# The High Quality Jobs Program

A Report to the Legislative Tax Expenditure Committee

IOWA economic development

Submitted by the Iowa Economic Development Authority

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# program description

The High Quality Jobs (HQJ) program is one of the most important business development programs administered by the Iowa Economic Development Authority (IEDA). The program is a flexible one, allowing the authority to provide various forms of tax incentives to eligible businesses that meet certain job creation and capital investment requirements.

The program is established in Iowa Code chapter 15, part 13, sections 15.326 through 15.337. The administrative rules for the program are found at 261 IAC 68. More information on the program can be found on the authority's website at: http://www.iowaeconomicdevelopment.com.

**The High Quality Jobs (HQJ) program is one of the most important business development programs administered by the Iowa Economic Development Authority (IEDA).**

## History

The High Quality Jobs program is not the first state program to peg tax incentives for businesses to job creation and capital investment. In 1994, the "New Jobs and Income Program" (NJIP) was created and in many respects it was the forerunner of the HQJ program. For example, the NJIP required that an eligible business make a capital investment of at least $10 million, create at least 50 jobs, meet certain minimum wage levels, and pay as a benefit at least 80 percent of the cost of health insurance. Retail businesses were not eligible for the NJIP.

The Iowa Department of Economic Development administered the NJIP for a period of 10 years from 1995 to 2005. Then, in 2005, the program was overhauled and renamed the High Quality Job Creation program. The basic concept of the NJIP was retained. Requirements for job creation, capital investment, wage levels, and benefits were kept when the program was overhauled, but the eligibility and incentive structures were significantly changed. Then, in 2009, the program's contract administration provisions were standardized with those of the Grow Iowa Values Fund and the name of the program was changed to simply the High Quality Jobs program.

## Core Eligibility Requirements

To be eligible for the tax incentives available under the program, a business must meet certain baseline requirements.

### *An Engaged Local Partner*

The first requirement for eligibility is to have a willing local community as a partner. If the business is making a capital investment of $10 million or more, the local community has to have approved the location or expansion of the business. This requirement ensures that for significant projects, the local community is an engaged partner.

**To be eligible for the tax incentives available under the program, a business must meet certain baseline requirements.**

### *Not an Intrastate Re-location*

Second, the business cannot have closed or substantially reduced its operations in one area of the state in order to relocate substantially the same operations into another community elsewhere in the state. This requirement serves to prevent the state from incentivizing intrastate relocation projects, particularly if it would only benefit one local community at the expense of another.

### *Job Creation and Wage Threshold Requirements*

Third, as part of its project, the business must meet certain job creation/retention and wage threshold requirements. These jobs are sometimes referred to as "incented" jobs because the incentives are contractually tied to the job requirements and the business must meet them in order to receive and retain the incentives. In addition, in order to qualify, the wages of the employees in the incented jobs must meet certain wage thresholds. The qualifying wage threshold is either the average county wage or the regional wage, whichever is lower. If the business is creating jobs, the incented jobs must pay 100 percent of the qualifying wage threshold at the start of the project, at least 130 percent by the end of the project, and at least 130 percent during the maintenance period. If the business is retaining jobs, the requirement is 130 percent of the qualifying wage threshold at all times during the contract period.

### *Sufficient Benefits*

Fourth, the business must provide a sufficient package of benefits to each employee holding an incented job. The IEDA board has adopted rules determining what a "sufficient package of benefits" is. To qualify for incentives, a business must pay either (1) 80 percent of the premium cost of a single health insurance plan, (2) 50 percent of the premium cost of a family plan, or (3) provide some form of medical coverage and provide the monetary value of (1) or (2) in the form of other benefits. If a business does provide a sufficient package of benefits (and every business must in order to qualify) then the business receives a 10 percent reduction in the amount of the qualifying wage thresholds it is required to pay.

### *Return on Investment*

The business must also demonstrate that the incented jobs will have a sufficient impact on state revenues to justify the amount of incentives provided. This is determined by the IEDA using a metric called "the fiscal impact ratio" (FIR). The FIR is calculated by estimating the amount of taxes to be received from a business and dividing that estimate by the amount of the financial incentives to be provided to the business. The FIR is designed to reflect a 10-year period of taxation and incentives and is expressed in terms of current dollars.

### *Not a Retail Business*

The business must not be ineligible for certain other reasons. For example, retail businesses are not eligible for incentives; neither are businesses with a history and practice of violating state laws.

### *A High Quality Project*

Finally, before awarding incentives under the program, the IEDA must consider the overall quality of the project. The program lays out a number of factors for evaluating this, including the quality of the jobs as measured by such things as wage scale, turnover rate, and career prospects, the impact of the project on other businesses in competition with the project, and the project's current and future economic impact to the state.

**Core Eligibility Requirements**

**An Engaged Local Partner**

**Not An Intrastate Location**

**Job Creation And Wage Threshold Requirements**

**Sufficient Benefits**

**Return On Investment**

**Not A Retail Business**

**High Quality Project**

## Available Incentives

The High Quality Jobs program is a truly flexible tool for economic development. A business that meets the core eligibility requirements of the program qualifies for a number of different types of tax incentives. The Iowa Economic Development Authority (IEDA) works with each eligible business arrive at a package of incentives that makes the most sense for that business's project and for its individual needs.

**The Iowa Economic Development Authority (IEDA) works with each eligible business arrive at a package of incentives that makes the most sense for that business's project and for its individual needs.**

### *Sales and Use Tax Refund*

An eligible business qualifies for a refund of some of the sales and use taxes it pays under chapter 423. The refund may be provided for taxes paid on gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on certain services related to the construction or equipping of the business' facility. The refund is awarded by the authority but must be claimed from the Department of Revenue.

