



IOWA ECONOMIC DEVELOPMENT AUTHORITY

# ANNUAL REPORT

**IOWA**<sup>®</sup>  
economic development





*The Iowa Economic Development Authority (IEDA) was created in 2011 and replaced the Iowa Department of Economic Development as part of the complete overhaul of Iowa's economic development delivery model. The IEDA's mission is to strengthen economic and community vitality by building partnerships and leveraging resources to make Iowa the choice for people and business. Through three main divisions – Business Development, Marketing and Communications, and Community Development – IEDA administers several state and federal programs to meet its goals of assisting individuals, communities and businesses.*

# OVERALL RESULTS

Iowa's economy is strong and growing steadily. Iowa's GDP in 2016 was \$163 billion. During the past five years, Iowa experienced a 10 percent growth rate – the tenth largest in the nation. As the third best run state in the country (24/7 Wall Street), Iowa is in a great position to attract new businesses and to encourage expansions of already existing companies. Since January 2011, many great companies have found Iowa the perfect place to establish operations or expand.

The Iowa Economic Development Authority (IEDA) has assisted 376 projects using the programs and funds authorized by the Iowa Legislature since January 2011. From January 2011 through June 2017, the IEDA board awarded \$66 million in direct financial assistance and \$563 million in tax credits. These incentives will bring projects to Iowa that are expected to result in 57,319 direct, indirect and induced jobs and \$14.3 billion in capital investment for Iowa's economy. For every \$1 in state financial assistance, both direct financial assistance and tax benefits, projects that received awards will provide a return of \$19.01 in capital investment. These awards help companies of all sizes relocating to or expanding in communities around our state from the most rural counties to Iowa's largest cities.

It is important to note that 49 percent of projects awarded since January 2011 remain in the performance period. During this period, they create the jobs that meet the required wage thresholds and make the capital investment to fulfill the agreed-upon contractual obligations that must be fulfilled by the Project Completion Date at the end of the performance period. IEDA monitors project performance throughout the term of the contract. However, a determination as to whether a business has fulfilled its contractual obligations is generally not done until the performance period has been completed.

It is also important to note that loans and awards of tax credits are not grants or gifts. Projects must earn the awards. A business receives no refund of sales tax until it has made the investment – actually spent the money to build or expand its footprint in Iowa – and provided documentation that the expenditures were made. A business cannot claim an investment tax credit until it has income to offset. A business must provide security or it must make the investment and create/retain the jobs as promised before loan funds are disbursed.





PARTS PREP



# FINANCIAL ASSISTANCE AWARDS

*(July 2003 through June 2017)*

Each year, IEDA's contract compliance team compiles a report of the status of each business project awarded or under contract. The fiscal year (FY) 2017 annual report measures status and progress of projects awarded since 2003 and tracked by the compliance team. Below is an explanation for each status as well as an explanation of how each status appears within the report.

## **Contract Pending**

Projects in this category can include those projects that have received an award by the IEDA board but, as of the final compilation of this report, were still in contract negotiations or were awarded so recently that the businesses that received the awards are not required to report in this cycle. This status encompasses the awards made shortly before the annual report date cut-off of June 30, 2017.

These projects will appear under the heading "Contract Pending" and will include only the initial project information.

## **Projects not Proceeding**

This category encompasses projects that were awarded incentives but have elected not to move forward in receiving funding. This doesn't necessarily mean that the business will not move forward with the project. The relocation or expansion may still occur, but the business chose to move forward without state assistance. Projects in this category include those for which awards were declined, rescinded or terminated.

Within this report, these projects will be displayed under the following headings:

- Contract Terminated
- Declined/Rescinded

### **Projects under Contract**

This category encompasses the projects that have been awarded incentives through IEDA programs, have signed contracts with the state and are in either the “performance” period or the “maintenance” period. In most cases, a project is required to meet job, wage and capital investment obligations by the “Project Completion Date.” Beyond the completion date, a project is required to maintain the obligated jobs and investment through the “Maintenance Date.”

Within this report, these projects will be displayed under the following headings:

- Performance Period
- Maintenance Period

### **Projects in Default**

Projects in this category were considered “in default” at the time of the annual report. The status of “in default” is temporary, since businesses are allowed a contractually designated cure period to correct the default. Reasons for being considered “in default” range from not filing required reports to not creating the obligated jobs or investment required by the contract.

These projects will appear under a heading titled “Projects in Default.”

