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[HF 2593](#) – High Quality Jobs Program Onsite Daycare Facilities (LSB5592HV)  
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Fiscal Note Version – New

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## **Description**

[House File 2593](#) creates a new onsite daycare facilities incentive component as part of the High Quality Jobs Program (HQJP) (Iowa Code chapter [15](#), part 13) administered by the Economic Development Authority (EDA). The new component allows the EDA to provide HQJP tax incentives or project completion assistance to a business for a project that involves a new or expanded onsite child care facility that offers low-cost child care for the business's employees.

The change is effective July 1, 2020.

## **Assumptions**

- Under current law, the expenses associated with a new or expanded onsite daycare facility are not qualified project costs under the HQJP.
- The average construction cost of a new or expanded onsite daycare facility is assumed to be \$600,000, and five new or expanded onsite daycare facilities are assumed to be constructed and benefit from this new incentive each fiscal year.
- The HQJP offers sales/use tax refunds and investment tax credits. The average tax benefit of the HQJP is assumed to be 6.0%.
- Once earned by the business, the tax credit and sales/use tax refund redemption pattern is assumed to be:
  - First fiscal year = 10.0%
  - Second fiscal year = 35.0%
  - Third through fifth fiscal years = 6.0% per year
  - Expiring without redemption = 37.0%

## **Fiscal Impact**

The new HQJP component for onsite daycare facilities established in this Bill is projected to reduce net General Fund revenue by the following amounts:

- FY 2021 = \$18,000
- FY 2022 = \$81,000
- FY 2023 = \$93,000
- FY 2024 = \$106,000
- FY 2025 and after = \$118,000

**Sources**

Department of Revenue  
Legislative Services Agency analysis

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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