### *Third-party Sales Tax Credit*

An eligible business qualifies for a corporate income tax credit for sales taxes paid by certain third-party developers on gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on certain services related to the construction or equipping of the business' facility. The tax credits are refundable or, at the business's option, may be carried forward up to seven years.

### *Value-added Property Tax Exemption*

The participating local community may exempt from property taxation all or a portion of the actual value added by improvements to real property directly related to the new jobs created by the project. The exemption cannot exceed 20 years from the year the improvements are first assessed for taxation.

### *Investment Tax Credit*

An eligible business qualifies for a tax credit equal to a certain percentage of the new investment directly related to new jobs created or retained by the business' project. The percentage of the credit depends on the amount of investment and is calculated according to the schedule of incentives.

### *Insurance Premium Tax Credit*

An eligible business qualifies for an insurance premium tax credit equal to a certain percentage of the new investment directly related to new jobs created by the project. The tax credit is amortized equally over a five-year period and is available only against the insurance premiums tax. A tax credit in excess of the tax liability can be carried forward up to seven years. The percentage of the credit depends on the amount of investment and is calculated according to the schedule of incentives.

### *Supplemental Research Activities Tax Credit*

If the eligible business is increasing research and development activities in the state, the business may be eligible for a corporate tax credit during the period the eligible business is participating in the program. This credit is in addition to the tax credit administered by the Department of Revenue. The credit is refundable or, at the business's option, may be carried forward one tax year. The amount of the credit varies according to business's gross revenues.

**TOOLBOX OF INCENTIVES**

**Sales and use tax refund**

**Third-party sales tax credit**

**Value-added property tax exemption**

**Investment tax credit**

**Insurance premium tax credit**

**Supplemental R&D credit**

## Schedule Of Requirements For Tax Incentives

The amount of incentives that can be awarded increases according to a schedule: the more jobs are created and the more capital is invested in a project, the more incentives a business is eligible to receive.

| Amount of Qualifying Investment | No Jobs Created<br>Modernization or Retention Projects Only | Number of Jobs Created or Retained with a Qualifying Wage Including Sufficient Employee Benefits Equal to 130% of the County Wage | | | |
|---|---|---|---|---|---|
| | | 1 - 5 Jobs | 6 - 10 Jobs | 11 - 15 Jobs | 16 + Jobs |
| Less than $100,000 | Up to 1% ITC | Up to 2% ITC | Up to 3% ITC | Up to 4% ITC | Up to 5% ITC |
| $100,000 - $499,999 | Up to 1% ITC<br>Sales Tax Refund | Up to 2% ITC<br>Sales Tax Refund | Up to 3% ITC<br>Sales Tax Refund | Up to 4% ITC<br>Sales Tax Refund | Up to 5% ITC<br>Sales Tax Refund |
| $500,000 + | Up to 1% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits | Up to 2% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits | Up to 3% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits | Up to 4% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits | Up to 5% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits |
| Amount of Qualifying Investment | Number of Jobs Created or Retained with a Qualifying Wage Including Sufficient Employee Benefits Equal to 130% of the County Wage | | | | |
| | 31 - 40 Jobs | 41 - 60 Jobs | 61 - 80 Jobs | 81 - 100 Jobs | 101 + Jobs |
| $10,000,000 or more | Up to 6% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits<br>Local Property Tax Exemption | Up to 7% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits<br>Local Property Tax Exemption | Up to 8% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits<br>Local Property Tax Exemption | Up to 9% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits<br>Local Property Tax Exemption | Up to 10% ITC<br>Sales Tax Refund<br>Research Activities Tax Credits<br>Local Property Tax Exemption |

While the schedule represents the maximum amount of incentives for which an eligible business could qualify, before actually making an award, the IEDA negotiates the amount of tax incentives in order to ensure that incentives are appropriate to the needs of the project and that the goals of the program are being achieved.

## Administration

The High Quality Jobs program is administered by the IEDA in an efficient, accountable and transparent manner. Total assistance is budgeted for annually, each award is subjected to a due diligence process and a fiscal impact analysis, the final amount of the award is negotiated with the business, a matching contribution from the local community is required, and all contractual requirements must be met in order for the incentives to be claimed.

**The High Quality Jobs program is administered by the IEDA in an efficient, accountable and transparent manner.**

### *Aggregate Cap*

The program is subject to the maximum aggregate tax credit limitation in Code section 15.119. That limitation is currently $120 million. Each fiscal year, the IEDA board allocates a certain amount of credits to all the programs subject to the cap. Because the incentives available under the program are also available under the Enterprise Zones program, the board generally allocates one amount covering both programs.

### *Due Diligence Process*

The IEDA uses a rigorous due diligence process in determining which projects to fund and at what levels. IEDA staff review all applications to ensure that each applicant meets the program eligibility requirements.

**The IEDA uses a rigorous due diligence process in determining which projects to fund and at what levels.**

In addition to reviewing each application for threshold eligibility, the IEDA also considers additional factors. One of these factors is whether the applicant has previously been awarded assistance from the IEDA and what that applicant's performance was under that earlier award.

Another factor is the result of the review process conducted by the IEDA board's due diligence committee. This review includes, but is not limited to, lien searches, reports of violations of law, lawsuits and other relevant information about the applicant and its ability to perform the requirements of a contract for assistance.

A third factor is the result of a report on the business' record of environmental law compliance. This report is required by law to be considered.

