credit <sup>24</sup>	\$3,792,623	\$4,936,713	\$4,736,503	\$4,907,627	\$4,636,218	\$4,556,043	\$4,483,859	\$4,443,288
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Farming Contract Tax Credit <sup>5</sup>	\$44,577	\$62,336	\$103,729	\$47,220	\$36,735	\$5,750	\$5,750	\$3,058
Endow Iowa Tax Credit <sup>25</sup>	\$5,448,319	\$4,352,171	\$5,829,908	\$5,239,302	\$5,240,055	\$5,240,055	\$5,240,055	\$5,240,055
Enterprise Zone Program <sup>26</sup>	\$7,761,813	\$6,687,567	\$4,044,164	\$2,845,466	\$1,699,207	\$864,186	\$681,836	\$250,671
Enterprise Zone Program - Housing Component <sup>26</sup>	\$13,302,809	\$10,287,777	\$7,977,769	\$9,963,351	\$3,685,515	\$1,739,020	\$843,653	\$507,475
High Quality Jobs Program <sup>24</sup>	\$38,133,130	\$28,339,153	\$37,474,527	\$53,423,185	\$47,020,193	\$50,734,685	\$38,752,784	\$32,127,753
Historic Preservation Tax Credit <sup>27</sup>	\$27,592,357	\$45,917,397	\$60,506,690	\$60,855,631	\$64,137,040	\$48,527,372	\$41,534,303	\$41,852,392
Redevelopment Tax Credit <sup>28</sup>	\$3,129,627	\$2,625,039	\$4,838,356	\$13,121,903	\$9,337,598	\$11,124,522	\$8,932,089	\$9,295,267
Renewable Chemical Production Tax Credit <sup>29</sup>	\$0	\$0	\$0	\$1,410,461	\$2,352,531	\$4,609,485	\$8,129,926	\$10,579,850
Renewable Energy Tax Credit <sup>24</sup>	\$5,413,157	\$4,972,472	\$3,555,061	\$4,943,362	\$5,899,064	\$6,099,392	\$5,879,275	\$5,184,375
School Tuition Organization Tax Credit <sup>25</sup>	\$11,302,261	\$11,340,742	\$11,378,093	\$11,533,454	\$12,238,404	\$12,427,770	\$12,467,509	\$12,481,113
Solar Energy System Tax Credit <sup>3</sup>	\$3,221,305	\$4,143,800	\$3,902,764	\$3,950,827	\$4,041,392	\$4,193,151	\$4,367,458	\$2,293,991
Venture Capital Tax Credit - Innovation Fund <sup>24</sup>	\$2,137,070	\$1,174,791	\$858,218	\$1,328,047	\$1,560,208	\$1,349,404	\$2,034,415	\$2,691,122
Venture Capital Tax Credit - Iowa Fund of Funds <sup>8</sup>	\$948,689	\$621,489	\$0	\$0	\$0	\$0	\$0	\$0
Venture Capital Tax Credit - Qualifying Business <sup>28</sup>	\$749,154	\$1,713,154	\$2,055,339	\$2,452,277	\$2,050,654	\$2,021,009	\$1,982,157	\$1,982,591
Venture Capital Tax Credit - Venture Capital Funds <sup>9</sup>	\$17,501	\$8,930	\$0	\$9,032	\$2,395	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>24</sup>	\$1,062,804	\$1,206,421	\$958,475	\$1,325,488	\$1,286,386	\$1,285,105	\$444,303	\$315,894
Workforce Housing Tax Incentive Program <sup>25</sup>	\$0	\$233,364	\$8,987,241	\$17,850,981	\$18,726,491	\$17,450,524	\$17,742,659	\$17,890,802
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$128,414,511</b>	<b>\$132,832,197</b>	<b>\$161,428,892</b>	<b>\$199,218,769</b>	<b>\$187,961,241</b>	<b>\$176,238,629</b>	<b>\$157,533,187</b>	<b>\$151,150,852</b>

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

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

<sup>25</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims.

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

<sup>27</sup> Estimates are based on the expectation that less than 100 percent of allocated projects will be completed and thus some projects will not ever receive awards.

<sup>28</sup> Estimates are based on the expectation that less than 100 percent of awards will be claimed before expiration based on historical claims for nonrefundable tax credit awards. It is assumed that 100 percent of the tax credit awards that are refundable, beginning in 2016, will be claimed.

