

# Budget Unit Brief

## FY 2017



## High Quality Jobs Program Skilled Worker and Job Creation Fund (SWJCF)

### History and Purpose

The Iowa Economic Development Authority (IEDA) has two main components for business incentives through the High Quality Jobs Program: tax credits that are capped at \$170.0 million annually, and cash incentives that are appropriated by the General Assembly. Within these tax credits and funds there are other programs that also have mandatory and discretionary allocation amounts.

### Tax Credits

The IEDA tax credit cap was established during the 2009 Legislative Session with the enactment of [SF 483](#) (Tax Credit Limits – Net Operating Loss Carryback Elimination Act). This Act created Iowa Code section [15.119](#). The cap was set at \$185.0 million. If the IEDA exceeds the cap for a given fiscal year, the amount in excess is counted against the next fiscal year. During the 2010 Legislative Session, the cap on the amount that could be awarded was adjusted to \$125.0 million with the enactment of [SF 2380](#) (Taxation – Credits, Expenditures, and Incentives – Estate Taxes Act). During the 2011 Legislative Session, a \$10.0 million cap for the allocation of the overall annual cap was placed on the Redevelopment Tax Credit Program for Brownfields and Grayfields with the enactment of [SF 514](#) (Brownfield and Grayfields Redevelopment Tax Credit Program). During the 2011 Legislative Session, additional allocations were made with the enactment of [SF 517](#) (Economic Development Appropriations Act). The tax credits for investments in qualifying businesses and community-based seed capital funds are required to be \$2.0 million. The tax credits for investments in an innovation fund pursuant to Iowa Code section [15E.52](#) is required to be \$8.0 million. With the 2013 Legislative Session, enactment of [HF 620](#) (EDA Programs and Financial Assistance), the cap was increased to \$170.0 million and the IEDA Board is allowed to reallocate amounts less than the sum provided in statute if they determine there is not enough demand. A restriction of 20.0% of the authorized annual cap was placed on how much the cap could be exceeded in one fiscal year.

### Cash Incentives

During the 2012 Legislative Session, [HF 2337](#) (FY 2013 Economic Development Appropriations Act) appropriated \$15.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) for High Quality Job Creation Financial Assistance. This is the successor program to the Economic Development (formerly Grow Iowa Values) Fund Financial Assistance Program. The appropriation from the Skilled Worker and Job Creation Fund to the IEDA for the High Quality Jobs Program was first made during the 2013 Legislative Session, for FY 2014, with an appropriation in HF 604 (Education Appropriations Act). The appropriation has been continued in the Economic Development Appropriations Act. The permitted allocation of \$1.0 million, from the \$16.9 million appropriation, for the [Main Street Program](#), was first allocated in [HF 620](#) (Economic Development Programs and Financial Assistance Act) during the 2013 Legislative Session. The allocation has been continued in the Economic Development Appropriations Act. High Quality Jobs Program assistance and funding is outlined in Iowa Code section [15.335B](#).

### Sources of Revenue

Beginning with FY 2014, the appropriation for cash incentives was moved to the Skilled Worker and Job Creation Fund. In addition, these Programs operate with various levels of support from other miscellaneous sources of income. The General Assembly also appropriates other funds as available for field offices.

### Related Statutes and Administrative Rules

Iowa Code chapter [15](#)  
[261](#) Iowa Administrative Code chapter [68](#)

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### More Information

Iowa Economic Development Authority: <http://www.iowaeconomicdevelopment.com/>

Iowa General Assembly: <http://www.legis.iowa.gov/>

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