
FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

EMPOWER RURAL IOWA EXECUTIVE COMMITTEE — NOVEMBER 2020

Background. In July 2018, Governor Reynolds created the [Empower Rural Iowa](#) (ERI) initiative, which is administered through the [Iowa Economic Development Authority](#) (IEDA). The 2019 Iowa Acts, [House File 772](#) (Empower Rural Iowa Act), created three task forces, which develop recommendations for Governor Reynolds in advance of each legislative session. The three task forces are: Investing in Rural Iowa (created to address the rural housing shortage and develop strategies to support rural businesses and entrepreneurs), Growing Rural Iowa (created to address leadership, recruitment, and retention in rural communities), and Connecting Rural Iowa (created to address the issue of financing broadband connectivity).

Recommendations. On November 19, 2020, the Empower Rural Iowa Executive Committee met to review and approve draft recommendations to Governor Reynolds. The following recommendations were approved by the Committee:

- **General Empower Rural Iowa Recommendations**
 - Continue funding support for the [Rural Innovation Grants](#) Program. In 2020, \$300,000 was [awarded](#) by the IEDA to 17 projects across the State.
- **Investing in Rural Iowa Task Force Recommendations**
 - Supporting entrepreneurship.
 - Improve communication with the public and improve coordination among the service providers (such as private nonprofits, colleges, and government programs) in Iowa.
 - Foster a survey of local economic development professionals and leaders to understand what happens at the local level.
 - Succession planning for local businesses undergoing a transition.
 - Continue to support Employee Stock Ownership Plans (ESOPs) to keep businesses in the hands of employees when a business owner departs.
 - Develop a promotion strategy and provide resources for an employee-owned cooperative transition model for businesses with a small number of employees. Partner with existing efforts at the Iowa Institute for Cooperatives, the University of Northern Iowa, and Iowa State University. Encourage businesses to undergo business valuation prior to taking advantage of State resources on transition planning.
 - Improve communication with resource providers by utilizing a model similar to the [Iowa Leadership Exchange](#), and develop a forum for providers to share resources and best practices.
 - Consider inheritance tax reform to limit or eliminate the inheritance tax when small rural businesses are passing to both lineal and nonlineal descendants.
 - Encourage an online business presence to help businesses quickly identify ways to continue selling goods without in-person customers.
 - Continue to support [Shop Iowa](#) through State funding support, including additional technical assistance funding for training and increasing public awareness through targeted communications and promotions.
 - Identify ways to support nonretail and non-brick-and-mortar businesses. Some businesses, such as farmers' markets or telehealth services, do not fit into the Shop Iowa model.

- Continue to fund [Rural Housing Grants](#). Grants were made in 2020 to 10 communities, totaling \$100,000.
- **Growing Rural Iowa Task Force Recommendations**
 - Recruit and retain Iowans by incentivizing young people and professionals to stay in Iowa and start businesses in rural areas.
 - Create a new recruitment program tailored to rural communities or build upon an existing program to identify and recruit former Iowans back to Iowa.
 - Attract remote workers who may not have a job dependent on location.
 - Work with rural communities to adopt and amplify a clear narrative about rural Iowa.
 - Foster partnerships to capitalize on affinity using existing networks that connect Iowans back to their hometown or college community.
 - Streamline and coordinate existing state programs that target recruitment and retention of talent within Iowa.
 - Pilot a “Rural Return Incentive” program through a specially designated Rural Innovation Grant that can allow partnership with a community foundation or other organization. This can entail financial support for prior members of a community to return and stay in a rural location.
 - Enhance [Beginning Farmer Tax Credits](#). The maximum funding allocation has never been utilized due to rules on who can apply for funding. Currently, only farmers and taxpayers who lease their land to a beginning farmer can apply for funding. The credit can be amended to expand eligibility for the program and increase the length of time a credit is allowed from 10 to 15 years.
 - Continue [Future Ready Iowa](#) efforts and seek to establish more formal connections between Future Ready Iowa and the Governor’s Empower Rural Iowa Initiative.
 - Continue support for rural medical residencies and programs like [FIND](#) (Fulfilling Iowa’s Need for Dentists). In addition to funding support, the Committee believes the state should increase program awareness through targeted communication and promotion.
 - The inaugural Rural Leadership Exchange event was held virtually in October 2020. The Council recommended this event continue to receive support and expand beyond an annual fall exchange event for existing programs to also include a training incubator program in the spring for new leadership programs, as well as providing ongoing online resources.
 - Leadership programs identified through the Rural Leadership Exchange Program can also partner on previously identified recruitment and retainment efforts, including a guide or ambassador training program.
 - Programs can provide diversity and inclusivity resources for communities with changing demographics.
- **Connecting Rural Iowa Task Force Recommendations**
 - Further fund the [Empower Rural Iowa Broadband Grant Program](#), which received \$50.0 million of federal [Coronavirus Aid, Relief, and Economic Security](#) (CARES) Act funding.
 - Support legislation or other efforts that would provide for broadband project protection along [Iowa Department of Transportation](#) (DOT) right-of-way.

Next Steps. The Empower Rural Iowa Executive Committee will meet on December 16, 2020, when Governor Reynolds will review and consider final recommendations before the legislative session. More information can be found [here](#).

LSA Staff Contact: Eric Richardson (515.281.6767) eric.richardson@legis.iowa.gov