

Endow Iowa Tax Credit

Tax Expenditure Committee – January 8, 2019

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Other States with Similar Credits

	Iowa	Kentucky	Maryland	Montana	North Dakota
Annual Cap	\$6 Million	\$1 Million	None	None	None
Tax Credit Percentage	25%	20%	25%	20% - 40%	40%
Taxpayer Cap	5% of annual program cap	\$10,000	\$50,000	\$10,000	\$10,000 (\$20,000 for joint filers)
Carry Forward	5 Years	5 Years	5 Years	None	3 Years

- ▶ Maryland is only state to add a credit since 2013
- ▶ Both Kentucky and Maryland allow both the tax credit claim and the donation to be claimed as an itemized deduction
- ▶ Credit is nonrefundable in all states

Endow Iowa Tax Credit Award Statistics

Year of Tax Credit Award	Tax Credit Award Cap	Additional Gambling Monies	Total Awards Issued	Number of Awards Issued	Average Award Issued	Smallest Award Issued	Largest Award Issued	Median Award Issued
2003 & 2004	\$2,000,000	\$0	\$1,060,752	407	\$2,606	\$2	\$100,000	\$200
2005	\$2,000,000	\$0	\$2,139,417	699	\$3,061	\$1	\$100,000	\$200
2006	\$2,000,000	\$0	\$2,000,000	655	\$3,053	\$1	\$100,000	\$140
2007	\$2,000,000	\$0	\$1,999,997	1,040	\$1,923	\$2	\$97,750	\$200
2008	\$2,000,000	\$1,176,854	\$3,176,854	1,881	\$1,689	\$2	\$119,900	\$100
2009	\$2,000,000	\$394,446	\$2,394,446	1,887	\$1,269	\$2	\$101,322	\$100
2010	\$2,700,000	\$957,633	\$3,657,633	2,026	\$1,805	\$2	\$135,000	\$125
2011	\$3,500,000	\$1,023,397	\$4,523,397	2,596	\$1,742	\$3	\$227,591	\$125
2012	\$6,000,000	\$0	\$5,779,592	3,075	\$1,880	\$1	\$227,591	\$125
2013	\$6,000,000	\$0	\$5,999,996	3,072	\$1,953	\$1	\$300,000	\$125
2014	\$6,000,000	\$0	\$5,999,999	3,909	\$1,535	\$1	\$300,000	\$84
2015	\$6,000,000	\$0	\$6,000,000	4,416	\$1,359	\$1	\$250,000	\$100
2016	\$6,000,000	\$0	\$6,000,000	4,042	\$1,484	\$1	\$287,500	\$88
2017	\$6,000,000	\$0	\$6,000,000	2,811	\$2,134	\$3	\$300,000	\$125
2018	\$6,000,000	\$0	\$6,000,000	3,434	\$1,747	\$3	\$300,000	\$125
Total	\$60,200,000	\$3,552,330	\$62,732,083	35,950				
Average	\$4,013,333	\$888,083	\$4,182,139	2,397	\$1,745			

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Endow Iowa Tax Credit Donations

Year of Tax Credit Award	Total Tax Credits Issued	Tax Credit Rate	Total Amount of Donations Generated	Smallest Donation Made	Largest Donation Made	Average Donation Made	Median Donation Made
2003 & 2004	\$1,060,752	20%	\$5,303,760	\$10	\$531,200	\$13,122	\$1,000
2005	\$2,139,417	20%	\$10,697,085	\$5	\$500,000	\$15,303	\$1,000
2006	\$2,000,000	20%	\$10,000,000	\$5	\$1,003,850	\$16,036	\$700
2007	\$1,999,997	20%	\$9,999,985	\$10	\$488,750	\$9,712	\$1,000
2008	\$3,176,854	20%	\$15,884,270	\$8	\$599,498	\$8,445	\$500
2009	\$2,394,446	20%	\$11,972,230	\$10	\$506,608	\$6,345	\$500
2010	\$3,657,633	25%	\$14,630,532	\$7	\$800,000	\$7,457	\$500
2011	\$4,523,397	25%	\$18,093,588	\$10	\$1,000,000	\$7,039	\$500
2012	\$5,779,592	25%	\$23,118,368	\$5	\$910,362	\$7,518	\$500
2013	\$5,999,996	25%	\$23,999,984	\$5	\$1,200,000	\$7,812	\$500
2014	\$5,999,999	25%	\$23,999,996	\$5	\$1,200,000	\$6,140	\$334
2015	\$6,000,000	25%	\$24,000,000	\$5	\$1,000,000	\$5,435	\$400
2016	\$6,000,000	25%	\$24,000,000	\$5	\$1,150,000	\$5,938	\$350
2017	\$6,000,000	25%	\$24,000,000	\$10	\$1,200,000	\$8,538	\$500
2018	\$6,000,000	25%	\$24,000,000	\$10	\$1,200,000	\$6,989	\$500
Totals	\$62,732,083		\$263,699,798			\$8,789	