### **Closed Projects**

Projects in this category are considered “completed” at the time of the annual report. Each has been evaluated to determine if the project met all the terms of the contract. If so, projects are categorized as successful and are under no additional obligation to report information to IEDA regarding the project. If a project meets the required obligations, it is categorized as “successful.” If a project did not meet all terms required in the contract, the IEDA compliance team notifies the business the amount it must forego or pay back to the state based on contractual provisions. Sometimes that consists of paying back all or a portion of the direct assistance provided by the state or returning or not claiming some or all tax credits that had been awarded. These projects would be categorized as either “full repayment required” or “partial repayment required.”

Within this report, these projects will be displayed under the following headings:

- Closed Projects - Successful
- Closed Projects - Full Repayment Required
- Closed Projects - Partial Repayment Required

## COMPLIANCE CUMULATIVE DATA BY STATUS

	Sum of Capital Investment	Sum of Total Direct Funding Awarded	Sum of Tax Benefits Awarded	Sum of Total Contracted Jobs	Sum of Total Project Completion Jobs	Sum of Total Final Numbers Jobs	Sum of Total Project Cost at Project Completion
Closed Projects-Successful	\$5,967,292,074	\$106,715,462	\$367,328,311	20,751	20,815	20,887	\$8,911,400,720
Full Payment Required	\$1,330,773,320	\$29,910,250	\$87,080,251	5,005	366	79	\$1,284,231,236
Partial Repayment Required	\$696,347,225	\$43,245,350	\$36,239,864	6,030	5,050	4,196	\$1,127,851,486
Projects Under Contract-Performance Period	\$11,546,777,811	\$39,714,500	\$492,475,431	14,008	13	N/A	N/A
Projects Under Contract-Maintenance Period	\$3,159,307,297	\$27,587,954	\$198,554,566	6,220	6,209	173	\$5,303,942,000
Contract Pending	\$270,852,319	\$3,444,900	\$4,402,257	1,709	N/A	N/A	N/A
Projects Not Proceeding-Contract Terminated	\$1,494,143,581	\$19,269,000	\$110,549,245	5,328	470	105	\$281,549,640
Projects Not Proceeding-Declined/Rescinded	\$6,408,247,637	\$64,192,000	\$382,102,156	11,900	81	N/A	N/A
Projects in Default	\$51,638,000	\$2,488,000	\$7,581,084	266	173	0	\$87,799,298
<b>GRAND TOTAL</b>	<b>\$30,925,379,264</b>	<b>\$336,567,416</b>	<b>\$1,686,313,165</b>	<b>71,217</b>	<b>33,177</b>	<b>25,440</b>	<b>\$16,996,774,380</b>

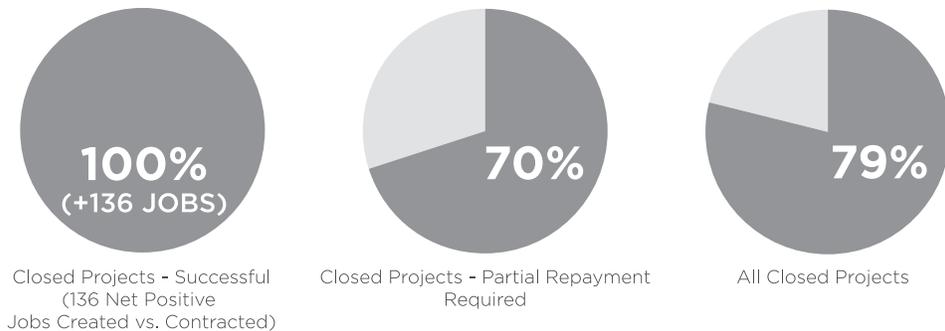
# ANALYSIS

Of the closed projects, additional analysis can be completed. Sometimes, projects are not able to meet all obligations and some kind of repayment is required. However, most projects are successful, in that they meet the obligations set forth in the contract. In fact, among all the closed projects, since 2003, 74 percent of the jobs pledged at time of award had been created by the end of the performance and maintenance periods.

For every \$1 in incentives (direct financial assistance and tax benefits) awarded between July 2003 and June 30, 2017 to projects that have been closed, the state realizes a return of \$11.38 of capital investment made by the company.