Finally, during the review and due diligence process, IEDA staff negotiate with the applicant concerning dollar amounts, terms, collateral requirements, conditions of the award, or any other relevant aspects of the applicant's project. The board frequently offers an award that is substantially different than what is requested by the applicant. Simply meeting the minimum eligibility requirements of the program does not guarantee that the final amount and nature of assistance will be offered or provided according to what was requested by the applicant. In other words, each project and each applicant is unique, and the IEDA board and staff attempt to put together an award that most effectively helps the applicant complete its project while also protecting the interests of the state.

**IEDA board and staff attempt to put together an award that most effectively helps the applicant complete its project while also protecting the interests of the state.**

## Negotiated Awards

When negotiating the final amount of tax incentives to be awarded to a business, the IEDA considers many factors. Those factors include the following:

### *Level of Need*

Generally speaking, the IEDA recognizes three justifications for the provision of incentives under the program:

1) The business can raise only a portion of the debt and equity necessary to complete the project. A gap between sources and uses exists and state or federal funds or both are needed to fill the gap.

2) The business can raise sufficient debt and equity to complete the project, but the returns are inadequate to motivate a company decision maker to proceed with the project. Project risks outweigh the rewards.

3) The business is deciding between a site in Iowa (site A) and a site in another state (site B) for its project. The business argues that the project will cost less at site B and will require a subsidy to equalize costs in order to locate at site A. The objective is to quantify the cost differential between site A and site B.

A business must apply for the tax incentives before beginning work on a project. Projects that have already been initiated do not receive assistance under the program.

### *Quality of the Jobs*

The IEDA places greater emphasis on projects involving jobs that:

Have a higher than average wage scale.

1) Have a lower turnover rate.
2) Are full-time or career-type positions.

### *Percentage of Created Jobs that are High Quality Jobs*

The IEDA considers the number of high quality jobs to be created by the projects in proportion to the total number of jobs to be created before determining what amount of tax incentives and assistance to offer the business.

### *Economic Impact*

In measuring the economic impact to this state, the IEDA places greater emphasis on projects which demonstrate the following:

1) A business with a greater percentage of sales out-of-state or of import substitution.
2) A business with a higher proportion of in-state suppliers.
3) A project which would provide greater diversification of the state economy.
4) A business with fewer in-state competitors.
5) A potential for future job growth.

### *Return On Investment*

In addition to the factors listed above, another consideration in negotiating the amount and type of incentives to award to a business is the impact of the project on the state's tax revenues. For each award of incentives under the program, the IEDA calculates the "fiscal impact ratio" of the project. The fiscal impact ratio is an estimate of the state's return on investment, not only at the program level but also for each individual award.

### *History*

In early 2003, Director Blouin tasked the Department of Economic Development to create a tool that would allow for the quantitative analysis of business development incentives. Harvey Siegelman, the former State Economist, was engaged to consult on the project, and a team of tax experts, economic development specialists, and academics was assembled to assist. This team included:

- Dan Otto, Iowa State University
- David Plazak, Iowa State University
- Randy Pilkington, University of Northern Iowa
- Peter Fisher, University of Iowa
- Alan Peters, University of Iowa
- Mike Lipsman, Iowa Department of Revenue
- Lane Palmer, Iowa Economic Development Authority

This team spent the better part of 2003 developing and testing the model that eventually became the basis for the fiscal impact ratio used in the High Quality Jobs Program.

### *Assumptions and Methodology*

The fiscal impact ratio provides a single, quantifiable measure of the overall value to the State of a proposed project. The ratio is calculated by dividing the projected state revenues by the total cost of providing the incentives. Projected state revenues include all state income taxes, sales taxes, and other revenue from the company for a period of ten years. It also includes the estimated state income taxes and sales taxes that will be paid by the employees in the incented jobs for the same ten year period.

**The fiscal impact ratio provides a single, quantifiable measure of the overall value to the State of a proposed project.**

For purposes of the calculation, it is assumed that the proposed project will not be completed unless state assistance is provided. In determining the cost of the incentives, all forms of public investment in a project are counted, including grants, loans, tax credits, tax abatement, in-kind contributions, subsidized job training, and increased costs to the government stemming from the project, such as increased health, education, welfare and infrastructure costs.

**Fiscal Impact Ratio = Projected Revenues / Incentive Cost**

The ratio is designed to use relatively conservative assumptions in its calculations. For example, the ratio does not attempt to estimate secondary impacts or "economic multipliers," and the future revenue and cost numbers it uses are adjusted to reflect present values when the final ratio is calculated. In addition, the ratio only provides estimates using the number of jobs required by contract. Frequently, though, businesses actually create more jobs than the minimum required by contract. Finally, the ratio also assumes that a business will fully utilize all of the tax incentives awarded under the contract. Frequently, however, a business does not actually claim all of those tax incentives.

While the fiscal impact ratio does not provide "real" numbers ( because it is making estimates and assumptions about future events), it does provide a useful measure of a project's economic and fiscal impact and the IEDA routinely relies on this tool to size awards appropriately.

## Local Match

Whenever the IEDA is considering making an award under the High Quality Jobs program, the IEDA board attempts to ensure that there is a local match included in the project budget. Having a local match means that the local community, as well as the IEDA, is supporting the business' project and that all involved have a stake in the project's success.

**Whenever the IEDA is considering making an award under the High Quality Jobs program, the IEDA board attempts to ensure that there is a local match included in the project budget.**

The local match may come from a local government entity such as a city or county, a local development organization or chamber of commerce, a utility company, a local foundation, institution, or endowment, or a council of government.

The local match may be in many forms, including grants, loans, forgivable loans, gifts, or endowments, revolving loan funds, property tax abatements or exemptions, tax increment financing, bond financing, direct investment in infrastructure that supports the business, subsidized building acquisitions or leases, or municipal service rate reductions.

