CHAPTER 47
ENDOW IOWA TAX CREDITS

261—47.1(15E) Purpose. The purpose of endow Iowa tax credits is to encourage individuals, businesses, and organizations to invest in community foundations and to enhance the quality of life for citizens of this state through increased philanthropic activity.
[ARC 8474B, IAB 1/13/10, effective 2/17/10; ARC 0086C, IAB 2/8/12, effective 3/14/12]

261—47.2(15E) Definitions.
"Act" means Iowa Code sections 15E.301 to 15E.306.
"Authority" means the economic development authority.
"Community affiliate organization" means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state with the intention of establishing a community affiliate endowment fund.
"Endow Iowa qualified community foundation" means a community foundation organized or operating in this state that substantially complies with the national standards for U.S. community foundations established by the National Council on Foundations as determined by the authority in collaboration with the Iowa Council of Foundations.
"Endowment gift" means an irrevocable contribution to a permanent endowment held by an endow Iowa qualified community foundation.
"Permanent endowment fund" means a fund held in an endow Iowa qualifying community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate not to exceed 5 percent.
"Tax credit" means the amount a taxpayer may claim against the taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.
[ARC 8474B, IAB 1/13/10, effective 2/17/10; ARC 0086C, IAB 2/8/12, effective 3/14/12]

261—47.3(15E) Authorization of tax credits to taxpayers. The authority shall authorize tax credits to qualified taxpayers who provide an endowment gift to an endow Iowa qualified community foundation or a community affiliate organization affiliated with an endow Iowa qualified community foundation for a permanent endowment fund within the state of Iowa in accordance with the following provisions:

47.3(1) Approved tax credits shall be allowed against taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.

47.3(2) Beginning January 1, 2010, approved tax credits will be equal to 25 percent of a taxpayer’s gift to a permanent endowment held in an endow Iowa qualified community foundation. The amount of the endowment gift for which the endow Iowa tax credit is claimed shall not be deductible in determining taxable income for state income tax purposes.

47.3(3) The aggregate amount of tax credits available under this rule is limited according to Iowa Code section 15E.305, subsection 2. The aggregate amount is determined by taking a base authorization amount specified in Iowa Code section 15E.305, subsection 2, paragraph "c," and adding an additional amount to be determined annually by calculating a certain percentage of the state’s gambling revenues, as provided in Iowa Code section 99F.11, subsection 3, paragraph "d," subparagraph (3), for the prior fiscal year. For calendar year 2011 and for all subsequent calendar years, the annual base authorization amount of available tax credits is $3.5 million. The additional amount varies each year according to the amount of gambling revenues collected in the prior year. For 2012, the aggregate amount of available tax credits is $4,642,945. The maximum amount of tax credit that an individual taxpayer may claim is limited to 5 percent of the aggregate amount available each year. For 2012, the maximum amount of tax credit available to a single taxpayer is $232,147.25. If the authority receives applications for tax credits in excess of the amount available, the applications shall be prioritized by the date the authority received the applications. If the number of applications exceeds the amount of annual tax credits available, the
authority shall establish a wait list for the next year’s allocation of tax credits and applications shall first be funded in the order listed on the wait list.

47.3(4) Any tax credit in excess of the taxpayer’s tax liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever occurs first.

47.3(5) A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

47.3(6) A tax credit shall not be transferable to any other taxpayer.

[ARC 8474B, IAB 1/13/10, effective 2/17/10; ARC 0008C, IAB 2/8/12, effective 3/14/12; ARC 0613C, IAB 2/20/13, effective 3/27/13]

261—47.4(15E) Distribution process and review criteria. The authority shall develop and make available a standardized application pertaining to the allocation of endow Iowa tax credits.

47.4(1) Twenty-five percent of the annual amount available for tax credits shall be reserved for those permanent endowment gifts made to community affiliate organizations. If by September 1 of any year the entire 25 percent reserved for permanent endowment gifts corresponding to community affiliate organizations is not allocated, the amount remaining shall be available for other applicants.

47.4(2) Ten percent of the annual amount available for tax credits shall be reserved for those permanent endowment gifts totaling $30,000 or less. If by September 1 of any year the entire 10 percent reserved for permanent endowment gifts totaling $30,000 or less is not allocated, the amount remaining shall be available for other applicants.

47.4(3) Applications will be accepted and awarded on an ongoing basis. The authority will make public by June 1 and December 1 of each calendar year the total number of requests for tax credits and the total amount of requested tax credits that have been submitted and awarded.

[ARC 8474B, IAB 1/13/10, effective 2/17/10; ARC 0008C, IAB 2/8/12, effective 3/14/12]

261—47.5(15E) Reporting requirements. By January 31 of each calendar year, the authority shall publish an annual report of the activities conducted pursuant to these rules during the previous calendar year and shall submit the report to the governor and general assembly. The annual report shall include the information required by Iowa Code section 15.104(9) "h."

[ARC 8474B, IAB 1/13/10, effective 2/17/10; ARC 0008C, IAB 2/8/12, effective 3/14/12]

These rules are intended to implement Iowa Code sections 15E.301 to 15E.306 as amended by 2011 Iowa Acts, Senate File 302.