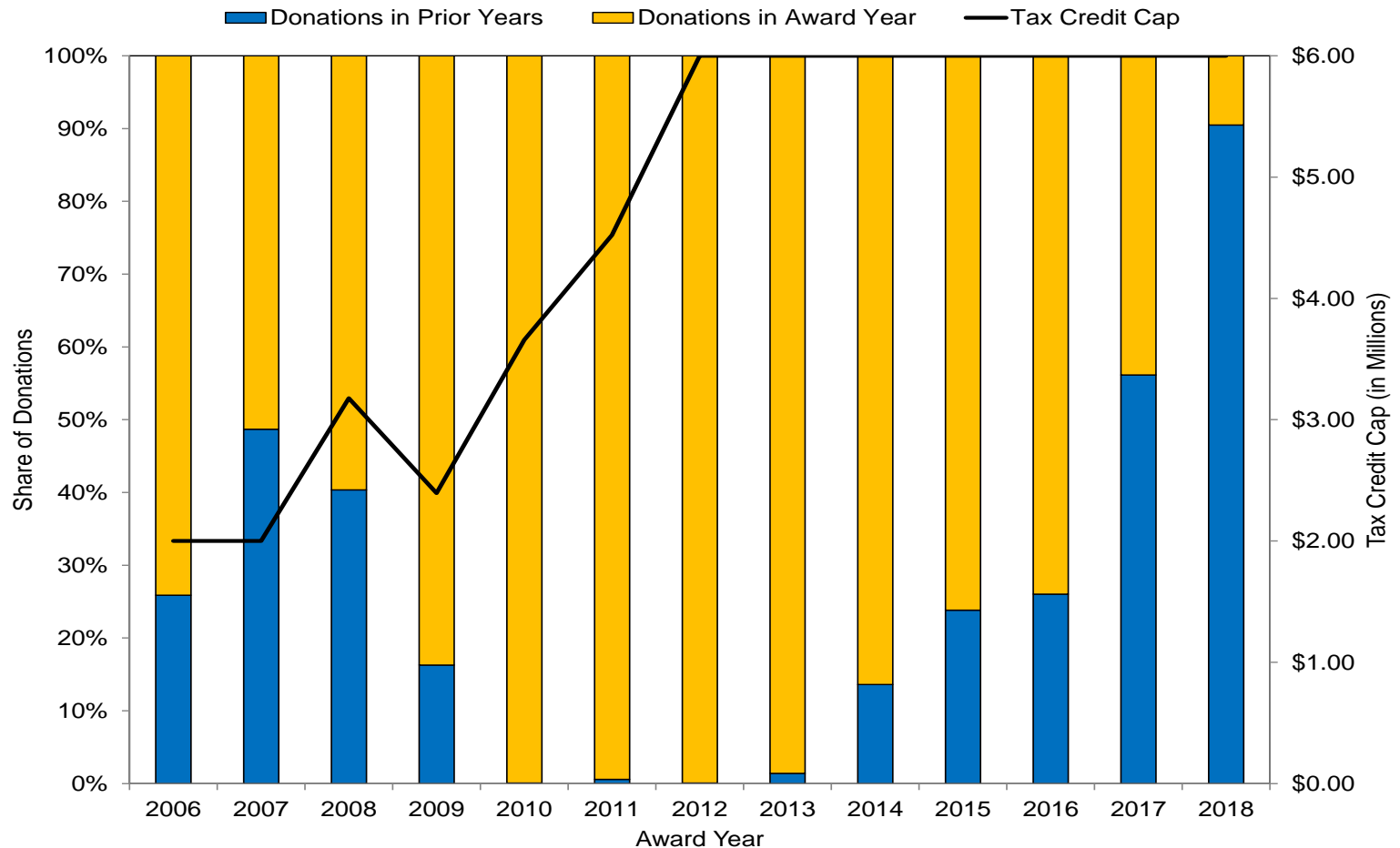
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Persistence of Endow Iowa Tax Credit Donors, Award Years 2006–2016

