



# Iowa Department of **REVENUE**

## **Tax Credits Contingent Liabilities Report**

October 12, 2023

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 2023 decreased 20.1 percent from FY 2022 to \$206.9 million (see Table 1). Awards in FY 2024 to-date total \$55.9 million, although most programs have not finished issuing 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 2020, the most recent year with complete data, were \$291.3 million, up from \$272.4 million in tax year 2019.
- Sales and use tax refunds under EDA tax credit programs totaled \$4.5 million in FY 2023, measured on an accrual basis (see Table 5). To date, \$2.1 million in sales and use tax refunds have been issued in FY 2024. In FY 2023, an additional \$41.0 million in tax credit claims were made against individual withholding tax (see Table 6).
- The estimated contingent liability of all tax credits is \$515.6 million for FY 2024, \$519.1 million for FY 2025, and \$501.2 million for FY 2026 (see Table 8). Expected claims for all tax credits, based on historical information showing some tax credit awards are not always fully claimed, are \$425.5 million for FY 2024, \$424.4 million for FY 2025, and \$415.4 million for FY 2026 (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](#).

Tax credit awards in FY 2023 decreased \$52.1 million over awards in FY 2022 to a total of \$206.9 million (see Table 1). This resulted in a 20.1 percent decrease compared to FY 2022 awards. The programs with the largest percent increase in awards for FY 2023 were the Solar Energy System Tax Credit, School Tuition Organization Tax Credit, and the Geothermal Heat Pump Tax Credit. Solar Energy System Tax Credit awards increased 120 percent from \$5 million to \$11.1 million due to a legislative change, School Tuition Organization Tax Credit awards increased 20 percent from \$15.0 million to \$17.9 million due to a program cap increase, and Geothermal Heat Pump Tax Credit awards increased 51.8 percent from \$0.4 million to \$0.6 million due to increased demand.

Awards made to-date in FY 2024 total \$55.9 million with most programs still issuing awards.

## ***Tax Credit Claims***

Between tax years 2014 and 2021, individual income tax credit claims averaged \$245.6 million per year (see Table 2). Total individual income tax credit claims in 2021 increased 18.3 percent from claims made in 2020. The Child & Dependent Care Tax Credit and the Volunteer Firefighter/EMS Tax Credit experienced drastic increases over 2020 claims due to legislative changes.

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 2013, the Research Activities Tax Credit has accounted for almost 52 percent of total corporation income tax credit claims. 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 2014 through 2020 as new credits were introduced, those claims accounted for 48.2 percent of corporation tax credit claims. Tax year 2020 is the most recent complete year of claim data. In 2020, Research Activities Tax Credit claims accounted for 35.9 percent of all credits claimed against corporation income tax.

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 2020, on average, 72.6 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 (levied on banks), individual income, insurance premium,

moneys and credits (levied on credit unions), replacement, and sales and use taxes. The majority of IA 148 refundable tax credit claims made between 2006 and 2020 were claimed against corporation income tax, averaging almost 66 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, replacement, and sales and use taxes.

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

As part of 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, as well as the Enterprise Zone Program (including the Housing component), 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 2019 when they exceeded \$28.3 million, which was an 8.3 percent increase over FY 2018. 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. Refunds for FY 2023 decreased to \$4.5 million which was a 58.1 percent decrease from the previous year, this decrease may have been due, in part, to a change to the system that these refunds are issued from which likely delayed the processing. Year-to-date refunds for fiscal year 2023 are \$2.2 million.

### ***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, based on the period of the return. Information on withholding tax credit claims is presented since the September 2018 quarter (see Table 6). Withholding tax credit claims have averaged \$45.5 million each fiscal year between 2019 and 2023. 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 \$41.8 million of New Jobs Tax Credits awarded each year since the program's inception in FY 2001. However, awards fell below that average for the five fiscal years prior to 2018 and fell below \$30 million in FY 2020 for the first time since FY 2004 (see Table 7). Awards rebounded in FY 2021 to an all-time high of \$60.5 million, but fell to 47.6 million in FY 2022 and \$39.5 million in FY 2023. 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 (see Table 8). 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.

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 2023 numbers are likely to increase as tax credit claims continue to be verified and processed. 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 2021 and 2022 may also change as the review of tax credit claims in these years continues.

