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

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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