Under the program, the IEDA board typically requires the local match to be either a property tax abatement or, if provided in another acceptable form, in an amount equal to a five-year period of partial exemption as described in Iowa Code section 427B.3. Tax increment financing is used as the local match in the majority of projects funded under the program.

## Contracts, Compliance, and Repayment

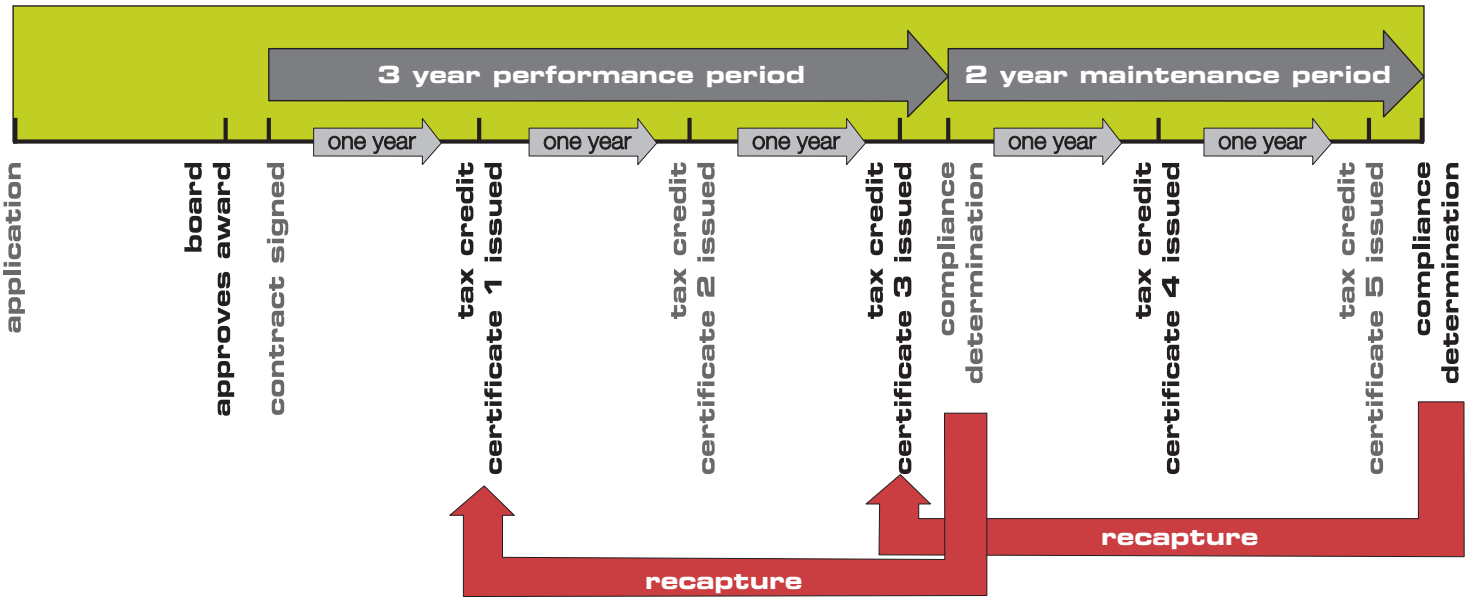
**The IEDA enters into a contract for every award made under the program and does not release the tax incentives until compliance with the terms of the contract has been verified.**

Unlike tax benefits that can be claimed directly under the tax laws administered by the Department of Revenue, the tax incentives available under the High Quality Jobs program are awarded. Before the tax incentives that were awarded can actually be claimed, the business must meet a number of requirements. The IEDA enters into a contract for every award made under the program and does not release the tax incentives until compliance with the terms of the contract has been verified.

Not every award is accepted by a business. Sometimes, usually for business reasons, an applicant for assistance will decline the award. This does not necessarily mean the business's project won't move ahead, often the business simply wishes to retain decision-making flexibility without the requirements that come with a contract.

Sometimes, a business finds that it is unable to completely meet the terms of the contract. In these cases, the IEDA will often work with the business to amend the contract. However, sometimes a business simply fails or is otherwise unable to meet the requirements. In those cases, the business may be referred to the Department of Revenue for the repayment of all or a portion of the tax incentives provided.

## Investment Tax Credit Process



## Use in Combination with Other Programs

The High Quality Jobs program is often used in combination with other economic development programs including the Industrial New Jobs Training Program, 260(E), the Grow Iowa Values Fund (GIVF), and the Department of Transportation's RISE program.

**Whenever a High Quality Jobs project includes assistance from other programs, the IEDA includes all forms of assistance when the fiscal impact ratio is calculated.**

The Industrial New Jobs Training Program helps businesses upskill their workers by entering into training agreements. A business seeking to expand a product line often needs to retrain its workforce or train new employees. Since the High Quality Jobs program focuses assistance on capital investment and job creation rather than employee training, the Industrial New Jobs Training Program is often used in concert with the High Quality Jobs Program.

The GIVF and the High Quality Jobs Program share many administrative provisions, such as contracting requirements, and some substantive program requirements such as wage thresholds and benefits requirements. Thus, the IEDA generally enters into a single contract that covers both loan/forgivable loan assistance from the GIVF and the tax incentive assistance available under the High Quality Jobs Program. Using the two programs together allows the IEDA to couple loan assistance at the beginning of the project with tax-based assistance throughout the remainder of the project.

Whenever a High Quality Jobs project includes assistance from other programs, the IEDA includes all forms of assistance when the fiscal impact ratio is calculated.

