Fiscal Note

Fiscal Services Division

SF 300 – Endow Iowa Tax Credits (LSB 1506SV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 300 increases the cap on the annual amount of Endow Iowa Tax Credit (Iowa Code section **15E.305**) awards that may be approved for a calendar year from the present level of $4.5 million to a level of $6.5 million. This change is effective retroactive to calendar year 2012. This Bill strikes a reference to an allocation of Gambling Tax receipts to the Endow Iowa Tax Credit.

Background

The Endow Iowa Tax Credit is currently financed through a $3.5 million annual maximum appropriation from the State General Fund, plus an allocation of Gambling Tax receipts equal to approximately $1.0 million per year. Combining the General Fund appropriation and Gambling Tax receipts allocations, the current annual level of funding for the credit is $4.5 million per year. The Endow Iowa Tax Credit is not refundable, but any excess credit may be carried forward and used for up five additional tax years.

Fiscal Impact

Increasing the maximum Endow Iowa Tax Credit awards that may be approved in a calendar year from the current level of $4.5 million to $6.5 million will reduce net General Fund revenue by the following estimated amounts:

- FY 2013 = $0.9 million
- FY 2014 = $1.7 million
- FY 2015 = $2.0 million

In future fiscal years, the impact will be similar to FY 2015.

Since the Endow Iowa Tax Credit is a nonrefundable credit, it impacts the calculation of the local option income surtax for schools. Statewide, this surtax is equal to an average of 2.7% of State income tax collections. The increase in the Credit is projected to reduce the revenue generated by the surtax by approximately $50,000 per tax year (statewide for all school districts).

Source

Department of Revenue

/s/ Holly M. Lyons

March 12, 2013

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.