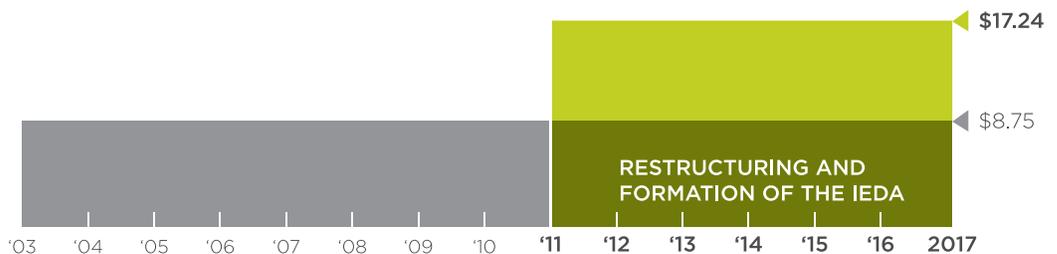
## JOBS COMPLETION RATE

PERCENTAGE OF CONTRACTED JOBS CREATED



## RETURN ON INVESTMENT

AMOUNT OF CAPITAL INVESTMENT GENERATED FOR EVERY DOLLAR OF INCENTIVES



## CONSIDERATIONS

Multiple business assistance programs have been in effect during the time period covered in this report. It is important to note that program requirements have changed over the time period covered, either due to legislative or administrative rule changes or internal contracting and policy modifications. For example, some programs when originally created did not have job requirements, but later were changed to include job obligations.

During the 14 years covered in this report, multiple governors, economic development directors and programs like the Grow Iowa Values Fund and others have come and gone. Many projects outlined in this report were also caught in the in the recent recession that produced the worst market conditions of our time.

## COMPLIANCE CUMULATIVE DATA BY IEDA PROGRAM

Program	# Projects	Sum of Capital Investment	Sum of Total Direct Funding Awarded	Sum of Tax Benefits Awarded	Sum of Total Contracted Jobs	Sum of Total Project Cost at Project Completion
100% Component	27	\$169,521,171.00	\$9,145,100.00	\$13,618,746.00	2,094	\$162,817,666.70
130% Component	76	\$2,613,033,148.00	\$28,181,900.00	\$156,801,290.00	4,318	\$1,412,429,283.00
Community Economic Betterment Account	128	\$667,018,048.00	\$38,999,000.00	\$22,091,567.00	7,249	\$503,625,583.53
Direct Financing	1	\$1,632,500.00	\$775,000.00	\$0.00	149	\$0.00
Disaster Recovery Component	7	\$9,725,783.00	\$1,495,000.00	\$0.00	285	\$9,697,853.00
Economic Development Set-Aside	46	\$133,958,141.00	\$9,367,850.00	\$4,743,724.00	2,565	\$118,056,697.00
Enterprise Zone	167	\$3,589,122,665.00	\$19,739,500.00	\$276,354,541.00	8,111	\$4,996,837,531.72
Entrepreneurial Component	13	\$10,156,271.00	\$2,375,000.00	\$536,204.00	78	\$15,399,078.00
Entrepreneurial Ventures Assistance	40	\$15,750,888.00	\$4,280,000.00	\$0.00	532	\$26,485,247.00
Entrepreneurial Ventures Assistance Financial Assistance	8	\$3,757,200.00	\$625,000.00	\$0.00	193	\$0.00
Grow Iowa Value Fund	19	\$333,280,000.00	\$54,638,561.00	\$35,199,325.00	4,884	\$756,757,364.00

COMPLIANCE CUMULATIVE DATA BY IEDA PROGRAM (Cont.)

Program	# Projects	Sum of Capital Investment	Sum of Total Direct Funding Awarded	Sum of Tax Benefits Awarded	Sum of Total Contracted Jobs	Sum of Total Project Cost at Project Completion
Grow Iowa Value Fund Infrastructure Component	8	\$27,389,818.00	\$3,731,854.00	\$0.00	0	\$28,144,362.00
High Quality Jobs Program	412	\$20,174,770,817.00	\$67,770,400.00	\$938,504,934.48	28,109	\$6,735,420,921.91
Infrastructure Component	3	\$107,140,000.00	\$14,000,000.00	\$4,818,400.00	1,638	\$20,174,074.00
Loan and Credit Guarantee	7	\$1,900,000.00	\$3,316,250.00	\$0.00	21	\$0.00
Modernization	6	\$17,142,900.00	\$951,000.00	\$165,617.00	187	\$21,693,739.00
New Capital Investment Program	41	\$399,895,792.00	\$2,172,750.00	\$25,531,476.00	2,439	\$565,281,503.29
New Jobs and Income Program	10	\$651,049,449.00	\$1,600,000.00	\$75,207,029.00	588	\$639,167,497.89
Opportunities and Threats	11	\$0.00	\$1,375,000.00	\$0.00	0	\$4,299,210.00
Physical Infrastructure Assistance Program	27	\$528,208,938.00	\$49,509,351.00	\$51,111,985.00	6,357	\$389,063,564.00
Public Facilities Set Aside	1	\$181,000.00	\$82,500.00	\$0.00	25	\$142,242.00
Targeted Jobs	21	\$91,553,890.00	\$0.00	\$2,174,406.00	853	\$17,677,946.00

COMPLIANCE CUMULATIVE DATA BY IEDA PROGRAM (Cont.)