# a sampling of high quality jobs projects

## Norfolk Iron and Metal

*2007 — Cedar County*

### Description

Norfolk Iron and Metal is a Nebraska corporation established in 1908 whose business is wholesale steel distribution.

With IEDA's assistance, Norfolk purchased 30 to 40 acres of land in the Durant, Iowa Industrial Park. The project included building a warehouse between 150,000 and 225,000 square feet; constructed of steel, with two to three bays and an office. It also included construction of truck scales for weighing both commercial and company owned tractor/trailers. The facility provides above-ground diesel fuel storage for fueling company owned tractors, parking lots, drives, and landscaping. The project needed two rail spurs from the local interstate highway to a point 500 feet behind the warehouse building.

### Tax Benefits

The IEDA provided $268,750 in sales tax refunds and $721,800 in investment tax credits for a total tax benefit of $990,550.

### Capital Investment

$16,090,000

### Jobs and Wages

Norfolk agreed to create 135 jobs paying an average wage of $18.25 per hour.

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## Microsoft, Corp.

*2008 — Polk County*

### Description

Microsoft Corporation develops, manufactures, licenses and supports a range of software products for computing devices.

With IEDA's assistance, Microsoft developed a datacenter in West Des Moines in excess of 150,000 square feet to house servers and computer equipment to operate large scale web portal services as part of the company's on-line service business.

### Tax Benefits

The IEDA provided $2,100,000 in sales tax refunds to help fund the project.

### Capital Investment

$593,897,204

### Jobs and Wages

Microsoft agreed to create 50 jobs paying an average wage of $31.00 per hour.

## Hewlett Packard

*2011 — Polk County*

### Description

HP is a technology company that operates in more than 170 countries around the world. HP provides infrastructure and business offerings that span from handheld devices to some of the world's most powerful supercomputer installations.

With IEDA's assistance, HP expanded its operations center on Army Post Road in Des Moines by 308,000 square feet.

### Tax Benefits

The IEDA provided $405,000 in sales tax refunds and $60,000 in racking and shelving credits to help fund the project.

### Capital Investment

$16,700,000

### Jobs and Wages

HP agreed to create 212 jobs paying an average wage of $23.20 per hour.

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## BoDeans

*2011 — Plymouth County*

### Description

BoDeans has been operating in LeMars since January, 2006. They produce wafers for customers including Wells Dairy, Schwans and Unilever, Nestle/Canada, and others. With IEDA's assistance, BoDeans will expand their current production line to add capacity for current and future demand.

### Tax Benefits

The IEDA provided an award of $56,894 that represents a 2 percent investment tax credit of $56,325 and a doubled research and devleopment tax credit of $569.

### Capital Investment

$5,700,000

### Jobs and Wages

BoDeans plans ot create 5 jobs at an average wage of $22.10 per hour.

## Plumrose USA

*2011 — Pottawattamie County*

### Description

Plumrose USA is a manufacturer with over 75 years of experience in providing high quality meat products throughout the United States. Plumrose production facilities are product focused and the facility in Council Bluffs, Iowa produces deli meat and bacon.

With IEDA's assistance, Plumrose will construct a 100,000 square foot state-of-the-art LEED Certified manufacturing facility to house a new slicing and packaging operation.

### Tax Benefits

Through the High Quality Jobs Program, the project receieved $750,000 in sales tax refund, $30,000 in refund of sales taxes paid on racks, shelving and conveyor equipment, and $240,000 investment tax credit for a total award of $1,020,000.

### Capital Investment

$57,910,000

### Jobs and Wages

Plumrose will create 65 jobs at a wage level of $18.56 per hour.

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## Deere & Company

*2010 – Black Hawk County*

### Description

The worldwide John Deere corporate enterprise has approximately 51,000 employees and reported over $23 billion in sales last year. John Deere is the world's leading manufacturer of agricultural and forestry equipment, a major manufacturer of construction equipment, and a leading supplier of equipment used in lawn, grounds and turf care. With assistance through the High Quality Jobs Program, the project in Black Hawk county is a major modernization of the John Deere Foundry in Waterloo.

### Tax Benefits

The project will receive a maximum tax benefit of $14,800,000, including $8.8 million of investment tax credits and $6 million of doubled R&D tax credits.

### Capital Investment

$90,000,000

### Jobs and Wages

Deere & Company will create 138 jobs at a wage level of $20.32.

# evaluating the performance of the program

Iowa Code section 2.48 requires the Legislative Tax Expenditure Review Committee to evaluate each tax expenditure and "assess its equity, simplicity, competitiveness, public purpose, adequacy, and extent of conformance with the original purposes of the legislation that enacted the tax expenditure, as those issues pertain to taxation in Iowa." As an exclusively tax based incentive program, the High Quality Jobs Program must certainly be evaluated according to this standard.

## Original Purposes

In 1994, when the General Assembly passed the New Jobs and Income Act, the legislation that would eventually become the High Quality Jobs Program (see 1994 Iowa Acts, chapter 1008, H.F. 2180), the following declaration of policy was included:

Section 1. DECLARATION OF POLICY. The general assembly finds and declares that the accelerated use of direct development incentives by the state to attract economic investment is symptomatic of the continuing slow rate of growth of the nation's economy. Iowa finds itself pressured to take whatever steps are necessary to support job creation that otherwise might occur unaided under more healthy economic conditions.

The general assembly also finds and declares that the current economic climate also affects the way the business community behaves when making investment decisions. To minimize new investment in plant and equipment, businesses readily take advantage of available subsidies in the form of development incentives.