### ***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 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
Accelerated Career Education Program (ACE) <sup>†</sup>	\$5,400,000	\$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
Angel Investor Tax Credit <sup>†</sup>	\$0	\$1,234,707	\$1,999,001	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,006	\$1,999,994	\$2,000,000	\$0
Assistive Device Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Farmer Tax Credit <sup>†</sup>	\$6,508,811	\$6,959,738	\$8,140,628	\$9,616,312	\$5,989,334	\$13,529,228	\$8,797,185	\$6,090,203	\$6,102,563	\$1,580,358
Custom Farming Contract Tax Credit <sup>†</sup>	\$30,046	\$89,704	\$114,786	\$16,595	n/a	n/a	n/a	n/a	n/a	n/a
Employer Child Care Credit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$0
Endow Iowa Tax Credit <sup>††</sup>	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$13,000,000
Enterprise Zone Program - Housing Component <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enterprise Zone Program <sup>†</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Farm to Food Donation Tax Credit	\$12,500	\$14,089	\$9,097	\$11,083	\$30,416	\$26,465	\$30,770	\$31,970	n/a	n/a
Geothermal Heat Pump Tax Credit (Awarded)	n/a	n/a	n/a	n/a	n/a	\$730,325	\$442,471	\$411,216	\$624,390	\$138,168
High Quality Jobs Program <sup>†</sup>	\$50,478,792	\$61,333,580	\$45,150,681	\$66,513,787	\$43,013,586	\$24,001,028	\$32,561,173	\$61,385,283	\$36,508,144	\$3,352,168
Historic Preservation Tax Credit <sup>†</sup>	\$39,022,230	\$65,679,991	\$45,899,311	\$45,407,164	\$45,125,509	\$45,000,000	\$46,998,771	\$49,144,057	\$49,349,803	\$0
Hoover Presidential Library Tax Credit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$281,112	\$273,531	\$57,420
Innovation Fund Tax Credit <sup>†</sup>	\$2,194,353	\$1,120,374	\$768,826	\$1,463,626	\$1,634,274	\$1,393,475	\$2,883,321	\$4,562,293	\$1,780,351	\$0
Iowa Industrial New Jobs Training Program (260E)	\$39,860,995	\$40,294,972	\$38,167,000	\$44,600,000	\$37,985,000	\$27,495,000	\$60,465,000	\$47,550,000	\$21,230,000	\$0
Redevelopment Tax Credit <sup>†</sup>	\$8,829,915	\$9,924,043	\$8,736,273	\$9,842,165	\$9,938,469	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$0
Renewable Chemical Production Tax Credit Program	n/a	n/a	n/a	\$542,114	\$1,000,000	\$1,250,759	\$1,000,000	\$1,165,202	\$0	\$0
Renewable Energy Tax Credit <sup>†</sup>	\$5,404,123	\$4,866,378	\$5,079,895	\$4,663,003	\$4,875,294	\$4,697,282	\$4,724,143	\$4,255,748	\$3,098,868	\$0
School Tuition Organization Tax Credit <sup>††</sup>	\$11,999,190	\$12,000,000	\$12,000,000	\$12,000,206	\$11,961,358	\$11,270,494	\$12,609,518	\$14,963,950	\$17,945,541	\$2,515,846
Solar Energy System Tax Credit <sup>†</sup>	\$4,411,891	\$5,083,754	\$5,004,261	\$4,952,307	\$5,048,037	\$5,006,704	\$5,020,400	\$5,039,283	\$11,097,223	\$271,935
Targeted Jobs Tax Credit from Withholding	\$2,214,081	\$705,900	\$2,444,293	\$10,298,240	\$1,147,839	\$0	\$0	\$759,333	\$533,913	\$0
Venture Capital Tax Credit - Fund of Funds <sup>†</sup>	\$0	\$358,689	\$756,169	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wind Energy Production Tax Credit <sup>†</sup>	\$1,669,737	\$1,650,877	\$1,657,604	\$1,601,299	\$1,505,870	\$1,019,931	\$854,928	\$0	\$0	\$0
Workforce Housing Tax Incentive Program - Allocated <sup>†</sup>	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$25,000,000	\$25,000,000	\$40,000,000	\$35,000,000	\$35,000,000
Workforce Housing Tax Incentive Program Awarded (not included in total) <sup>†‡</sup>	\$0	\$0	\$5,296,301	\$18,682,879	\$19,876,984	\$24,994,624	\$22,899,010	\$27,749,906	\$6,173,444	\$0
<b>Total Credits Awarded Each Fiscal Year</b>	<b>\$204,036,664</b>	<b>\$242,716,796</b>	<b>\$207,327,825</b>	<b>\$244,927,901</b>	<b>\$202,654,986</b>	<b>\$183,820,691</b>	<b>\$224,787,686</b>	<b>\$259,039,644</b>	<b>\$206,944,327</b>	<b>\$55,915,895</b>

Source: Iowa Department of Revenue IMPACT and CACTAS data and Awarding Agencies

<sup>1</sup> Awards made on CY basis, but reflected in first FY in which the credits can be claimed.

<sup>2</sup> The Workforce Housing Tax Incentive Program currently is subject to two caps, one on allocations and one on the issuance of awards. Activity under both is presented in the table but only the allocated awards are included in the total because that cap is in line with many other awarded tax credits.

n/a = program not yet created or discontinued program

†=tax credit programs that have capped awards

\*=partial award year

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Total Individual Income Tax Credits	\$272,507,966	\$221,768,067	\$233,870,653	\$226,277,454	\$255,752,995	\$234,880,426	\$238,170,761	\$281,655,403	\$276,181,941
Child & Dependent Care Tax Credit	\$4,061,279	\$5,686,294	\$6,086,567	\$6,114,110	\$5,610,709	\$5,476,952	\$4,094,058	\$25,743,234	\$9,513,163
Early Childhood Development Tax Credit	\$728,777	\$683,919	\$658,405	\$688,650	\$644,109	\$618,398	\$587,399	\$684,626	\$917,601
Earned Income Tax Credit	\$71,094,646	\$71,931,413	\$69,582,239	\$68,651,800	\$67,644,269	\$68,638,020	\$62,622,352	\$74,603,430	\$71,090,981
Taxpayers Trust Fund Tax Credit	\$24,945,414	\$0	\$0	\$0	n/a	n/a	n/a	n/a	n/a
Tuition and Textbook Tax Credit	\$15,356,667	\$15,489,317	\$15,344,341	\$15,306,991	\$15,134,975	\$14,859,715	\$14,006,637	\$23,261,201	\$26,247,630
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit	\$1,366,107	\$1,366,431	\$1,366,212	\$1,366,113	\$1,326,766	\$1,321,196	\$1,282,197	\$3,216,486	\$3,395,193
Other Nonrefundable Tax Credits	\$137,869,472	\$103,836,104	\$111,984,960	\$103,093,746	\$121,887,315	\$109,362,109	\$130,537,697	\$125,357,401	\$123,997,219
Other Refundable Tax Credits	\$17,085,604	\$22,774,589	\$28,847,929	\$31,056,044	\$43,504,852	\$34,604,036	\$25,040,421	\$28,789,025	\$41,020,154
	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
Total Corporation Income Tax Credits	\$114,821,943	\$98,846,034	\$94,140,212	\$102,645,794	\$118,066,060	\$70,587,792	\$94,815,975	\$45,905,282	\$6,186,155
Other Credits (Nonrefundable)	\$38,060,885	\$20,278,260	\$17,817,748	\$21,032,200	\$37,496,701	\$21,427,996	\$21,240,402	\$5,420,715	\$182,086
Other Credits (Refundable)	\$21,595,083	\$23,247,771	\$25,224,582	\$27,211,706	\$24,170,439	\$15,534,662	\$38,916,191	\$16,633,075	\$5,433,634
Iowa Industrial New Jobs Income Tax Credit (260E)	\$1,162,157	\$1,074,603	\$1,085,970	\$429,005	\$404,304	\$628,549	\$606,947	\$10,903	\$14,616
Research Activities Tax Credit	\$54,003,818	\$54,245,400	\$50,011,912	\$53,972,883	\$55,994,616	\$32,996,585	\$34,052,435	\$23,840,589	\$555,819