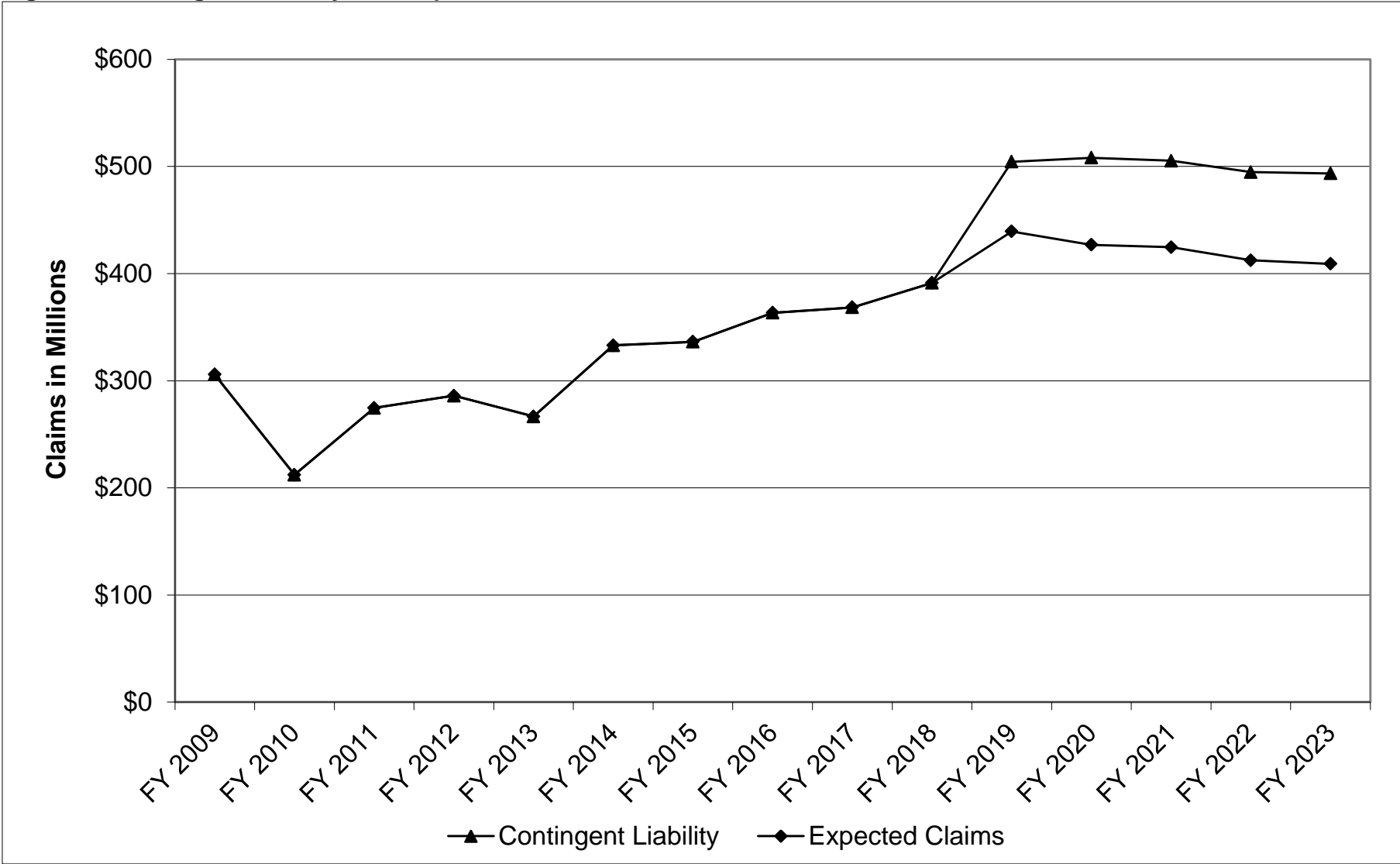
<sup>29</sup> Estimates are based on the expectation that less than 100 percent of the award cap will be issued for the first three years of the ten year program, but 100 percent of refundable credits will be claimed.