Total Number of Years with Endow Iowa Donations	Number of Taxpayers	Percent of Taxpayers	Number of Households	Percent of Households
1	6,524	62.7%	5,913	61.3%
2	1,675	16.1%	1,549	16.1%
3	860	8.3%	845	8.8%
4	500	4.8%	480	5.0%
5	324	3.1%	323	3.3%
6	216	2.1%	210	2.2%
7	136	1.3%	135	1.4%
8	76	0.7%	84	0.9%
9	49	0.5%	55	0.6%
10	34	0.3%	37	0.4%
11	15	0.1%	17	0.2%
	10,409	100%	9,648	100%

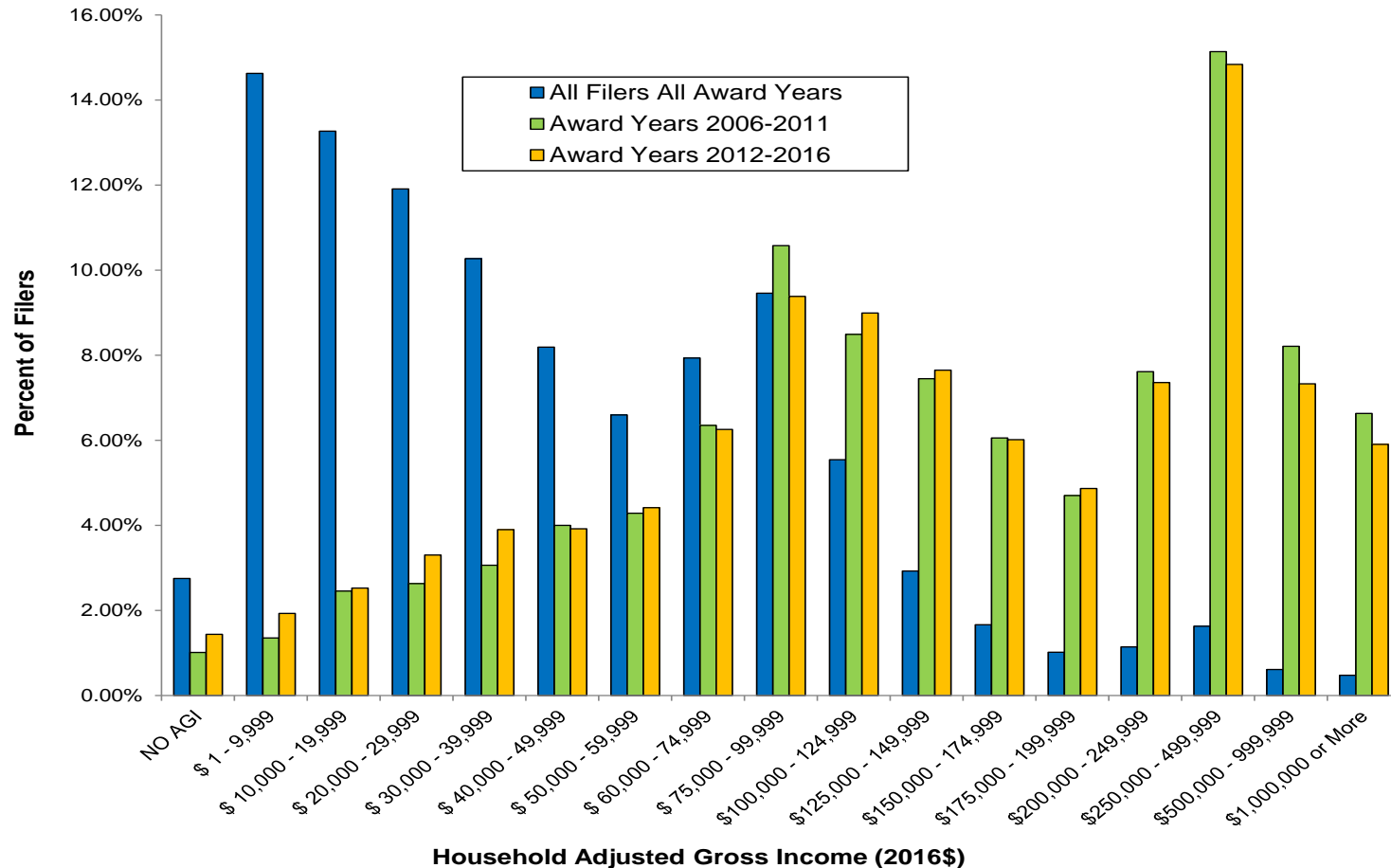
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Timing of Donations by Award Year