Source: Iowa Department of Revenue IMPACT and CACTAS 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	\$19,415,417	\$717,169	\$90,260,398	\$3,282,851	\$0	\$0	\$0	\$113,675,835
2007	\$24,322,664	\$632,919	\$72,589,496	\$1,981,714	\$0	\$0	\$0	\$99,526,793
2008	\$21,318,123	\$4,002,099	\$82,149,727	\$4,436,085	\$0	\$0	\$241,264	\$112,147,298
2009	\$27,576,759	\$1,072,601	\$72,246,810	\$13,718,892	\$0	\$516,821	\$0	\$115,131,883
2010	\$19,329,838	\$3,123,320	\$81,810,318	\$4,016,374	\$0	\$726,025	\$0	\$109,005,875
2011	\$18,661,783	\$2,194,248	\$91,863,089	\$9,109,119	\$0	\$763,797	\$0	\$122,592,036
2012	\$24,206,241	\$3,448,056	\$116,039,899	\$5,874,008	\$0	\$791,633	\$54,732	\$150,414,569
2013	\$38,867,757	\$3,368,541	\$90,489,962	\$6,483,552	\$0	\$780,983	\$126,338	\$140,117,133
2014	\$39,223,042	\$4,463,110	\$125,337,092	\$6,050,833	\$268,002	\$837,557	\$487,649	\$176,667,285
2015	\$21,352,863	\$4,449,992	\$106,306,847	\$8,250,131	\$141,350	\$789,564	\$385,532	\$141,676,279
2016	\$18,903,718	\$6,821,733	\$118,470,436	\$8,949,402	\$272,597	\$787,002	\$502,601	\$154,707,489
2017	\$21,461,205	\$9,607,128	\$106,298,054	\$9,628,790	\$132,512	\$778,554	\$425,366	\$148,331,609
2018	\$37,901,005	\$10,991,328	\$126,053,320	\$14,737,677	\$208,825	\$722,833	\$361,645	\$190,976,633
2019	\$22,056,545	\$9,092,525	\$114,463,827	\$10,412,388	\$189,460	\$207,554	\$602,410	\$157,024,709
2020	\$21,894,943	\$6,227,699	\$131,689,417	\$11,796,031	\$0	\$0	\$326,225	\$171,934,315

Source: Iowa Department of Revenue IMPACT and CACTAS 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	\$55,454,432	\$0	\$7,928,957	\$0	\$0	\$0	\$0	\$63,383,389
2007	\$67,381,478	\$4,021,902	\$11,098,623	\$3,833,435	\$0	\$23,090	\$0	\$86,358,528
2008	\$61,647,527	\$4,382,592	\$13,502,548	\$4,433,454	\$0	\$0	\$0	\$83,966,121
2009	\$56,121,721	\$2,347,749	\$14,284,547	\$1,771,058	\$0	\$0	\$0	\$74,525,075
2010	\$72,980,738	\$9,899,916	\$17,114,232	\$2,375,733	\$0	\$0	\$0	\$102,370,619
2011	\$73,740,462	\$4,522,792	\$18,139,363	\$1,074,897	\$0	\$0	\$0	\$97,477,514
2012	\$76,969,933	\$11,057,276	\$27,875,315	\$2,518,789	\$0	\$0	\$0	\$118,421,313
2013	\$74,622,005	\$10,248,752	\$24,161,367	\$1,715,232	\$0	\$0	\$0	\$110,747,356
2014	\$75,430,773	\$9,411,004	\$30,313,463	\$1,343,225	\$0	\$0	\$0	\$116,498,465
2015	\$77,493,171	\$7,930,663	\$39,320,365	\$0	\$0	\$0	\$0	\$124,744,199
2016	\$76,144,974	\$17,766,922	\$42,944,844	\$7,607,358	\$0	\$0	\$0	\$144,464,098
2017	\$81,184,589	\$20,213,107	\$45,438,309	\$0	\$0	\$0	\$0	\$146,836,005
2018	\$80,165,055	\$1,371,944	\$57,449,681	\$0	\$0	\$0	\$0	\$138,986,680
2019	\$48,531,247	\$6,883,777	\$59,996,831	\$0	\$0	\$0	\$0	\$115,411,855
2020	\$72,968,626	\$0	\$46,383,313	\$0	\$0	\$0	\$0	\$119,351,939

Source: Iowa Department of Revenue IMPACT and CACTAS 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	\$84,248					\$188,463
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	\$1,217,257	\$366,294	\$956,529	\$0		\$2,999,216
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	\$2,655,424	\$0	\$0	\$1,946,981		\$5,241,095
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	\$2,582,612		\$3,746,260
FY 2015	\$2,507,415	\$3,987,498	\$0	\$0	\$13,183,489		\$19,678,402
FY 2016	\$217,660	\$2,832,304	\$0	\$0	\$13,267,765		\$16,317,729
FY 2017	\$1,312,382	\$2,092,372	\$0	\$0	\$10,361,507	\$226,789	\$13,993,050
FY 2018	\$1,013,364	\$1,629,495	\$0	\$0	\$20,370,698	\$3,074,266	\$26,087,823
FY 2019	\$0	\$1,141,474	\$0	\$0	\$24,234,240	\$2,506,446	\$27,882,160
FY 2020	\$0	\$0	\$0	\$0	\$6,225,779	\$3,149,607	\$9,375,386
FY 2021	\$0	\$0	\$0	\$0	\$10,418,569	\$2,823,669	\$13,242,238
FY 2022	\$0	\$0	\$0	\$0	\$8,127,301	\$2,730,695	\$10,857,996
FY 2023	\$0	\$0	\$0	\$0	\$3,608,664	\$940,607	\$4,549,271
FY 2024	\$0	\$0	\$0	\$0	\$1,635,085	\$544,448	\$2,179,533