[Filed 11/20/03, Notice 10/1/03—published 12/24/03, effective 1/28/04]
[Filed 10/21/05, Notice 8/3/05—published 11/9/05, effective 12/14/05]
[Filed ARC 8474B (Notice ARC 822B, IAB 10/7/09), IAB 1/13/10, effective 2/17/10]
[Filed ARC 0008C (Notice ARC 9748B, IAB 9/7/11), IAB 2/8/12, effective 3/14/12]
[Filed ARC 0613C (Notice ARC 0344C, IAB 10/3/12), IAB 2/20/13, effective 3/27/13]
L. **Transferability Provisions:** Credits may not be sold or traded. For credits claimed by married taxpayers who elect to file separately on a combined return, the Earned Income Tax Credit shall be prorated to each spouse in the ratio of each spouse's earned income to the total earned income of both spouses. Earned income includes wages, salaries, tips, or other compensation and net earnings from self-employment.

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

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

O. **Claims Filing Requirements:** No additional requirements

P. **Performance Monitoring Requirements:** None

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**Endow Iowa Tax Credit**

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

Section 15E.305, Code of Iowa (program description)
Section 422.11H, Code of Iowa (individual income tax)
Section 422.33 (14), Code of Iowa (corporation income tax)
Section 422.60 (7), Code of Iowa (franchise tax)
Section 432.12D, Code of Iowa (insurance premium tax)
Section 533.329 (I), Code of Iowa (moneys and credits tax)

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

261 IAC 47
701 IAC 42.24
701 IAC 52.23
701 IAC 58.13

C. **Year Program was Enacted or Modified:** This program went into effect on January 1, 2003. Effective January 1, 2010 the amount of the credit increased from 20 percent to 25 percent of the endowment gift, but the contribution is no longer able to be taken as an itemized deduction on the Iowa return. Effective for calendar year 2011, the credit cap was increased from $2.7 million to $3.5 million plus a percentage of gaming revenues. Effective for calendar year 2012, the program tax credit cap was increased to $6 million but the additional funds available from the tax imposed on gambling games were eliminated.

D. **Evaluation Study Year(s):** 2013
E. **Program Description Based on Code Language and Administrative Rules:** A tax credit equal to 25 percent of a taxpayer’s endowment gift (up to 5 percent of the aggregate annual award limit, or $300,000, for a single taxpayer) to a qualified community foundation is available. Ten percent of the aggregate annual award limit each year is reserved for gifts in amounts of thirty thousand dollars or less. After September 1, if the entire ten percent is not awarded, the remaining tax credits are available to any size gift. The gift must be for a permanent endowment fund established to benefit a charitable cause in Iowa.

F. **Credit Award Mechanism:** Credits are awarded based on application to the Economic Development Authority (EDA).

G. **Awarding Department Program Manager or Contact:** Peggy Russell, Economic Development Authority

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

I. **Certification Requirements:** The Economic Development Authority issues tax credit letters, with a unique certificate number, to the taxpayer. The tax credit letter must be included with the taxpayer’s tax return for the year in which it is used to claim the credit. The letter must contain the taxpayer’s name, address, tax identification number, and the amount of the tax credit.

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

K. **Transferability Provisions:** Credits may not be sold or traded. Credits awarded to pass-through entities shall be claimed by the entity’s owners based on share of the entity’s income distributed to each owner.

L. **Refundability Provisions:** Credits are not refundable. Any credit in excess of the tax liability may be carried forward for up to five years.

M. **Treatment of Credit for Non-Resident and Part-Year Residents:** Credit may be claimed in full.
N. **Claims Filing Requirements:** For taxpayers filing corporation income tax returns or franchise tax returns, Schedule C1. For all taxpayers Schedule IA 148 must be included.

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

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**Ethanol Promotion Tax Credit**

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

Section 422.11N, Code of Iowa (individual income tax)
Section 422.33(11A), Code of Iowa (corporation income tax)

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

701 IAC 42.39  
701 IAC 52.36

**C. Year Program was Enacted or Modified:** This credit went into effect on January 1, 2009. Effective January 1, 2011, companies must elect whether they are going to calculate the credit on a company-wide basis or on a site-by-site basis. Once this election is made, the company cannot change the election without written consent from the Department of Revenue. The credit rates were also increased during the 2011 Legislative session effective for gallons sold in 2011, with an additional increase in the lowest rate for gallons sold in 2012 and later.

**D. Evaluation Study Year(s):** 2014

**E. Program Description Based on Code Language and Administrative Rules:**

A tax credit is available to retail dealers of ethanol blended gasoline. The amount of the tax credit is based on the pure amount of ethanol gallons sold. For example, 10 gallons of E10 equals one gallon of pure ethanol. The credit is repealed on January 1, 2021.

The amount of the tax credit depends on whether the retail dealer attains a biofuel threshold percentage, and how many gallons of motor fuel are sold in a calendar year. For fiscal year filers, gallons sold must be annualized for each calendar year that comprise the tax year. The biofuel threshold percentage for retail dealers who sell more than 200,000 gallons in a calendar year, and dealers who sell 200,000 gallons or less in a year, are set forth below where the number of gallons sold by a taxpayer includes gallons sold at all retail locations operated