

Red Tape Review Rule Report (Due: September 1, 2025)

Department Name:	IEDA	Date:	10/22/25	Total Rule Count:	4
IAC #:	261	Chapter/ SubChapter/ Rule(s):	Chapter 47	Iowa Code Section Authorizing Rule:	Chapter 15E, subchapter XXII
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of chapter 47 is to describe 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.

Is the benefit being achieved? Please provide evidence.

Yes. The authority is able to effectively award and administer the program.

What are the costs incurred by the public to comply with the rule?

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

What are the costs to the agency or any other agency to implement/enforce the rule?

IEDA staff time is required to review and prepare applications for approval, issue tax credit certificates, and communicate with donors and community foundations.

Do the costs justify the benefits achieved? Please explain.

Yes. Only entities and individuals that will potentially benefit from the program incur any costs. The costs to the state to administer the program are proportional to the activities incented.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The application and administrative requirements of the rules are no more than necessary to implement the purposes of the program.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes.

The chapter should be clearer and more concise throughout, including removing language that is duplicative of statutory language. Updates to the tax credit in 2025 Iowa Acts, Senate File 657 should be incorporated and clarified.

RULES PROPOSED FOR REPEAL (list rule number[s]):

None.

***RULES PROPOSED FOR RE-PROMULGATION* (list rule number[s] or include text if available):**

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 which qualifies the taxpayer for the tax credit.

47.3(2) An individual that 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 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) 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) 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

****For rules being re-promulgated with changes, you may attach a document with suggested changes.***

METRICS

Total number of rules repealed:	0
Proposed word count reduction after repeal and/or re-promulgation	128
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	3

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

The program should be eliminated as proposed by IEDA during the 2025 legislative session.