Source: Iowa Department of Revenue IMPACT and CACTAS data

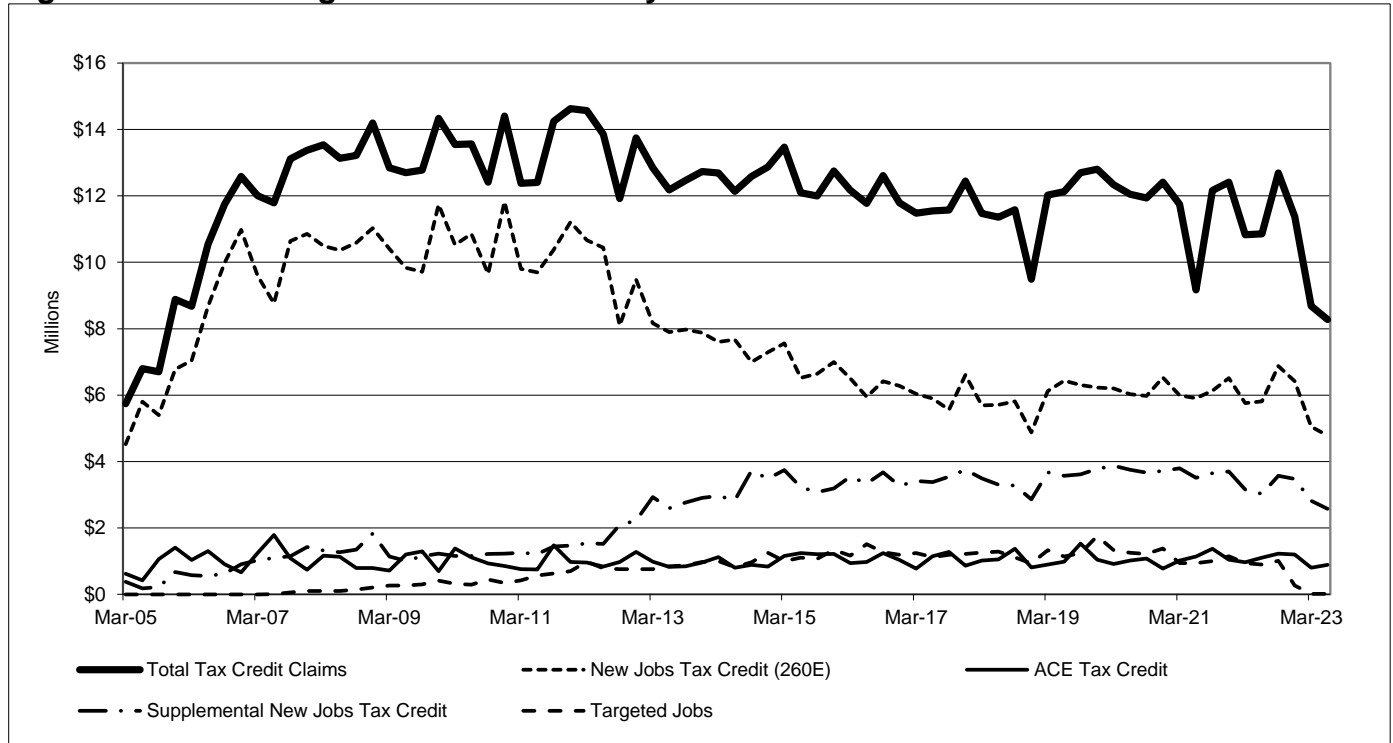
Note: Refunds are reported on an accrual basis

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

Quarter	Number of Claims	Total Tax Credit Claims	New Jobs Tax Credit (260E)	Supplemental New Jobs Tax Credit	Targeted Jobs Tax Credit	ACE Tax Credit
9/30/2018	564	\$11,581,414	\$5,812,289	\$3,281,669	\$1,111,711	\$1,375,745
12/31/2018	463	\$9,488,440	\$4,879,656	\$2,863,355	\$934,810	\$810,619
3/31/2019	567	\$12,025,329	\$6,120,398	\$3,676,922	\$1,328,422	\$899,587
6/30/2019	552	\$12,126,485	\$6,432,415	\$3,570,359	\$1,140,330	\$983,381
9/30/2019	551	\$12,701,055	\$6,308,761	\$3,615,721	\$1,245,081	\$1,531,492
12/31/2019	548	\$12,802,721	\$6,224,486	\$3,777,200	\$1,753,872	\$1,047,163
3/31/2020	541	\$12,330,279	\$6,205,449	\$3,874,788	\$1,333,372	\$916,670
6/30/2020	531	\$12,051,593	\$6,027,440	\$3,755,162	\$1,251,141	\$1,017,850
9/30/2020	502	\$11,938,876	\$5,974,968	\$3,667,981	\$1,216,248	\$1,079,679
12/31/2020	490	\$12,410,390	\$6,528,276	\$3,718,913	\$1,381,771	\$781,430
3/31/2021	477	\$11,745,604	\$5,994,899	\$3,792,848	\$941,007	\$1,016,850
6/30/2021	437	\$9,169,499	\$5,904,555	\$3,513,336	\$941,180	\$1,139,679
9/30/2021	474	\$12,162,584	\$6,136,223	\$3,648,828	\$1,001,023	\$1,376,510
12/31/2021	450	\$12,409,011	\$6,516,608	\$3,701,874	\$1,147,011	\$1,043,518
3/31/2022	391	\$10,827,288	\$5,757,726	\$3,157,876	\$942,856	\$968,831
6/30/2022	391	\$10,852,162	\$5,813,861	\$3,029,531	\$900,569	\$1,108,201
9/30/2022	406	\$12,684,920	\$6,878,282	\$3,568,821	\$1,007,164	\$1,230,652
12/31/2022	383	\$11,371,543	\$6,421,341	\$3,478,139	\$267,974	\$1,204,090
3/31/2023	324	\$8,686,113	\$5,054,123	\$2,815,858	\$12,016	\$804,116
6/30/2023	294	\$8,274,460	\$4,785,629	\$2,580,880	\$15,916	\$892,035
FY 2019	2,146	\$45,221,668	\$23,244,758	\$13,392,305	\$4,515,273	\$4,069,332
FY 2020	2,171	\$49,885,648	\$24,766,136	\$15,022,871	\$5,583,466	\$4,513,175
FY 2021	1,906	\$45,264,369	\$24,402,698	\$14,693,078	\$4,480,206	\$4,017,638
FY 2022	1,706	\$46,251,045	\$24,224,417	\$13,538,108	\$3,991,459	\$4,497,061
FY 2023	1,407	\$41,017,036	\$23,139,375	\$12,443,698	\$1,303,070	\$4,130,893
CY 2019	2,218	\$49,655,590	\$25,086,060	\$14,640,202	\$5,467,705	\$4,461,623
CY 2020	2,064	\$48,731,138	\$24,736,133	\$15,016,844	\$5,182,532	\$3,795,629
CY 2021	1,838	\$45,486,698	\$24,552,285	\$14,656,886	\$4,030,221	\$4,576,557
CY 2022	1,571	\$45,735,913	\$24,871,209	\$13,234,367	\$3,118,563	\$4,511,774
YTD CY 2023	618	\$16,960,573	\$9,839,753	\$5,396,738	\$27,932	\$1,696,151

