



*Iowa's Leading Business Tax Policy
Resource Since 1935*

Iowa Research and Activities Tax Credit

Governor Culver's Budget Recommendations for FY 2010 call for the elimination of the Supplemental Research Activities Credit (RAC) administered by the Iowa Department of Economic Development

- **Iowa has been a leader in encouraging Research and Development.**
- **At a time when most states are struggling, we need to continue to support industries which are helping Iowa grow. As R&D jobs continue to grow, they serve as their own stimulus package for Iowa's long-term growth.**
- **Research and Development is the basis of future high-growth and high margin industries. R&D enhances wages, results in corporate spinouts and transfers, and is part of the global intellectual capital pool that Iowa must tap into.**
- **Companies that utilize the RAC employ thousands of Iowans in high wage and benefit jobs that provide a workforce that is able to contribute to individual communities and add to local economies. Therefore, a scientist will raise his or her family, become part of civic life, and pay taxes and purchase goods and services locally. All of these components add value to our state.**
- **Iowa is a national leader in manufacturing, renewable energy, and agricultural life sciences. Research investments made in Iowa also encourage our young science and engineering graduates to stay in Iowa and contribute to our economy.**



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- **Iowa R&D competes globally, not just with other states. Companies large and small consider doing their research in India, Brazil, or China; Iowa's R&D Tax Credits programs give Iowa an edge over more affordable employees in other regions of the world.**
- **As Iowa gives the perception that we going to eliminate the supplemental R&D tax credit, other states are looking at expanding their incentives in this area, based on Iowa's success.**
- **Nebraska - is considering doubling their offerings from 15-30% (LB 171)**
- **Missouri - has significantly increased their level of economic development incentives in recent years.**
- **Iowa R&D competes globally, not just with Nebraska.**
- **Annual reporting to Iowa Department of Economic Development along with Federal audits serves as a check point that Iowa taxpayer dollars are being use as intended by the program.**
- **We need to support forward looking solutions to correct our current economic situation. Solutions that may appear clear and simple often result in many unintended consequences. It is paramount that Iowa's Economic Development initiatives are viewed as stable and desirable. This is the time when we need to be growing our business climate and be seen as a state investors and entrepreneurs feel safe investing in.**