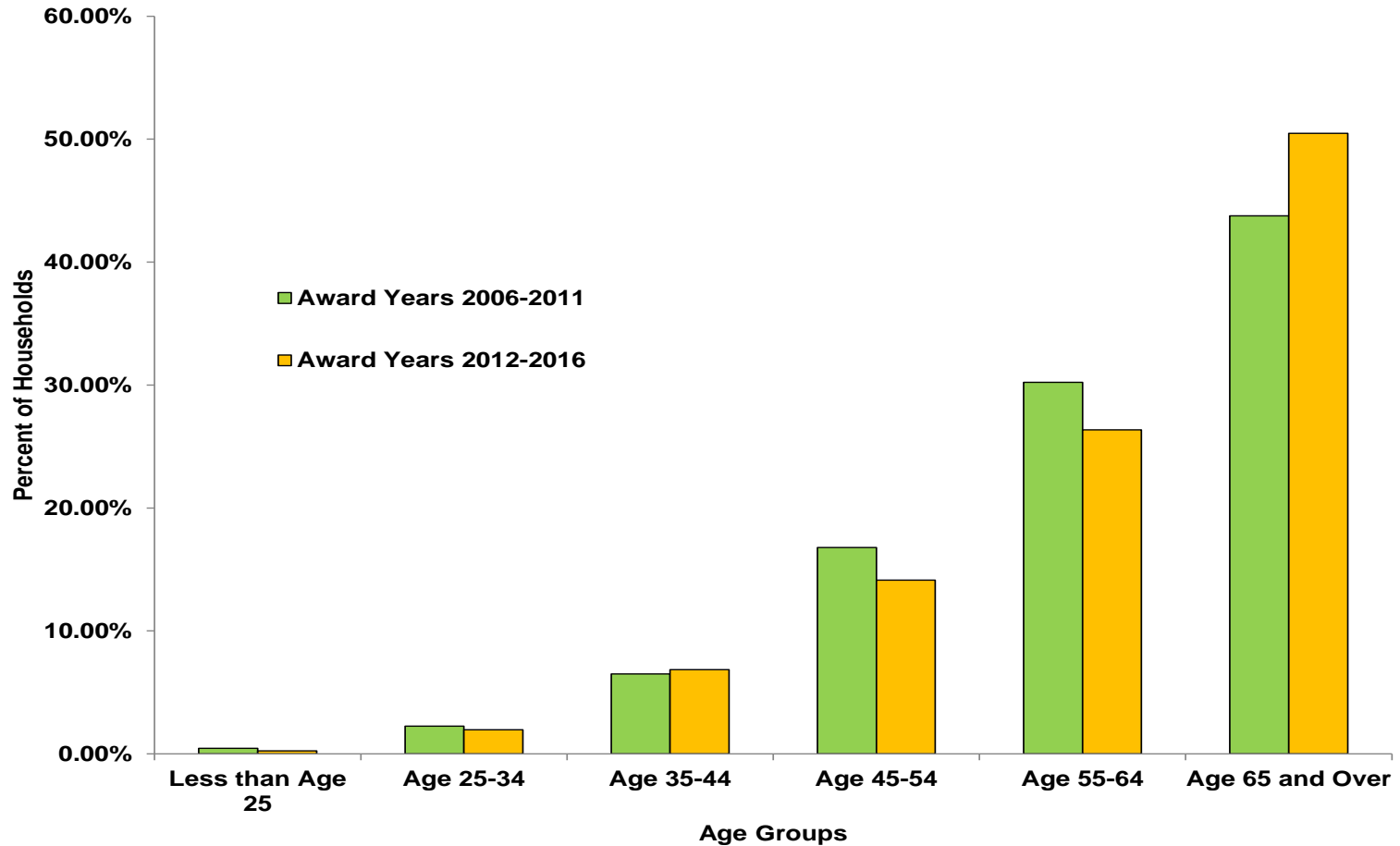
Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Endow Iowa Tax Credit Awards by Household AGI, Award Years 2006–2016