Source: IDR withholding returns data and IMPACT 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	\$59,050,000	\$47,507,655	\$4,627,118	\$52,134,773
FY 2009	\$48,925,000	\$47,189,017	\$4,403,826	\$51,592,843
FY 2010	\$32,065,000	\$47,526,601	\$3,082,991	\$50,609,592
FY 2011	\$40,755,000	\$45,892,441	\$2,355,421	\$48,247,862
FY 2012	\$48,715,000	\$48,660,167	\$2,618,095	\$51,278,262
FY 2013	\$35,655,727	\$43,488,612	\$3,325,110	\$46,813,722
FY 2014	\$38,667,132	\$42,602,821	\$2,017,380	\$44,620,201
FY 2015	\$39,860,995	\$42,545,640	\$1,627,653	\$44,173,293
FY 2016	\$40,285,007	\$39,247,732	\$2,301,791	\$41,549,523
FY 2017	\$38,167,000	\$38,381,439	\$2,671,791	\$41,053,230
FY 2018	\$44,600,000	\$37,665,118	\$1,710,038	\$39,375,156
FY 2019	\$37,985,000	\$36,637,063	\$1,488,305	\$38,125,368
FY 2020	\$27,495,000	\$39,789,007	\$1,594,168	\$41,383,175
FY 2021	\$60,465,000	\$39,095,776	\$1,565,167	\$40,660,943
FY 2022	\$47,550,000	\$37,762,525	\$580,800	\$38,343,325
FY 2023	\$39,535,000	\$35,583,073	\$547,417	\$36,130,490

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

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

Capped Programs	History*			Forecast				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Accelerated Career Education Tax Credit <sup>2</sup>	\$4,017,638	\$4,497,061	\$4,130,893	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000	\$5,400,000
Angel Investor Tax Credit <sup>3</sup>	\$1,863,929	\$1,252,171	\$1,594,783	\$1,997,198	\$1,998,839	\$2,001,052	\$2,000,524	\$2,000,446
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Farmer Tax Credit <sup>3</sup>	\$5,373,329	\$4,830,604	\$4,935,108	\$11,979,288	\$12,018,001	\$12,455,227	\$13,280,791	\$13,541,311
Custom Farming Contract Tax Credit <sup>5</sup>	\$1,908	\$21,516	\$13,434	\$15,943	\$13,719	\$6,211	\$6,211	\$3,708
Employer Child Care Tax Credit <sup>6</sup>	\$0	\$0	\$0	\$800,000	\$740,000	\$800,000	\$800,000	\$800,000
Endow Iowa Tax Credit <sup>3</sup>	\$4,161,066	\$4,277,890	\$4,836,086	\$10,607,383	\$9,119,478	\$7,852,556	\$7,778,114	\$7,597,955
Enterprise Zone Program - Housing Component <sup>6</sup>	\$3,418,801	\$3,007,073	\$406,931	\$106,150	\$0	\$0	\$0	\$0
Enterprise Zone Program <sup>7</sup>	\$763,281	\$1,091,738	\$109,416	\$1,635,004	\$1,632,977	\$1,280,526	\$0	\$0
Geothermal Heat Pump Tax Credit <sup>8</sup>	\$640,634	\$497,283	\$576,860	\$1,206,686	\$477,320	\$103,413	\$80,158	\$68,054
High Quality Jobs Program <sup>9</sup>	\$26,157,105	\$22,820,190	\$15,217,259	\$99,886,967	\$84,346,992	\$72,703,400	\$75,653,354	\$69,805,040
Historic Preservation Tax Credit <sup>3</sup>	\$30,671,807	\$35,475,414	\$25,066,202	\$52,335,475	\$61,733,182	\$64,057,196	\$54,348,753	\$52,171,081
Hoover Presidential Library Tax Credit <sup>10</sup>	\$0	\$213,431	\$107,411	\$208,969	\$2,262,991	\$443,494	\$482,791	\$455,647
Innovation Fund Tax Credit <sup>3</sup>	\$1,672,471	\$2,848,229	\$1,716,627	\$4,145,211	\$5,947,061	\$6,918,381	\$7,139,412	\$7,353,233
Redevelopment Tax Credit <sup>3</sup>	\$5,700,272	\$3,054,180	\$3,845,146	\$8,781,878	\$10,574,344	\$14,363,580	\$14,932,831	\$14,011,558
Renewable Chemical Production Tax Credit Program <sup>3</sup>	\$1,751,704	\$657,439	\$1,004,650	\$2,935,990	\$3,913,159	\$4,965,072	\$5,000,000	\$5,000,000
Renewable Energy Tax Credit <sup>3</sup>	\$2,408,472	\$4,132,875	\$1,608,002	\$4,998,183	\$5,003,952	\$5,373,565	\$6,162,401	\$4,811,355
School Tuition Organization Tax Credit <sup>3</sup>	\$11,891,091	\$13,252,232	\$13,848,107	\$20,202,076	\$20,714,468	\$20,738,982	\$20,518,925	\$19,987,615
Solar Energy System Tax Credit <sup>11</sup>	\$4,871,091	\$4,521,251	\$6,599,208	\$4,529,332	\$2,580,251	\$1,786,720	\$1,480,949	\$1,011,337
Supplemental Research Activities Tax Credit <sup>12</sup>	\$1,606,327	\$66,756	\$8,203,010	\$2,388,206	\$2,418,402	\$3,146,966	\$1,697,947	\$2,166,011
Wind Energy Production Tax Credit <sup>3</sup>	\$850,658	\$137,741	\$0	\$500,099	\$391,320	\$248,717	\$0	\$0
Workforce Housing Tax Incentive Program <sup>14</sup>	\$17,336,633	\$11,098,191	\$7,410,758	\$47,039,650	\$47,522,176	\$35,186,113	\$34,985,826	\$34,996,992
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$125,158,217</b>	<b>\$117,753,265</b>	<b>\$101,229,891</b>	<b>\$281,699,686</b>	<b>\$278,808,633</b>	<b>\$259,831,172</b>	<b>\$251,748,988</b>	<b>\$241,181,342</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 that no awards will be made for this program.

<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 the NOBA estimate for HF 2564, Legislative Session 2022

<sup>7</sup> Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds and Investment Tax Credits. This program was repealed effective July 1, 2014.

<sup>8</sup> Estimates are based on claim information collected from the IA 148, the expiration of the tax credit effective December 31, 2016, and the reinstatement of the credit in 2019 as a \$1 million capped credit.

<sup>9</sup> Estimates are based on information from the awarding agency and include Sales and Use Tax Refunds, Investment Tax Credits, and Third Party Developer Tax Credit. Supplemental Research Activities Tax Credit (SRAC) awards are accounted for under the Supplemental RAC estimates.

<sup>10</sup> Estimates are based on actual awards made in 2022 and the assumption that the remainder of available credits will be awarded equally over the next two years before the credit expires and claimed at a rate similar to the awards claimed in the first year.

<sup>11</sup> Estimates are based on the changes to the program that allowed previously denied applications to be reconsidered and the assumption that qualifying business applications will receive tax credits from the 2022 waitlist.

<sup>12</sup> Estimates account for IEDA capping the amount of Supplemental RAC that can be claimed, changes to the credit calculation based on corporate gross revenues, and the reduced refundability due to HF 2317, Legislative Session 2022.

