

2.48 Review of tax incentive programs.

1. As used in [this section](#), “*tax expenditure*” means an exclusion from the operation or collection of a tax imposed in this state. Tax expenditures include tax credits, exemptions, deductions, and rebates. Tax expenditures also include sales tax refunds issued pursuant to [section 423.3](#) or [423.4](#).

2. a. (1) The department administering a tax expenditure described in [subsection 3](#) shall engage in a review of the tax expenditure based upon the schedule in [subsection 3](#), unless the tax expenditure is repealed. For purposes of [this section](#), a tax expenditure is considered repealed if a zero amount remains available to be awarded, issued, or claimed under law. If multiple departments administer the tax expenditure, the departments shall cooperate in the review.

(2) The review shall consist of evaluating any tax expenditure described in [subsection 3](#) and assess its equity, simplicity, competitiveness, public purpose, adequacy, and extent of conformance with the original purpose of the legislation that enacted the tax expenditure, as those issues pertain to taxation in Iowa.

b. (1) The department shall file a report detailing the review with the general assembly no later than December 15 of the year the credit is scheduled to be reviewed in [subsection 3](#).

(2) The report may include recommendations for better aligning tax expenditures with the original intent of the legislation that enacted the tax expenditure.

3. The applicable department shall review the following tax expenditures and incentives according to the following schedule:

a. In 2011:

(1) The tax credits for increasing research activities available under [sections 422.10](#) and [422.33](#).

(2) The franchise tax credits available under [sections 422.11](#) and [422.33](#).

(3) The earned income tax credit available under [section 422.12B](#).

b. In 2012:

(1) The targeted jobs withholding credits available under [section 403.19A](#).

(2) Funding of urban renewal projects with increased local sales and services tax revenues under [section 423B.10](#).

(3) School tuition organization tax credits under [sections 422.11S](#) and [422.33](#).

(4) Tuition and textbook tax credits under [section 422.12](#).

c. In 2013:

(1) The child and dependent care and early childhood development tax credits under [section 422.12C](#).

(2) The endow Iowa tax credits authorized under [section 15E.305](#).

(3) The redevelopment tax credits available under [section 15.293A](#).

(4) Property tax revenue divisions for urban renewal areas under [section 403.19](#).

d. In 2014:

(1) Historic preservation tax credits under [chapter 404A](#).

(2) Renewable energy tax credits under [chapter 476C](#).

(3) The E-85 gasoline promotion tax credits available under [section 422.11O](#).

(4) The biodiesel blended fuel tax credits available under [section 422.11P](#).

e. In 2015:

(1) The beginning farmer tax credit program as provided in [chapter 16, subchapter VIII, part 5, subpart B](#).

(2) The claim of right tax credit under [section 422.5](#).

(3) The reduction in allocating income to Iowa by S corporation shareholders under [section 422.8](#).

(4) (a) The assistive device corporate tax credit under [section 422.33](#).

(b) This subparagraph is repealed January 1, 2031.

(5) The charitable conservation contribution tax credit under [sections 422.11W](#) and [422.33](#).

(6) The motor vehicle fuel tax credit under [section 422.11O](#).

(7) The new jobs tax credits available under [section 422.11A](#).

f. In 2016:

- (1) The homestead tax exemption and credit under [chapter 425](#).
- (2) The elderly and disabled property tax credit under [chapter 425](#).
- (3) The agricultural land tax credit under [chapter 426](#).
- (4) The military service tax credit under [chapter 426A](#).

g. In 2017, the innovation fund investment tax credit available under [section 15E.52](#).

h. In 2022, the renewable chemical production tax credit program available under [sections 15.315 through 15.322](#).

4. A tax expenditure or incentive reviewed pursuant to [subsection 3](#) shall be reviewed again not more than five years after the tax expenditure or incentive was most recently reviewed.

2010 Acts, ch 1138, §3; 2012 Acts, ch 1110, §1; 2012 Acts, ch 1124, §1, 2; 2012 Acts, ch 1136, §29, 39 – 41; 2013 Acts, ch 117, §1, 7; 2013 Acts, ch 125, §1, 23, 24; 2014 Acts, ch 1026, §2; 2014 Acts, ch 1080, §79, 80, 98, 115, 125; 2014 Acts, ch 1130, §28; 2015 Acts, ch 138, §107, 126, 127; 2016 Acts, ch 1065, §2, 15, 16; 2016 Acts, ch 1138, §4; 2017 Acts, ch 29, §1; 2019 Acts, ch 161, §1, 18, 19; 2021 Acts, ch 177, §109; 2022 Acts, ch 1002, §61 – 63; 2022 Acts, ch 1061, §28, 38; 2023 Acts, ch 71, §23, 48, 49; 2025 Acts, ch 136, §25, 26, 59, 70, 87, 90; 2025 Acts, ch 148, §61 – 64

Referred to in [§422.25, 423.37](#)

For future strike of subsection 3, paragraph h, effective July 1, 2039, see 2017 Acts, ch 29, §2, 169; 2025 Acts, ch 148, §65

2025 amendment to subsection 3, paragraph e, former subparagraph (5) applies retroactively to January 1, 2025, for tax years beginning on or after that date; 2025 Acts, ch 136, §90

2025 strike of subsection 3, paragraph a, former subparagraph (1) effective December 31, 2025; 2025 Acts, ch 136, §59

2025 amendment to subsection 3, paragraph a, former subparagraph (2) effective December 31, 2025; 2025 Acts, ch 136, §59

Subsection 2, paragraph a, subparagraph (1) amended

Subsection 3, paragraphs a, b, d, and e amended and editorially internally renumbered