

TO: MEMBERS OF THE TAX EXPENDITURE COMMITTEE

RE: ADDITIONAL INFORMATION

I received the following email below from the Department of Revenue:

At last Thursday's meeting of the Tax Expenditure Committee, members requested additional information that we were not able provide at the meeting.

Regarding, the Venture Capital Tax Credit – Qualifying Business (Angel Investor Tax Credit), a committee member asked for more information about the 107 start-up firms in Iowa that, according to the data set consulted for the evaluation study being presented, were founded between 2010 and 2018 and received angel or venture capital investment. Specifically, the committee member requested information about industries represented by these firms and whether these firms are still active. This information will be provided in the written report of this tax credit evaluation study to be published in January, 2020.

In addition, a committee member asked whether the Economic Development Authority (EDA) publishes information about firms that receive investments for which tax credits are awarded through this program. The EDA does not publish such information.

Regarding the Wind Energy Production and Renewable Energy Tax Credits, a committee member asked for an estimate of the share of the total investment in a typical wind tower installation that is typically covered by the tax credit. An estimate will be provided in the written report of this tax credit evaluation study to be published in January, 2020.

Regarding the Ethanol Promotion, E-85 Gasoline Promotion, and Biodiesel Blended Fuel Tax Credits, a committee member asked how much fuel sold by retailers in Iowa is biofuel. Based on the Department of Revenue Retailers Motor Fuel Gallons 2018 Annual Report, a total of 2,385 million gallons of fuel was reported by the 2,133 retail stations that responded. (This report is published online here.) Ethanol accounted for 1,559 million gallons (56.9%) and biodiesel accounted for 459 million gallons (19.2%); thus, biofuel made up 76.1 percent of fuel gallons sold by retailers in Iowa in 2018.

In addition, a committee member asked for an estimate of how much E85 is purchased for use in flexible fuel vehicles (FFVs). Some analysis pertinent to this question will be provided in the written report of this tax credit evaluation study to be published in January, 2020.

Sincerely,

Tony Girardi