<sup>13</sup> Estimates are based on claim information collected from the IA 148 and the elimination of the program.

<sup>14</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.

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

Uncapped Programs	History*			Forecast				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Adoption Tax Credit <sup>15</sup>	\$1,001,691	\$801,417	\$897,713	\$852,937	\$947,613	\$1,045,505	\$1,152,276	\$1,269,952
Biodiesel Blended Fuel Tax Credit <sup>16</sup>	\$21,684,356	\$23,291,103	\$23,989,521	\$18,727,845	\$21,448,772	\$24,470,593	\$26,351,187	\$27,930,043
Charitable Conservation Contribution Tax Credit <sup>17</sup>	\$508,281	\$876,427	\$631,035	\$568,639	\$577,263	\$599,352	\$621,032	\$642,779
Child & Dependent Care Tax Credit <sup>18</sup>	\$4,094,058	\$25,743,234	\$9,513,163	\$11,130,845	\$11,303,107	\$11,554,076	\$12,297,550	\$12,318,973
E15 Plus Gasoline Promotion Tax Credit <sup>16</sup>	\$3,346,046	\$4,236,236	\$5,646,213	\$7,807,059	\$11,495,414	\$12,532,468	\$10,979,563	\$843,221
E85 Gasoline Promotion Tax Credit <sup>16</sup>	\$2,720,757	\$2,318,353	\$3,140,327	\$3,124,018	\$3,189,624	\$3,259,664	\$3,335,682	\$3,422,880
Early Childhood Development Tax Credit <sup>18</sup>	\$587,399	\$684,626	\$917,601	\$881,130	\$919,047	\$944,634	\$978,712	\$1,012,892
Earned Income Tax Credit <sup>18</sup>	\$62,622,352	\$74,603,430	\$71,090,981	\$67,162,184	\$71,831,959	\$72,815,761	\$72,733,179	\$73,268,362
Ethanol Promotion Tax Credit <sup>19</sup>	\$540,511	\$365,906	\$244,173	\$53,978	\$0	\$0	\$0	\$0
Farm to Food Donation Tax Credit <sup>20</sup>	\$15,058	\$26,878	\$23,242	\$16,986	\$17,648	\$20,183	\$22,976	\$26,265
Geothermal Tax Credit <sup>21</sup>	\$82,982	\$26,731	\$11,731	\$21,328	\$21,328	\$21,328	\$21,328	\$21,328
Iowa Industrial New Job Training Program (260E) <sup>22</sup>	\$40,660,943	\$38,343,325	\$36,130,490	\$44,558,441	\$45,033,667	\$44,659,738	\$45,158,988	\$47,042,917
Research Activities Tax Credit <sup>23</sup>	\$48,868,854	\$42,994,782	\$66,661,492	\$48,291,166	\$42,598,898	\$38,279,371	\$35,970,351	\$32,046,160
Targeted Jobs Tax Credit from Withholding <sup>24</sup>	\$4,686,815	\$3,996,328	\$1,275,138	\$1,329,876	\$1,313,663	\$1,249,266	\$969,064	\$713,424
Tuition and Textbook Tax Credit <sup>18</sup>	\$14,006,637	\$23,261,201	\$26,247,630	\$26,178,882	\$26,432,569	\$26,730,160	\$25,903,059	\$26,225,410
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>18</sup>	\$1,282,197	\$3,216,486	\$3,395,193	\$3,187,290	\$3,187,290	\$3,159,199	\$3,135,853	\$3,140,147
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$206,708,937</b>	<b>\$244,786,463</b>	<b>\$249,815,643</b>	<b>\$233,892,603</b>	<b>\$240,317,861</b>	<b>\$241,341,299</b>	<b>\$239,630,801</b>	<b>\$229,924,752</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$331,867,154</b>	<b>\$362,539,728</b>	<b>\$351,045,534</b>	<b>\$515,592,290</b>	<b>\$519,126,494</b>	<b>\$501,172,471</b>	<b>\$491,379,788</b>	<b>\$471,106,094</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 2020 through 2022 are actual claim numbers, but may change as additional tax credit claims are verified or repaid in case of errors.

<sup>15</sup> Estimates are based on actual claim information and assumed growth rates in future years.

<sup>16</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 2021.

<sup>17</sup> Estimates are based on claim information collected from the IA 148 and the average new claims from tax years 2019 through 2021 to estimate future new claims.

<sup>18</sup> Estimates are based on the IDR individual income tax micro model.

<sup>19</sup> Estimates are based on claim information collected from the IA 148, forecasted future claims based on the Retailers Annual Fuel Gallons Report for 2020, and the expiration of the tax credit on January 1, 2021.

<sup>20</sup> Estimates are based on claim information collected from the IA 148 and projected increased claims due to the credit being changed from awarded to automatic in tax years 2022 and later.

<sup>21</sup> Estimates are based on the amount of initial credits reported, claim information collected from the IA 148, and the repeal of the tax credit effective December 31, 2018.

<sup>22</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>23</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 and refundability effective beginning in tax year 2023 made in HF 2317, Legislative Session 2022.

<sup>24</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, 2024.