The general assembly further finds that the public and private sectors should undertake cooperative efforts that result in improvements to the general economic climate rather than focus on subsidies for individual projects or businesses. These efforts will require a behavioral change by both the state and business, balancing short-term self-interest with the long-term common good.

The general assembly declares that this change should not result from the threat of punitive measures or federal intervention. The state and business leaders should operate in accordance with the following principles because they represent good public policy; in the long run, adherence to these principles will achieve the desired outcomes in terms of new jobs and higher income in all states and sustained profitability for businesses that invest and operate in these jurisdictions.

The general assembly finds and declares that the following principles of mutual cooperation should govern state-business development relations:

1. Partnership between state government and business. The relationship between state government and business should be a true partnership. Both state government and business have certain responsibilities and anticipated benefits. The state and the business community should maintain an ongoing dialogue for the purpose of developing sound public policy and programs. The state should implement policy processes that are nonthreatening to the business community and the public.

2. State competition. The state will always be in competition with other states for business investments. However, this competition should not be characterized by how much direct assistance the state can provide to individual businesses. Rather the competition should focus on how the state attempts to provide a business climate in which existing businesses can operate profitably and expand and new businesses can be established and survive. The competition should be judged on factors such as improvements in education, transportation, and telecommunication; stable fiscal conditions; tax policies; business regulation; and the provision of quality public services.

3. Subsidies. The state will continue to provide subsidies to businesses. However, the provision of subsidies should adhere to the following criteria:

a. Public resources should be used to encourage and foster development that otherwise would not occur, not merely to influence the location of private investment.

b. Public subsidies should benefit and be available to all businesses, large and small, new and existing, of domestic or foreign ownership, based on individual state development objectives, identified criteria, and a calculated rate of return.

c. Public subsidies should be in the form of investments in people, resulting in a better educated and skilled workforce, and in communities, by developing the physical and social infrastructures that are prerequisites of healthy economic development. Although such investments may be tied to the location or expansion of an individual business, the improvements in the workforce and community should not be wholly dependent on the fortunes of one business and should be viewed as assets for other businesses that locate in the community.

d. To the extent possible, programs that support mutual development objectives should be joint ventures between government and business.

e. The business community has an obligation to deliver the promised benefits in return for state development subsidies. The state owes it to its citizens to ensure that all development agreements include provisions for recouping subsidies when businesses fail to meet this obligation.

f. Using subsidies to encourage investment in distressed areas of the state to increase employment opportunities that bring low-income Iowans into the economic mainstream is a legitimate development objective.

While the original legislation has been subsequently amended, that declaration of policy is still relevant to any consideration of the performance of the program and to any assessment of the extent to which the program has achieved the General Assembly's original purpose in creating it.

## Calculating Return On Investment

In addition to evaluating conformance with the original legislation, the Legislative Tax Expenditure Review Committee must also attempt to perform a return on investment calculation for the High Quality Jobs Program. Iowa Code section 2.48 says that a return on investment calculation means "analyzing the cost to the state of providing the tax expenditure, analyzing the benefits realized by the state from providing the tax expenditure, and reaching a conclusion as to whether the benefits of the tax expenditure are worth the cost to the state of providing the tax expenditure."

### *Cost to the State*

The most accurate measurement of how much the state has invested in the High Quality Jobs Program would be the amount of tax incentives that have actually been claimed. However, actually determining that figure is complicated by a number of factors. One such factor is that many of the incentives are dependent upon the business meeting its contractual obligations which cannot be determined until the "performance period" ends. Another factor is that not all tax incentives awarded are actually claimed by the businesses. A third complicating factor is that some of the tax credits that have been claimed may be recaptured later if the business defaults under the contract. Finally, the IEDA does not possess the tax returns of the businesses who get incentives under the program and simply cannot report this data.

What the IEDA can report, however, is historical data on the total amount of incentives awarded under the program which serves as the upper limit on the cost of the program. Between 2004 and September 2011, the IEDA made 248 awards totaling $581,803,723.48 in tax benefits under the High Quality Jobs Program.

However, 47 of those 248 awards were eventually declined by the businesses that would have received them. Because those projects never progressed to the contract stage, the benefits won't be claimed. The fact that a business declined the award doesn't necessarily mean the project didn't go forward, it simply means the business preferred not to accept the incentives under the terms offered. The remaining 201 projects represent a maximum of $385,562,808.48 in total tax incentives if every dollar awarded is eventually claimed by the businesses.

**Total Undeclined Incentives as of 9/15/2011 = $385,562,808.48**

### *Benefits to the State*

Like the cost to the state, the benefits of the program are somewhat difficult to accurately measure. Economists and researchers frequently attempt to quantify the secondary and tertiary economic impacts of economic development programs, however, the IEDA does not do so. The IEDA uses the contracted amount of capital investment, wage levels, and jobs created and retained in order to quantify benefits. The contracted numbers represent the most reliable and least speculative measure of benefits accruing to the state.

Considering just the 201 project awards not declined, the businesses receiving tax incentives under the program have done the following:

- Made $7,426,264,452 in total eligible capital investments.
- Created or retained 13,820 jobs as part of their projects.
- Paid on average, $21.71 per hour for each incented job.

| | |
|---|---|
| Capital Investment | $7,426,264,452 |
| Jobs | 13,820 |
| Average Wage Level | $21.71 |

### *Return on Investment*

One way of measuring the return on investment of the High Quality Jobs Program is to take the cost of the incentives as a proportion of the capital investment and jobs created in return for those incentives.

The High Quality Jobs Program has leveraged $19.26 in capital investment for every dollar in tax incentives provided. That figure is calculated by taking the $7,426,264,452 in capital investment made in return for $385,562,808.48 in the 201 projects not declined.