Program	# Projects	Sum of Capital Investment	Sum of Total Direct Funding Awarded	Sum of Tax Benefits Awarded	Sum of Total Contracted Jobs	Sum of Total Project Cost at Project Completion
Value-added Agricultural Products and Process Financial Assistance Program	63	\$1,102,954,262.00	\$13,843,900.00	\$67,247,915.00	1,000	\$492,364,881.00
Value-Added Agriculture Component	23	\$304,174,890.00	\$15,349,000.00	\$13,137,100.00	503	\$88,590,262.00
<b>Grand Total</b>	<b>1167*</b>	<b>\$30,953,317,571.00</b>	<b>\$343,323,916.00</b>	<b>\$1,687,244,259.48</b>	<b>72,178</b>	<b>\$17,004,126,507.04</b>

## ACCESS FULL COMPLIANCE DATA

View the complete annual report compliance data by:

### Company\*

[www.iowaeconomicdevelopment.com/userdocs/news/2017\\_IEDAAnnualReport\\_ByCompany.pdf](http://www.iowaeconomicdevelopment.com/userdocs/news/2017_IEDAAnnualReport_ByCompany.pdf)

### Status

[www.iowaeconomicdevelopment.com/userdocs/news/2017\\_IEDAAnnualReport\\_Status.pdf](http://www.iowaeconomicdevelopment.com/userdocs/news/2017_IEDAAnnualReport_Status.pdf)

### County

[www.iowaeconomicdevelopment.com/userdocs/news/2017\\_IEDAAnnualReport\\_County.pdf](http://www.iowaeconomicdevelopment.com/userdocs/news/2017_IEDAAnnualReport_County.pdf)

A listing of the programs, abbreviations used, and definitions of column headings used in the full annual report tables can be found online at:

[www.iowaeconomicdevelopment.com/userdocs/News/Report\\_Definitions\\_Key.pdf](http://www.iowaeconomicdevelopment.com/userdocs/News/Report_Definitions_Key.pdf)

*\*Company data is aggregated*





# ACCOUNTING INFORMATION

Another important aspect of IEDA's responsibilities in administering business incentives is the accounting side of the equation. Some incentives awarded by the state include low interest loans that are paid back throughout the life of a project. When projects do not meet the obligations set forth in the contract, it is necessary to recapture.

Our accounting team, a separate department within IEDA with a distinct function, is responsible for handling loan repayments, working with companies to set up payment plans and, in some cases, working with outside counsel to take legal action if a company is not complying with repayment requirements. While that is the exception and not the norm, it is IEDA's responsibility to pursue these avenues to the best of its ability to ensure that taxpayer dollars are returned when contractual obligations are not met.

The accounting team and compliance team categorize projects differently, using different statuses, due to their distinct functions. Below is a definition for each accounting status.

**Closed – Collections:** Projects in this category are closed and are working with our in-house collections staff to repay the required amount.

**Closed – Converted:** At some point, forgivable loans that were awarded to projects in this category were converted to loans. A project in this status is currently paying back the loan.

**Closed – Legal:** Projects in this status have been referred to our outside counsel to seek legal recourse for repayment.

**Closed – Paid in Full:** These projects have fully paid their obligations to the state.

**Closed – Write-Off:** A project in this category has been through the in-house collections process, the legal process or has in some other way demonstrated that full or partial repayment or claw back is not possible. These accounts have been written off by IEDA and the agency is no longer seeking repayment.

**Open:** A project in this category is still open but may be paying the loan portion of its award.

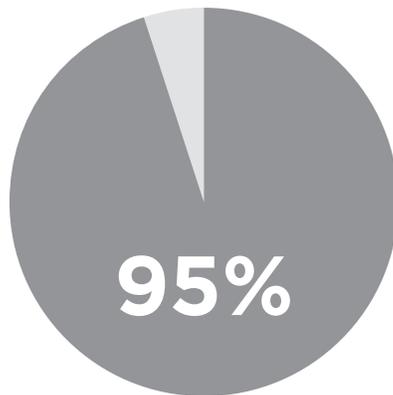
**Closed – Collect Paid in Full:** Projects with this status are closed and have fulfilled their repayment obligations to the state.