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

Capped Programs	History*			Forecast				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Accelerated Career Education Tax Credit <sup>25</sup>	\$4,017,638	\$4,497,061	\$4,130,893	\$4,155,992	\$4,155,992	\$4,155,992	\$4,155,992	\$4,155,992
Angel Investor Tax Credit <sup>26</sup>	\$1,863,929	\$1,252,171	\$1,594,783	\$1,668,334	\$1,678,161	\$1,680,831	\$1,680,836	\$1,680,836
Assistive Device Tax Credit <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Farmer Tax Credit <sup>27</sup>	\$5,373,329	\$4,830,604	\$4,935,108	\$5,582,114	\$5,812,049	\$5,920,765	\$6,020,666	\$6,073,234
Custom Farming Contract Tax Credit <sup>5</sup>	\$1,908	\$21,516	\$13,434	\$15,943	\$13,719	\$6,211	\$6,211	\$3,708
Employer Child Care Tax Credit <sup>6</sup>	\$0	\$0	\$0	\$800,000	\$740,000	\$800,000	\$800,000	\$800,000
Endow Iowa Tax Credit <sup>26</sup>	\$4,161,066	\$4,277,890	\$4,836,086	\$8,445,515	\$7,242,683	\$5,661,571	\$5,441,794	\$5,306,816
Enterprise Zone Program - Housing Component <sup>28</sup>	\$3,418,801	\$3,007,073	\$406,931	\$106,150	\$0	\$0	\$0	\$0
Enterprise Zone Program <sup>28</sup>	\$763,281	\$1,091,738	\$109,416	\$100,150	\$41,827	\$7,922	\$0	\$0
Geothermal Heat Pump Tax Credit <sup>8</sup>	\$640,634	\$497,283	\$576,860	\$621,168	\$212,960	\$31,240	\$17,365	\$10,830
High Quality Jobs Program <sup>27</sup>	\$26,157,105	\$22,820,190	\$15,217,259	\$54,059,365	\$45,396,043	\$42,924,720	\$38,427,141	\$37,143,532
Historic Preservation Tax Credit <sup>29</sup>	\$30,671,807	\$35,475,414	\$25,066,202	\$33,913,645	\$34,185,436	\$34,264,412	\$34,316,326	\$31,472,681
Hoover Presidential Library Tax Credit <sup>27</sup>	\$0	\$213,431	\$107,411	\$204,314	\$597,184	\$155,450	\$148,372	\$125,882
Innovation Fund Tax Credit <sup>27</sup>	\$1,672,471	\$2,848,229	\$1,716,627	\$3,051,049	\$3,651,433	\$4,058,064	\$4,328,229	\$3,977,960
Redevelopment Tax Credit <sup>30</sup>	\$5,700,272	\$3,054,180	\$3,845,146	\$8,041,870	\$9,502,587	\$12,947,593	\$13,373,728	\$11,817,126
Renewable Chemical Production Tax Credit <sup>31</sup>	\$1,751,704	\$657,439	\$1,004,650	\$1,625,005	\$1,085,534	\$1,747,941	\$2,280,690	\$2,961,023
Renewable Energy Tax Credit <sup>27</sup>	\$2,408,472	\$4,132,875	\$1,608,002	\$3,465,114	\$3,652,081	\$3,649,868	\$3,413,351	\$2,286,174
School Tuition Organization Tax Credit <sup>26</sup>	\$11,891,091	\$13,252,232	\$13,848,107	\$18,002,367	\$18,601,984	\$18,755,031	\$18,819,029	\$18,849,635
Solar Energy System Tax Credit <sup>11</sup>	\$4,871,091	\$4,521,251	\$6,599,208	\$4,529,332	\$2,580,251	\$1,786,720	\$1,480,949	\$1,011,337
Supplemental Research Activities Tax Credit <sup>27</sup>	\$1,606,327	\$66,756	\$8,203,010	\$1,655,133	\$1,495,613	\$1,845,560	\$1,299,313	\$1,377,879
Wind Energy Production Tax Credit <sup>27</sup>	\$850,658	\$137,741	\$0	\$500,099	\$391,320	\$248,717	\$0	\$0
Workforce Housing Tax Incentive Program <sup>26</sup>	\$17,336,633	\$11,098,191	\$7,410,758	\$41,314,390	\$43,336,124	\$33,714,845	\$33,514,558	\$33,525,724
<b>TOTAL OF CAPPED PROGRAMS</b>	<b>\$125,158,217</b>	<b>\$117,753,265</b>	<b>\$101,229,891</b>	<b>\$191,857,048</b>	<b>\$184,372,983</b>	<b>\$174,363,453</b>	<b>\$169,524,549</b>	<b>\$162,580,369</b>

<sup>25</sup> Estimates are based on the average of historical claims.

<sup>26</sup> Estimates are based on 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 claim information from the IA 148 and estimated future awards based on historical awards.

<sup>28</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>29</sup> Estimates are based on the expectation that less than 100 percent of awarded credits will be claimed based on historical claims.

<sup>30</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>31</sup> Estimates are based on the expectation that no awards will be issued for the first three years of the ten year program, but 100 percent of refundable credits will be claimed.

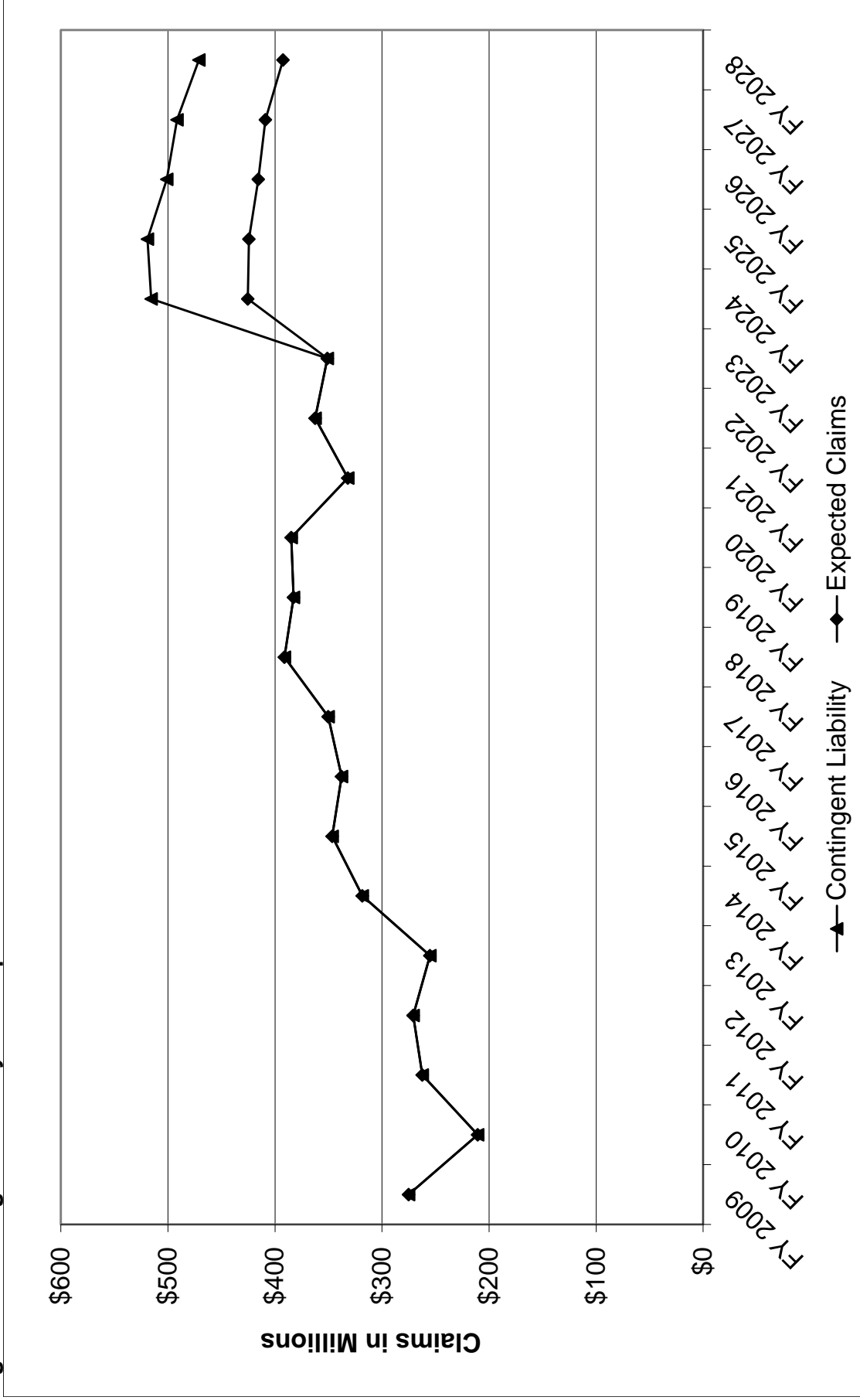
**Table 9 Continued: Tax Credit Expected Claims Projection**

