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## FISCAL TOPICS

Fiscal Services Division

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## Tax Credit: Redevelopment Tax Credit

The Redevelopment Tax Credit is available to taxpayers that invest in redeveloping a brownfield or grayfield site in Iowa. A project must apply for the tax credit with the Iowa Economic Development Authority (IEDA) and must be completed within 30 months of the project's approval unless the IEDA provides additional time (not to exceed 12 months) to complete the project. The tax credit applies to corporate income, individual income, franchise, insurance premium, and moneys and credits taxes. The amount of the tax credit will be equal to, at most, one of the following:

- 12.0% of the qualifying costs in a grayfield site.
- 15.0% of the qualifying costs in a grayfield site if the redevelopment meets the green development standards.
- 24.0% of the qualifying costs in a brownfield site.
- 30.0% of the qualifying costs in a brownfield site if the redevelopment meets the green development standards.

### Tax Credit Background

- Enabling Legislation: 2008 Iowa Acts, chapter [1173](#) (Underutilized Property Redevelopment Tax Credits Act)
- Iowa Code Citations:
  - Section [15.119](#) — Awards Limitation
  - Sections [15.291](#), [15.293A](#), [15.293B](#), and [15.294](#) — Program Description
  - Section [422.11V](#) — Individual Income Tax
  - Section [422.33\(26\)](#) — Corporate Income Tax
  - Section [422.60\(10\)](#) — Franchise Tax
  - Section [432.12L](#) — Insurance Premium Tax
  - Section [533.329\(2\)\(i\)](#) — Moneys and Credits Tax
- Administrative State Agencies: IEDA and Iowa Department of Revenue (IDR)
- Sunset Date: June 30, 2031
- Transferable: Yes (see exception below)
- Refundable: No; except for awards made in FY 2015 and later, the credit is refundable if the applicant is a qualifying nonprofit organization. However, those credits are not transferable.
- Carryforward: Unused credits can be carried forward for up to five years.
- Tax Review Committee Review Year: 2023

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### More Information

Department of Revenue Contingent Liabilities Report: [tax.iowa.gov/reports?term\\_node\\_tid\\_depth=79](http://tax.iowa.gov/reports?term_node_tid_depth=79)

Department of Revenue Tax Credit Review: [tax.iowa.gov/sites/default/files/2019-08/Redevelopment%20Tax%20Credit%20Evaluation%20Study\\_updated.pdf](http://tax.iowa.gov/sites/default/files/2019-08/Redevelopment%20Tax%20Credit%20Evaluation%20Study_updated.pdf)

Department of Revenue Tax Credits Users' Manual: [tax.iowa.gov/sites/default/files/2022-12/TaxCreditsUsersManual2022.pdf](http://tax.iowa.gov/sites/default/files/2022-12/TaxCreditsUsersManual2022.pdf)

Legislative Services Agency Individual Income Tax Guide:

[legis.iowa.gov/docs/publications/LG/711304.pdf](http://legis.iowa.gov/docs/publications/LG/711304.pdf)

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### Legislative History

The Redevelopment Tax Credit became effective July 1, 2009, with an award cap of \$1.0 million and an individual tax credit cap of \$100,000. Funding was not available for FY 2011. Effective July 1, 2011, the tax credit cap of the program was increased to \$5.0 million per fiscal year and the maximum award amount for a single project was increased to \$500,000. Beginning July 1, 2012, the tax credit cap of the program was increased to \$10.0 million per fiscal year and the project maximum rose to \$1.0 million. During the 2014 Legislative Session, the eligible grayfield site definition was expanded to include abandoned public buildings and the credit was made refundable for nonprofit organizations. The awarding process was changed from a first-come, first-served process to an application process with assessment based on feasibility, financial need, and quality of projects.

During the 2021 Session, the program was extended to June 30, 2031, and the aggregate maximum credit level was increased to \$15.0 million beginning FY 2022. The amount of Redevelopment Tax Credits that were revoked or were otherwise never awarded over the previous five years can be added to the annual maximum credit cap for the program in a future year.