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

Uncapped Programs	History*			Forecast				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Adoption Tax Credit <sup>11</sup>	\$537,066	\$632,889	\$934,087	\$1,171,180	\$1,223,673	\$1,265,812	\$1,298,194	\$1,337,140
Biodiesel Blended Fuel Tax Credit <sup>12</sup>	\$15,894,868	\$16,424,674	\$17,447,141	\$19,618,386	\$22,214,903	\$22,569,459	\$22,954,609	\$23,387,305
Charitable Conservation Contribution Tax Credit <sup>13</sup>	\$471,157	\$771,824	\$639,316	\$755,135	\$793,602	\$816,692	\$831,115	\$854,455
Child & Dependent Care Tax Credit <sup>14</sup>	\$5,686,294	\$6,086,567	\$6,063,633	\$6,597,747	\$6,449,522	\$6,333,310	\$6,200,897	\$6,067,899
E15 Plus Gasoline Promotion Tax Credit <sup>12</sup>	\$102,812	\$166,463	\$609,446	\$1,554,189	\$2,596,898	\$4,222,042	\$4,865,962	\$5,467,358
E85 Gasoline Promotion Tax Credit <sup>12</sup>	\$1,960,635	\$2,061,263	\$2,408,369	\$3,235,615	\$3,498,196	\$3,891,730	\$4,245,537	\$4,628,439
Early Childhood Development Tax Credit <sup>14</sup>	\$683,919	\$658,405	\$686,713	\$728,398	\$760,844	\$787,645	\$830,220	\$847,110
Earned Income Tax Credit <sup>14</sup>	\$71,931,413	\$69,582,239	\$68,207,726	\$70,325,972	\$71,590,457	\$72,803,122	\$74,423,555	\$75,499,041
Ethanol Promotion Tax Credit <sup>12</sup>	\$1,882,413	\$1,424,778	\$782,429	\$1,270,707	\$1,144,689	\$948,134	\$601,564	\$45,545
Farm to Food Donation Tax Credit <sup>15</sup>	\$9,732	\$10,113	\$9,389	\$11,358	\$13,070	\$14,996	\$17,222	\$19,812
Geothermal Heat Pump Tax Credit <sup>16</sup>	\$2,035,516	\$2,356,277	\$510,725	\$103,066	\$82,447	\$78,967	\$78,967	\$78,967
Geothermal Tax Credit <sup>17</sup>	\$0	\$0	\$180,901	\$1,966,794	\$252,893	\$54,678	\$31,943	\$27,747
Iowa Industrial New Job Training Program (260E) <sup>18</sup>	\$41,519,557	\$40,546,381	\$37,066,839	\$43,695,702	\$42,763,862	\$43,547,003	\$43,928,058	\$44,149,707
New Capital Investment Program <sup>19</sup>	\$17,672	\$5,004	\$363	\$0	\$0	\$0	\$0	\$0
New Jobs and Income Program <sup>19</sup>	\$16,801	\$23,653	\$13,040	\$0	\$0	\$0	\$0	\$0
Research Activities Tax Credit <sup>20</sup>	\$62,968,162	\$64,733,800	\$68,147,739	\$61,893,922	\$61,636,927	\$63,771,244	\$66,045,215	\$68,400,271
Supplemental Research Activities Tax Credit <sup>24</sup>	\$6,392,157	\$7,991,157	\$2,826,968	\$4,817,208	\$1,521,423	\$6,821,362	\$8,836,481	\$8,980,029
Targeted Jobs Tax Credit from Withholding <sup>26</sup>	\$6,007,526	\$5,429,609	\$5,175,957	\$6,251,669	\$6,059,370	\$4,147,898	\$3,248,457	\$1,508,590
Tuition and Textbook Tax Credit <sup>14</sup>	\$15,489,317	\$15,344,341	\$14,896,533	\$14,837,522	\$14,939,774	\$14,982,875	\$15,093,150	\$15,238,431
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>14</sup>	\$1,366,431	\$1,366,212	\$1,353,598	\$1,324,357	\$1,327,396	\$1,329,436	\$1,334,541	\$1,339,455
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$234,973,448</b>	<b>\$235,615,649</b>	<b>\$227,960,912</b>	<b>\$240,158,927</b>	<b>\$238,869,945</b>	<b>\$248,386,406</b>	<b>\$254,865,687</b>	<b>\$257,877,302</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$363,387,959</b>	<b>\$368,447,846</b>	<b>\$389,389,804</b>	<b>\$439,377,696</b>	<b>\$426,831,187</b>	<b>\$424,625,035</b>	<b>\$412,398,875</b>	<b>\$409,028,154</b>
<b>Funds Recovered from Defaulted Awards</b>	<b>\$403,812</b>	<b>\$1,122,677</b>	<b>\$296,601</b>					
<b>TOTAL OF ALL PROGRAMS LESS FUNDS RECOVERED</b>	<b>\$362,984,147</b>	<b>\$367,325,169</b>	<b>\$389,093,203</b>					

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

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





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

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

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

**Agricultural Assets Transfer Tax Credit:** This credit is awarded by the Iowa Agricultural Development Division to taxpayers that lease agricultural assets to qualified beginning farmers. Sections 16.73 through 16.82, Code of Iowa.

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

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

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

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

**Custom Farming Contract Tax Credit:** This credit was awarded by the Iowa Agricultural Development Division to taxpayers that hired qualified beginning farmers to perform custom contract farm work. Sections 16.73 through 16.82, Code of Iowa. This credit was repealed effective December 31, 2017.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Renewable Chemical Production Tax Credit Program:** The tax credit, administered by EDA, is equal to \$0.05 per pound of renewable chemicals produced from biomass feedstock in Iowa. The renewable chemicals must be produced on or after January 1, 2017, and on or before December 31, 2026. Sections 15.316 through 15.322, Code of Iowa.

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

**Research Activities Tax Credit:** This credit is available to taxpayers who increase research activities in Iowa. The Iowa research tax credit relies on the federal definition of qualified research expenditures. Beginning with tax year 2017, businesses must meet the following requirements to be eligible for the credit: The business must claim and be allowed a Federal Research Credit for qualified research expenses under Internal Revenue Code section 41 for the same taxable year, and the business must be engaged in one of the following industries: manufacturing, life sciences, software engineering, or aviation and aerospace. Sections 15.335, 422.10 and 422.33(5), Code of Iowa.

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

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

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

**Taxpayers Trust Fund Tax Credit:** The credit was equal to the amount of money transferred from the Iowa Taxpayers Trust Fund divided by the number of eligible individuals who filed Iowa Individual Income Tax returns by October 31 of the year proceeding the year in which the credit is allowed. Section 422.11E, Code of Iowa. This credit was repealed effective December 31, 2017.

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

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

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

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

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

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

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

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