However, neither of those measures represents a complete accounting of the cost or of the return to the state. That is why the IEDA calculates the fiscal impact ratio of each project and for the program as a whole. While the fiscal impact ratio for any given project is a confidential calculation that uses proprietary business information, the aggregate fiscal impact ratio of the program has been calculated.

The fiscal impact ratio for ALL active or completed projects through June 2011 was 1.95 to 1. In other words, the IEDA estimates that for every $1 of incentives provided under the program, approximately $2 has been returned to the state treasury in increased tax revenues.

One important note is that recently the board changed its policy to no longer offer tax incentives to ethanol and biodiesel projects due to the opinion that they would move forward without the incentives in most cases. These projects typically had a high capital investments, but low job creation numbers and because of that have a fiscal impact ratio of 1.35 to 1. Excluding ethanol and biodiesel projects, the overall fiscal impact ratio among all other tax credit projects rises to 2.38 to 1.

Note: The fiscal impact ratio calculations include all forms of state assistance that funded the project, not just the tax incentives awarded under the program. The IEDA does not separately calculate the fiscal impact ratio of tax incentives without regard to job training or other forms of direct assistance.

# appendix a: HQJ project list

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| NewLink Genetics Corporation | | 2/19/2004 | In performance | Story | $2,000,000.00 | $414,200.00 | $17.35 | 45 |
| Green Plains Renewable Energy, Inc. | Yes | 4/19/2005 | In performance | Page | $63,456,500.00 | $4,155,500.00 | $19.92 | 33 |
| C & L Companies, Inc.(aka Pivot Works) | | 9/15/2005 | Declined | Polk | $3,680,000.00 | $217,600.00 | $28.04 | 12 |
| Loparex Inc. | | 9/15/2005 | Declined | Johnson | $5,265,443.00 | $169,150.00 | $19.56 | 15 |
| Mi-T-M Corporation | | 10/12/2005 | In performance | Dubuque | $6,417,000.00 | $736,526.00 | $21.25 | 44 |
| Ag Processing Inc. a Cooperative | Yes | 10/20/2005 | In maintenance | Woodbury | $10,500,000.00 | $359,000.00 | $20.91 | 8 |
| Kolman Conveyor Company, Inc. | | 10/20/2005 | Declined | Clay | $1,795,000.00 | $110,600.00 | $21.99 | 0 |
| Quebecor World | | 10/20/2005 | Award Declined by Business | Dallas | $19,824,824.00 | $994,221.00 | $17.84 | 0 |
| Clarion Packaging, LLC | | 11/17/2005 | Award Declined by Business | Wright | $17,916,576.00 | $235,000.00 | $23.40 | 61 |
| Highway Equipment Company | | 11/17/2005 | Notice of Default issued | Linn | $2,010,550.00 | $67,010.00 | $24.17 | 20 |
| LBC Technology | | 11/17/2005 | In default | Polk | $10,131,059.00 | $558,432.00 | $47.77 | 13 |
| National Genecular Institute, Inc. | | 11/17/2005 | Declined | Johnson | $9,885,000.00 | $207,450.00 | $25.23 | 0 |
| Pizza Ranch, Inc. | | 11/17/2005 | In maintenance | Sioux | $1,500,000.00 | $83,160.00 | $17.16 | 17 |
| Riksch BioFuels L.L.C. | Yes | 11/17/2005 | In default | Washington | $6,670,000.00 | $212,450.00 | $17.90 | 10 |
| MMS Thermal Processing, LLC | | 12/15/2005 | Closed | Scott | $4,956,500.00 | $195,182.00 | $22.05 | 17 |
| Nutriant a Kerry division | | 12/15/2005 | Closed | Benton | $933,800.00 | $19,285.00 | $24.30 | 14 |
| VeraSun Charles City, LLC | Yes | 12/15/2005 | In maintenance | Floyd | $110,915,000.00 | $6,514,900.00 | $18.66 | 51 |
| Cargill, Incorporated | | 1/19/2006 | Declined | Wapello | $57,660,000.00 | $4,353,700.00 | $24.18 | 0 |
| Rockwell Collins, Inc. | | 1/19/2006 | Awarded | Linn | $14,200,000.00 | $8,552,500.00 | $36.08 | 275 |
| Roquette America, Inc. | | 1/19/2006 | Closed | Lee | $91,791,300.00 | $1,585,870.00 | $21.69 | 187 |
| Procter and Gamble Hair Care LLC | | 2/16/2006 | In performance | Johnson | $29,000,000.00 | $1,595,000.00 | $20.20 | 80 |
| Central Iowa Energy, LLC | Yes | 3/16/2006 | Notice of Default issued | Jasper | $38,913,500.00 | $2,779,381.00 | $23.58 | 28 |
| Hawkeye Concrete Products Co. | | 3/16/2006 | In performance | Des Moines | $1,943,512.00 | $114,860.00 | $19.88 | 19 |
| IML Containers Iowa Inc. | | 3/16/2006 | In maintenance | Plymouth | $9,481,800.00 | $226,061.00 | $33.65 | 27 |
| Iowa Renewable Energy, LLC | Yes | 3/16/2006 | In performance | Washington | $35,750,000.00 | $2,824,000.00 | $20.45 | 28 |