# ACCOUNTING ANALYSIS

A review of the accounting statuses shows that, over the course of the annual report timeframe (January 2003-June 2017), IEDA has closed projects with a 92 percent repayment rate. A summary of the accounting metrics by status and by program can be viewed in the following tables.

## STANDING OF PROJECTS

PERCENTAGE OF PROJECTS IN GOOD STANDING



## INTEREST PAYMENTS

AMOUNT OF INTEREST GENERATED FROM FY 2017

**\$204,029**

## ACCOUNTING CUMULATIVE DATA BY STATUS

	Count of Status	Sum of Beginning Balance	Sum of Additions/New Loans	Sum of Adjustments	Sum of Principal Payments	Sum of Interest Payments	Sum of Balance as of 6/30/2016
Closed - Collections	9	\$1,518,827.49	\$-	\$-	\$63,459.16	\$1,970.12	\$1,455,368.33
Closed - Converted	7	\$1,056,666.53	\$-	\$-	\$37,759.43	\$21,944.56	\$1,018,907.10
Closed - Legal	15	\$1,979,297.07	\$-	\$-	\$4,017.62	\$-	\$1,976,647.45
Closed - Paid in Full	15	\$696,613.67	\$-	\$-	\$696,812.74	\$-	\$(49.92)
Closed - Write-Off	1	\$293,400.00	\$-	\$266,400.00	\$27,000.00	\$-	\$-
Open	147	\$16,164,286.61	\$2,953,182.50	\$-	\$2,515,643.50	\$180,113.97	\$16,535,272.85
Closed - Collect(PIF)	1	\$1,666.28	\$-	\$-	\$1,666.28	\$-	\$-
<b>Grand Total</b>	<b>195</b>	<b>\$21,710,757.65</b>	<b>\$2,953,182.50</b>	<b>\$266,400.00</b>	<b>\$3,346,358.73</b>	<b>\$204,028.65</b>	<b>\$20,986,145.81</b>

## ACCOUNTING CUMULATIVE DATA BY IEDA PROGRAM

	Sum of Beginning Balance	Sum of Additions/ New Loans	Sum of Adjustments	Sum of Principal Payments	Sum of Interest Payments	Sum of Balance as of 6/30/2017
<b>CEBA</b>	\$754,484.62	\$-	\$266,400.00	\$29,864.00	\$-	\$459,588.63
Closed - Collections	\$78,749.89	\$-	\$-	\$-	\$-	\$78,749.89
Closed - Legal	\$382,334.74	\$-	\$-	\$2,864.00	\$-	\$380,838.74
Closed - Paid in Full	\$(0.01)	\$-	\$-	\$-	\$-	\$-
Closed - Write-Off	\$293,400.00	\$-	\$266,400.00	\$27,000.00	\$-	\$-
<b>CEBA Modernization</b>	\$(0.04)	\$-	\$-	\$-	\$-	\$(0.04)
Closed - Paid in Full	\$(0.04)	\$-	\$-	\$-	\$-	\$(0.04)
<b>Demonstration Fund</b>	\$3,674,390.55	\$750,000.00	\$-	\$223,189.63	\$36,553.72	\$4,201,349.65
Closed - Collections	\$140,036.20	\$-	\$-	\$-	\$-	\$140,036.20
Closed - Converted	\$300,000.00	\$-	\$-	\$-	\$3,862.00	\$300,000.00
Closed - Legal	\$296,894.46	\$-	\$-	\$-	\$-	\$296,894.46
Closed - Paid in Full	\$145,360.54	\$-	\$-	\$145,509.28	\$-	\$-
Open	\$2,792,099.35	\$750,000.00	\$-	\$77,680.35	\$32,691.72	\$3,464,418.99