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Endow Iowa Tax Credit Awards by Donor Age, Award Years 2006-2011 & 2012-2016



Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue

Timing of Endow Iowa Tax Credit Claims

Tax Year	Applied Tax Credits
2006	\$1,756,605
2007	\$1,584,699
2008	\$2,206,423
2009	\$1,893,748
2010	\$2,977,075
2011	\$3,461,855
2012	\$4,448,198
2013	\$5,421,167
2014	\$5,498,025
2015	\$4,935,832
2016*	\$6,027,552
2017*	\$4,600,869

Total Claims	\$48,546,385
Average Claims 2006-2011	\$2,313,401
Average Claims 2012-2017	\$5,155,274

*Incomplete tax year

	Percent Claimed in Same FY of Award	Percent Claimed in First FY After Award	Percent Claimed in Second FY After Award	Percent Claimed in Third FY After Award	Percent Claimed in Fourth FY After Award	Percent Claimed in Fifth FY After Award	Percent Claimed in Sixth FY After Award	Percent Claimed in Final FY After Award	Percent Unclaimed
Average	0.26%	44.18%	31.26%	4.90%	2.39%	1.40%	2.81%	0.38%	13.61%

Source: Endow Iowa award database and Iowa Department of Revenue, CACTAS

- ▶ Nonrefundable credit can be carried forward for five tax years after the first year of claim, any remaining unclaimed credit expires

Unclaimed Awards by Household Tax Liability, Award Years 2006–2012

Award Year	Total Awards	Total Household Awards Less than Tax Liability	Percent of Unclaimed Awards that Could Have Been Completely Claimed	Total Household Awards Greater than Tax Liability	Percent of Unclaimed Awards that Could Not be Completely Claimed
2006	\$36,092	\$18,433	51.07%	\$17,658	48.92%
2007	\$121,727	\$61,794	50.76%	\$59,932	49.23%
2008	\$261,326	\$97,739	37.40%	\$163,587	62.60%
2009	\$155,816	\$90,918	58.35%	\$64,898	41.65%
2010	\$397,837	\$77,410	19.46%	\$320,426	80.54%
2011	\$132,197	\$83,729	63.34%	\$48,468	36.66%
2012	\$216,189	\$118,686	54.90%	\$97,503	45.10%
	\$1,321,184	\$548,709		\$772,472	

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

- ▶ Taxpayers receiving awards for years 2006–2012 have made all possible claims

Households with Award Amounts Greater than Tax Liability, Award Years 2006–2012

Award Year	Number of Households with Awards Greater than Tax Liability	Number of Households with Zero Tax Liability	Awards Issued to Households with Zero Tax Liability	Number of Households with Positive Tax Liability	Awards Issued to Households with Positive Tax Liability	Tax Liability of Households	Amount of Awards Unable to be Claimed
2006	11	9	\$16,231	2	\$1,427	\$1,085	\$16,573
2007	25	22	\$19,156	3	\$40,776	\$9,859	\$50,073
2008	79	65	\$76,565	14	\$87,022	\$26,736	\$136,851
2009	72	59	\$15,409	13	\$49,489	\$15,536	\$49,362
2010	72	61	\$158,418	11	\$162,008	\$17,921	\$302,505
2011	111	99	\$27,105	12	\$21,363	\$6,313	\$42,155
2012	142	113	\$40,734	29	\$56,769	\$15,594	\$81,909
Total	512	428	\$353,618	84	\$418,854	\$93,044	\$679,428

Source: Endow Iowa award database, Economic Development Authority, and Iowa Department of Revenue; and Individual Income Tax Returns

Questions?