CHAPTER 47
ENDOW IOWA TAX CREDITS

261—47.1(15E) Purpose. The purpose of endow Iowa tax credits is to encourage individuals, businesses, and organizations to invest in community foundations and to enhance the quality of life for citizens of this state through increased philanthropic activity.
[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

261—47.2(15E) Definitions.

"Act" means Iowa Code sections 15E.301 to 15E.306.

"Authority" means the economic development authority.

"Community affiliate organization" means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state with the intention of establishing a community affiliate endowment fund.

"Endow Iowa qualified community foundation" means a community foundation organized or operating in this state that substantially complies with the national standards for U.S. community foundations established by the National Council on Foundations as determined by the authority in collaboration with the Iowa Council of Foundations.

"Endowment gift" means an irrevocable contribution to a permanent endowment held by an endow Iowa qualified community foundation.

"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, and to implement an annual spend rate not to exceed 5 percent.

"Tax credit" means the amount a taxpayer may claim against the taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.
[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

261—47.3(15E) Authorization of tax credits to taxpayers. The authority shall authorize tax credits to qualified taxpayers who provide an endowment gift to an endow Iowa qualified community foundation or a community affiliate organization affiliated with an endow Iowa qualified community foundation for a permanent endowment fund within the state of Iowa in accordance with the following provisions:

47.3(1) Approved tax credits shall be allowed against taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.

47.3(2) Beginning January 1, 2010, approved tax credits will be equal to 25 percent of a taxpayer's gift to a permanent endowment held in an endow Iowa qualified community foundation. The amount of the endowment gift for which the endow Iowa tax credit is claimed shall not be deductible in determining taxable income for state income tax purposes.

47.3(3) The aggregate amount of tax credits available under this rule is limited according to Iowa Code section 15E.305, subsection 2. The aggregate amount is determined by taking a base authorization amount specified in Iowa Code section 15E.305, subsection 2, paragraph *"a,"* and adding an additional amount to be determined annually by calculating a certain percentage of the state's gambling revenues, as provided in Iowa Code section 99F.11, subsection 3, paragraph *"d,"* subparagraph (3), for the prior fiscal year. For calendar year 2011 and for all subsequent calendar years, the annual base authorization amount of available tax credits is $3.5 million. The additional amount varies each year according to the amount of gambling revenues collected in the prior year. For 2012, the aggregate amount of available tax credits is $4,642,945. The maximum amount of tax credit that an individual taxpayer may claim is limited to 5 percent of the aggregate amount available each year. For 2012, the maximum amount of tax credit available to a single taxpayer is $232,147.25. If the authority receives applications for tax credits in excess of the amount available, the applications shall be prioritized by the date the authority received the applications. If the number of applications exceeds the amount of annual tax credits available, the

authority shall establish a wait list for the next year's allocation of tax credits and applications shall first be funded in the order listed on the wait list.

47.3(4) Any tax credit in excess of the taxpayer's tax liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever occurs first.

47.3(5) A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

47.3(6) A tax credit shall not be transferable to any other taxpayer.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12; **ARC 0613C**, IAB 2/20/13, effective 3/27/13]

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) Twenty-five percent of the annual amount available for tax credits 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) Ten percent of the annual amount available for tax credits shall be reserved for those permanent endowment gifts totaling $30,000 or less. If by September 1 of any year the entire 10 percent reserved for permanent endowment gifts totaling $30,000 or less is not allocated, the amount remaining shall be available for other applicants.

47.4(3) Applications will be accepted and awarded on an ongoing basis. The authority will make public by June 1 and December 1 of each calendar year the total number of requests for tax credits and the total amount of requested tax credits that have been submitted and awarded.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

261—47.5(15E) Reporting requirements. By January 31 of each calendar year, the authority shall publish an annual report of the activities conducted pursuant to these rules during the previous calendar year and shall submit the report to the governor and general assembly. The annual report shall include the information required by Iowa Code section 15.104(9)*"h."*

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

These rules are intended to implement Iowa Code sections 15E.301 to 15E.306 as amended by 2011 Iowa Acts, Senate File 302.

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