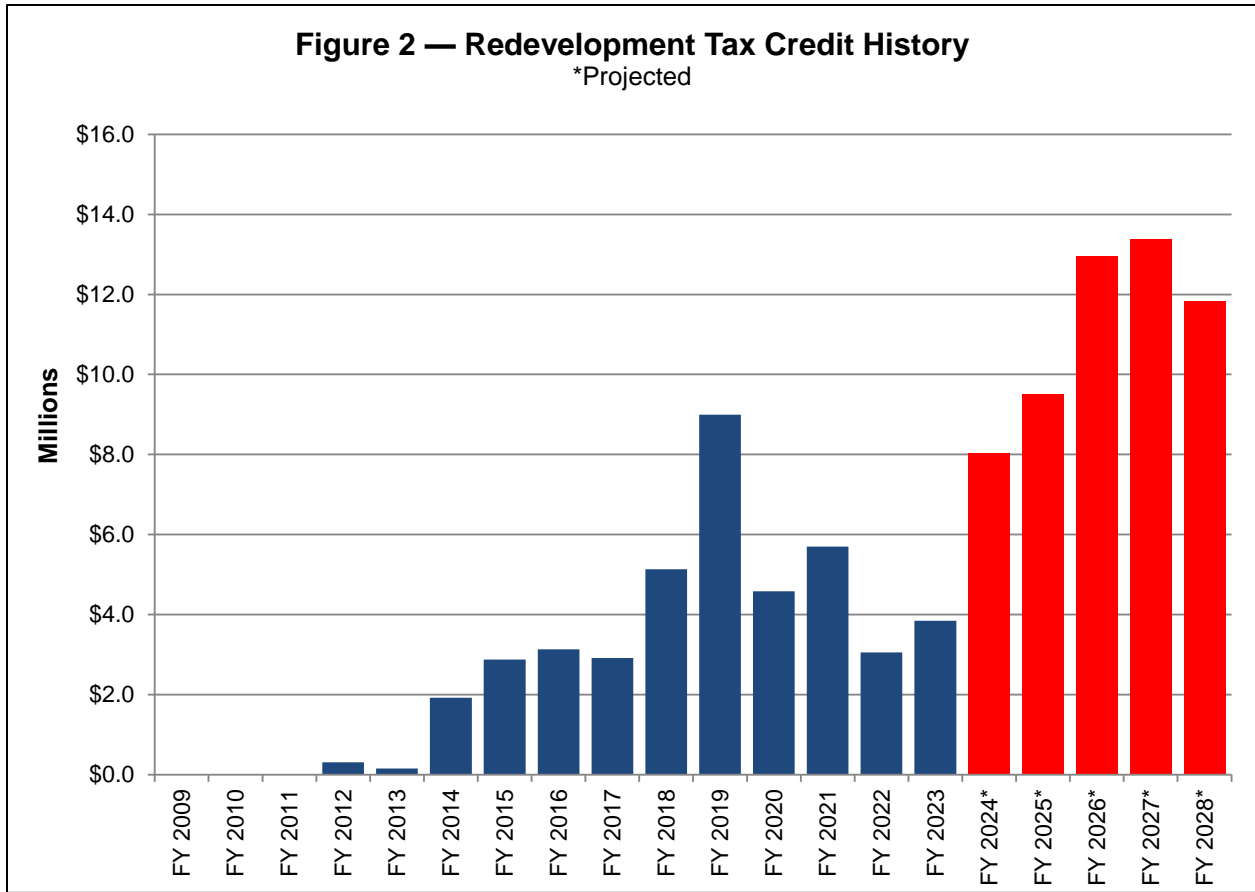
### Tax Credit Review, Usage, and Future Liability

The following is based on an IDR [review](#) of the Redevelopment Tax Credit released December 2018:

- Between FY 2010 and FY 2019, \$68.6 million in Redevelopment Tax Credits was allocated to 157 projects.
- By the end of FY 2018, 78 projects had been completed and received final Redevelopment Tax Credit awards totaling \$31.0 million.
- For completed projects, the average Redevelopment Tax Credits issued equaled 9.3% of qualified project costs.

The IDR reports on the annual credit usage for the Redevelopment Tax Credit in its periodic [Contingent Liabilities Report](#). Based on Table 9 of the report, **Figure 1** provides credit redemption history and projections for the program on a fiscal year basis. The blue bars of **Figure 2** indicate the actual credit redemptions, while the red bars are the IDR projections of future redemptions.

*Projected			
Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2009	\$ 0	FY 2019	\$ 8,998,724
FY 2010	0	FY 2020	4,585,651
FY 2011	0	FY 2021	5,700,272
FY 2012	312,347	FY 2022	3,054,180
FY 2013	157,593	FY 2023	3,845,146
FY 2014	1,921,717	FY 2024*	8,041,870
FY 2015	2,876,588	FY 2025*	9,502,587
FY 2016	3,129,627	FY 2026*	12,947,593
FY 2017	2,916,116	FY 2027*	13,373,728
FY 2018	5,133,977	FY 2028*	11,817,126



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