	Sum of Beginning Balance	Sum of Additions/ New Loans	Sum of Adjustments	Sum of Principal Payments	Sum of Interest Payments	Sum of Balance as of 6/30/2017
<b>Direct Financing</b>	\$517,916.75	\$-	\$-	\$105,000.04	\$-	\$412,916.71
Closed - Legal	\$43,750.10	\$-	\$-	\$-	\$-	\$43,750.10
Open	\$474,166.65	\$-	\$-	\$105,000.04	\$-	\$369,166.61
<b>Economic Development Set-Aside</b>	\$71,624.52	\$-	\$-	\$30,471.12	\$-	\$41,153.40
Closed - Collections	\$48,424.38	\$-	\$-	\$27,671.12	\$-	\$20,753.26
Closed - Paid in Full	\$0.14	\$-	\$-	\$-	\$-	\$0.14
Open	\$23,200.00	\$-	\$-	\$2,800.00	\$-	\$20,400.00
<b>EVA Financial Assistance</b>	\$1,175,051.01	\$-	\$-	\$159,542.20	\$-	\$1,015,508.81
Closed - Collections	\$140,250.86	\$-	\$-	\$27,008.16	\$-	\$113,242.70
Closed - Legal	\$216,376.47	\$-	\$-	\$-	\$-	\$216,376.47
Closed - Paid in Full	\$32,250.00	\$-	\$-	\$32,250.00	\$-	\$-
Open	\$786,173.68	\$-	\$-	\$100,284.04	\$-	\$685,889.64

ACCOUNTING CUMULATIVE DATA BY IEDA PROGRAM (Cont.)

	Sum of Beginning Balance	Sum of Additions/ New Loans	Sum of Adjustments	Sum of Principal Payments	Sum of Interest Payments	Sum of Balance as of 6/30/2017
<b>Grow Iowa Value Fund</b>	\$4,259,831.06	\$94,182.50	\$-	\$1,710,390.03	\$260.44	\$2,575,066.89
Closed - Collections	\$315,000.00	\$-	\$-	\$-	\$-	\$315,000.00
Closed - Converted	\$31,666.53	\$-	\$-	\$31,666.53	\$-	\$-
Closed - Legal	\$533,765.75	\$-	\$-	\$1,153.62	\$-	\$532,612.13
Closed - Paid in Full	\$519,053.06	\$-	\$-	\$519,053.06	\$-	\$-
Open	\$2,860,345.72	\$94,182.50	\$-	\$1,158,516.42	\$260.44	\$1,727,454.76
<b>High Quality Jobs Program</b>	\$1,792,924.46	\$1,609,000.00	\$-	\$691,678.63	\$-	\$2,710,245.83
Open	\$1,791,258.18	\$1,609,000.00	\$-	\$690,012.35	\$-	\$2,710,245.83
Closed - Collect(PIF)	\$1,666.28	\$-	\$-	\$1,666.28	\$-	\$-
<b>VAPPFAP</b>	\$194,340.56	\$-	\$-	\$8,779.88	\$1,220.12	\$185,560.68
Closed - Collections	\$58,215.03	\$-	\$-	\$8,779.88	\$1,220.12	\$49,435.15
Closed - Legal	\$136,175.55	\$-	\$-	\$-	\$-	\$136,175.55
Closed - Paid in Full	\$(50.02)	\$-	\$-	\$-	\$-	\$(50.02)

	Sum of Beginning Balance	Sum of Additions/ New Loans	Sum of Adjustments	Sum of Principal Payments	Sum of Interest Payments	Sum of Balance as of 6/30/2017
<b>Iowa Fund</b>	\$9,270,194.15	\$500,000.00	\$-	\$387,443.20	\$165,994.37	\$9,384,755.25
Closed - Collections	\$738,151.13	\$-	\$-	\$-	\$750.00	\$738,151.13
Closed - Converted	\$725,000.00	\$-	\$-	\$6,092.90	\$18,082.56	\$718,907.10
Closed - Legal	\$370,000.00	\$-	\$-	\$-	\$-	\$370,000.00
Open	\$7,437,043.03	\$500,000.00	\$-	\$381,350.30	\$147,161.81	\$7,557,697.02
<b>Grand Total</b>	<b>\$21,710,757.65</b>	<b>\$2,953,182.50</b>	<b>\$266,400.00</b>	<b>\$3,346,358.73</b>	<b>\$204,028.65</b>	<b>\$20,986,145.81</b>

## FINAL THOUGHTS

This report is created annually in an effort to aggregate and summarize the business projects that receive incentives through IEDA programs. In reality, each project is unique with its own story, and is treated accordingly. A comprehensive file is maintained for each project and a detailed review is completed for each as part of the compliance process.

IEDA is proud of the part it plays in growing Iowa's economy. We welcome the opportunity to discuss this report in its entirety, or by individual projects.





EMERGENCY SHOWER

22# Condensate

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