Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 47
"Endow Iowa Tax Credits"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A and chapter 15E, subchapter XXII

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 15E, subchapter XXII as amended by 2025 Iowa Acts, Senate File 657

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

December 2, 2025 9:15 to 9:30 a.m.	Via Microsoft Teams Information about Teams participation can be found at opportunityiowa.gov/about/iowa-economic-development-authority/ieda-red-tape-review

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Iowa Economic Development Authority no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Lisa Connell
Iowa Economic Development Authority
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Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 47 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to endow Iowa tax credits, available pursuant to Iowa Code chapter 15E, subchapter XXII as amended by 2025 Iowa Acts, Senate File 657. The tax credits encourage investment in community foundations to enhance the quality of life for residents through philanthropic activity.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Donors applying for or receiving tax credits through the program will bear the costs of the rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Donors applying for or receiving tax credits through the program will benefit from the rulemaking.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Donors applying for tax credits may require time to complete an application. Community foundations may similarly incur costs to verify donations meet the requirements of the program. The amount of the costs will vary depending on the compensation of staff or service providers involved.

- **Qualitative description of impact:**

The program encourages investment in community foundations to enhance the quality of life for residents through philanthropic activity.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to review and approve applications, issue tax credit certificates, and communicate with donors and community foundations.

- **Anticipated effect on State revenues:**

The rules have no anticipated impact on State revenues. Up to $3.5 million total in tax credits may be authorized by the Authority for this program each year pursuant to Iowa Code section 15E.305(2) as amended by 2025 Iowa Acts, Senate File 657.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Only the entities and individuals that will potentially benefit from the program bear the costs of the rulemaking. The costs to the State to administer the program are proportional to the activities supported.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified any less costly methods or less intrusive methods for administering the program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any other methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rulemaking impacts only small businesses seeking tax credits. The rules are no more stringent than necessary to implement the purposes of the program. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 47 and adopt the following **new** chapter in lieu thereof:

CHAPTER 47
ENDOW IOWA TAX CREDITS

261—47.1(15E) Purpose. The purpose of endow Iowa tax credits is to encourage investment in community foundations to enhance the quality of life for residents through philanthropic activity.

261—47.2(15E) Definitions.

"Authority" means the economic development authority created pursuant to Iowa Code section 15.105.

"Community affiliate organization" means the same as defined in Iowa Code section 15E.303 as amended by 2025 Iowa Acts, Senate File 657.

"Corporation or other business entity" means any business organized for profit or a nonprofit entity that includes the name of a business organized for profit.

"Endow Iowa qualified community foundation" means the same as defined in Iowa Code section 15E.303 as amended by 2025 Iowa Acts, Senate File 657.

"Endowment gift" means the same as defined in Iowa Code section 15E.303 as amended by 2025 Iowa Acts, Senate File 657.

"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. "Permanent endowment fund" does not include a fund that contains the name of a corporation or other business entity on or after June 6, 2025.

"Tax credit" means the amount a taxpayer may claim against the taxes imposed in Iowa Code chapter 422, subchapters II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.329.

261—47.3(15E) Authorization of tax credits to taxpayers. The authority shall authorize tax credits to qualified taxpayers pursuant to the provisions of Iowa Code section 15E.305.

47.3(1) If the authority receives applications for tax credits in excess of the amount available pursuant to Iowa Code section 15E.305(2), the applications shall be prioritized by the date the authority received the applications. Applications received on or after July 1, 2023, in excess of the amount of tax credits available will be denied by the authority. For endowment gifts made on or after June 30, 2023, a taxpayer shall submit an application to the authority for the tax credit no later than 12 months from the date of the donation that qualifies the taxpayer for the tax credit.

47.3(2) An individual who intends to claim a tax credit of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual will only be issued a tax credit if the individual submits an application as an individual. Alternatively, an individual may claim a portion of a tax credit issued to the partnership, limited liability company, S corporation, estate, or trust. The maximum amount of tax credits that may be issued to a taxpayer pursuant to Iowa Code section 15E.305(2)*"a"* will be applied to each tax credit issued, whether issued to an individual or partnership, limited liability company, S corporation, estate, or trust.

47.3(3) For donations made on or after January 1, 2026, the authority will verify that the requirements in Iowa Code section 15E.305(3A) are met prior to issuance of a tax credit. For donations made on or after January 1, 2026, the endow Iowa qualified community foundation that administers a permanent endowment fund for which a taxpayer requests a tax credit must demonstrate that the endow Iowa qualified community foundation does not collect administrative fees or other fees that exceed 5 percent of the amount of any permanent endowment fund it holds.

47.3(4) To receive the tax credit, a donor shall file a claim with the department of revenue in accordance with any applicable administrative rules adopted by the department.

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) Of the annual amount available for tax credits, 25 percent 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) The authority will ensure the reservation of tax credits for endowment gifts of $30,000 pursuant to Iowa Code section 15E.305(2)*"b."*

47.4(3) Applications will be accepted and awarded on an ongoing basis. The authority will provide information on tax credit awards on its website.

These rules are intended to implement Iowa Code chapter 15E, subchapter XXII as amended by 2025 Iowa Acts, Senate File 657.