Uncapped Programs	History*			Forecast				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Adoption Tax Credit <sup>15</sup>	\$1,001,691	\$801,417	\$897,713	\$852,937	\$947,613	\$1,045,505	\$1,152,276	\$1,269,952
Biodiesel Blended Fuel Tax Credit <sup>16</sup>	\$21,684,356	\$23,291,103	\$23,989,521	\$18,727,845	\$21,448,772	\$24,470,593	\$26,351,187	\$27,930,043
Charitable Conservation Contribution Tax Credit <sup>17</sup>	\$508,281	\$876,427	\$631,035	\$568,639	\$577,263	\$599,352	\$621,032	\$642,779
Child & Dependent Care Tax Credit <sup>18</sup>	\$4,094,058	\$25,743,234	\$9,513,163	\$11,130,845	\$11,303,107	\$11,554,076	\$12,297,550	\$12,318,973
E15 Plus Gasoline Promotion Tax Credit <sup>16</sup>	\$3,346,046	\$4,236,236	\$5,646,213	\$7,807,059	\$11,495,414	\$12,532,468	\$10,979,563	\$843,221
E85 Gasoline Promotion Tax Credit <sup>16</sup>	\$2,720,757	\$2,318,353	\$3,140,327	\$3,124,018	\$3,189,624	\$3,259,664	\$3,335,682	\$3,422,880
Early Childhood Development Tax Credit <sup>18</sup>	\$587,399	\$684,626	\$917,601	\$881,130	\$919,047	\$944,634	\$978,712	\$1,012,892
Earned Income Tax Credit <sup>18</sup>	\$62,622,352	\$74,603,430	\$71,090,981	\$67,162,184	\$71,831,959	\$72,815,761	\$72,733,179	\$73,268,362
Ethanol Promotion Tax Credit <sup>19</sup>	\$540,511	\$365,906	\$244,173	\$53,978	\$0	\$0	\$0	\$0
Farm to Food Donation Tax Credit <sup>20</sup>	\$15,058	\$26,878	\$23,242	\$16,986	\$17,648	\$20,183	\$22,976	\$26,265
Geothermal Tax Credit <sup>21</sup>	\$82,982	\$26,731	\$11,731	\$21,328	\$21,328	\$21,328	\$21,328	\$21,328
Iowa Industrial New Job Training Program (260E) <sup>22</sup>	\$40,660,943	\$38,343,325	\$36,130,490	\$44,558,441	\$45,033,667	\$44,659,738	\$45,158,988	\$47,042,917
Research Activities Tax Credit <sup>23</sup>	\$48,868,854	\$42,994,782	\$66,661,492	\$48,291,166	\$42,598,898	\$38,279,371	\$35,970,351	\$32,046,160
Targeted Jobs Tax Credit from Withholding <sup>32</sup>	\$4,686,815	\$3,996,328	\$1,275,138	\$1,063,901	\$1,050,930	\$999,413	\$775,251	\$570,739
Tuition and Textbook Tax Credit <sup>18</sup>	\$14,006,637	\$23,261,201	\$26,247,630	\$26,178,882	\$26,432,569	\$26,730,160	\$25,903,059	\$26,225,410
Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit <sup>18</sup>	\$1,282,197	\$3,216,486	\$3,395,193	\$3,187,290	\$3,187,290	\$3,159,199	\$3,135,853	\$3,140,147
<b>TOTAL OF UNCAPPED PROGRAMS</b>	<b>\$206,708,937</b>	<b>\$244,786,463</b>	<b>\$249,815,643</b>	<b>\$233,626,628</b>	<b>\$240,055,129</b>	<b>\$241,091,445</b>	<b>\$239,436,988</b>	<b>\$229,782,067</b>
<b>TOTAL OF ALL PROGRAMS</b>	<b>\$331,867,154</b>	<b>\$362,539,728</b>	<b>\$351,045,534</b>	<b>\$425,483,676</b>	<b>\$424,428,112</b>	<b>\$415,454,898</b>	<b>\$408,961,537</b>	<b>\$392,362,436</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 2020 through 2022 are actual claim numbers, but may change as additional tax credit claims are verified or repaid in case of errors.

<sup>32</sup> Estimates are based on the expectation that less than 100 percent of forecasted awards will be claimed before expiration based on historical claims. This program will expire June 30, 2024.

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

**Angel Investor Tax Credit:** Effective July 1, 2015 this credit, administered by IEDA, is 25 percent of the equity investment made into a qualifying business. Sections 15E.41 through 15E.46, Code of Iowa.

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

**Beginning Farmer 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.

**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.

**Employer Child Care Tax Credit:** This credit is awarded by IEDA and is equal to the amount of the federal employer-provided child care tax credit provided in section 45F of the Internal Revenue Code. Section 237A.31, Code of Iowa.

**Endow Iowa Tax Credit:** This credit is awarded by IEDA 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 IEDA, 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 422.11R, Code of Iowa.

**Geothermal Heat Pump Tax Credit:** This credit is 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 and again in tax years 2019 through 2022 when the federal credit expires. 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 IEDA, 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 IEDA 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.

**Hoover Presidential Library Tax Credit:** This tax credit, administered by IEDA, provides a 25 percent tax credit for donations made to the Hoover Presidential Foundation. Section 15E.364, 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.

**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 IEDA, 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 IEDA 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, 2024.

**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 \$2,000 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 IEDA, 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.

**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 IEDA, is available to taxpayers who complete a qualifying housing project in Iowa. Sections 15.351 through 15.356, Code of Iowa.