| Pattison Sand Company LLC | | 3/16/2006 | In performance | Clayton | $26,000,000.00 | $1,085,890.00 | $15.76 | 35 |
| Soy Innovations International | | 3/16/2006 | In performance | Warren | $5,108,192.00 | $127,270.00 | $20.19 | 10 |
| Alter Trading Corporation-Alter Scrap Processing | | 4/20/2006 | In performance | Black Hawk | $5,500,000.00 | $55,500.00 | $14.55 | 19 |
| Kunkel & Associates, Inc. | | 4/20/2006 | In performance | Dubuque | $1,457,000.00 | $122,850.00 | $23.15 | 24 |
| Namasco Corporation | | 4/20/2006 | Closed | Dubuque | $5,915,000.00 | $257,700.00 | $19.67 | 109 |
| The ESCO Group | | 4/20/2006 | Notice of Default issued | Linn | $523,000.00 | $142,077.00 | $31.35 | 17 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Ajinomoto Food Ingredients LLC | | 5/18/2006 | Awarded | Jasper | $20,000.00 | $225,000.00 | $12.58 | 0 |
| ConAgra Foods Packaged Foods Co., Inc. | | 5/18/2006 | In maintenance | Black Hawk | $45,800,000.00 | $3,769,000.00 | $23.32 | 50 |
| Embria Health Sciences, LLC | | 5/18/2006 | In performance | Polk | $12,300,000.00 | $946,000.00 | $59.23 | 28 |
| MPC Enterprises, Inc. (Midwest Precast Concrete) | | 5/18/2006 | In default | Henry | $2,453,075.00 | $33,437.00 | $17.81 | 22 |
| Proliant Health and Biologicals | | 5/18/2006 | In performance | Boone | $3,226,000.00 | $353,718.00 | $19.77 | 12 |
| Raccoon Valley Biodiesel LLC | Yes | 5/18/2006 | Awarded | Buena Vista | $52,450,000.00 | $3,606,500.00 | $19.81 | 25 |
| Western Dubuque Biodiesel, LLC | Yes | 5/18/2006 | Awarded | Dubuque | $33,545,000.00 | $1,115,812.00 | $20.49 | 30 |
| Harbor Group/Interstates Companies | | 6/20/2006 | In performance | Sioux | $2,116,000.00 | $196,800.00 | $22.60 | 46 |
| PCT Engineered Systems, LLC | | 6/20/2006 | In performance | Scott | $5,560,000.00 | $457,500.00 | $25.31 | 139 |
| Siemens Power Generation, Inc. | | 6/20/2006 | Awarded | Lee | $19,356,500.00 | $880,288.00 | $18.94 | 261 |
| Archer Daniels Midland Company | Yes | 7/20/2006 | In performance | Linn | $542,475,000.00 | $7,350,000.00 | $22.71 | 78 |
| Bachman Tool & Die Company | | 7/20/2006 | In default | Buchanan | $2,700,000.00 | $359,250.00 | $15.82 | 7 |
| Big River Resources Grinnell LLC | Yes | 7/20/2006 | In performance | Poweshiek | $141,825,000.00 | $11,253,325.00 | $23.20 | 48 |
| Chief Energy Company, LLC | Yes | 7/20/2006 | Award Declined by Business | Woodbury | $208,700,000.00 | $15,059,500.00 | $26.89 | 37 |
| Dresser-Rand Company | | 7/20/2006 | In maintenance | Des Moines | $3,965,800.00 | $98,483.00 | $22.11 | 125 |
| Sauer-Danfoss | | 7/20/2006 | In performance | Story | $5,375,000.00 | $1,755,000.00 | $16.87 | 208 |
| Southwest Iowa Renewable Energy LLC | Yes | 7/20/2006 | In performance | | $130,371,160.00 | $9,234,868.00 | $21.72 | 45 |
| Superior Ethanol LLC | Yes | 7/20/2006 | Awarded | Dickinson | $72,650,000.00 | $4,684,000.00 | $19.00 | 34 |
| Tate & Lyle Ingredients America Inc. | Yes | 7/20/2006 | Closed | Webster | $245,200,000.00 | $17,162,000.00 | $24.16 | 100 |
| Whirlpool Corporation | | 7/20/2006 | Closed | Iowa | $7,200,000.00 | $144,000.00 | $18.47 | 2072 |
| Hardi Midwest Incorporated | | 8/16/2006 | In performance | Scott | $820,178.00 | $88,803.00 | $26.62 | 22 |
| KLR Mold and Machining, Inc. | | 8/16/2006 | Closed | Poweshiek | $375,000.00 | $13,500.00 | $20.83 | 12 |
| Renewable Energy Group LLC | Yes | 8/16/2006 | Declined | Carroll | $2,200,000.00 | $245,500.00 | $25.28 | 0 |
| Future Energy, LLC | Yes | 9/21/2006 | Declined | Humboldt | $58,850,000.00 | $4,062,500.00 | $18.37 | 28 |
| IPSCO Steel Inc. | | 9/21/2006 | In maintenance | Muscatine | $28,801,000.00 | $649,395.00 | $26.50 | 5 |
| National Genecular Institute, Inc | | 9/21/2006 | Declined | Johnson | $13,809,219.00 | $1,972,672.00 | $28.64 | 178 |
| Plymouth Energy LLC | Yes | 9/21/2006 | In performance | Plymouth | $79,750,000.00 | $4,742,004.48 | $25.82 | 35 |
| River/Gulf Energy LLC | Yes | 9/21/2006 | Declined | Scott | $102,850,000.00 | $5,600,650.00 | $24.15 | 30 |
| Bunge North America, (OPD West), Inc. | | 10/19/2006 | In performance | | $31,602,800.00 | $701,956.00 | $19.30 | 5 |
| Dexter Ethanol, LLC | Yes | 10/19/2006 | In performance | Dallas | $154,415,000.00 | $8,579,050.00 | $21.88 | 61 |
| Direct Mail Holding, LLC | | 10/19/2006 | Closed | Henry | $2,885,000.00 | $29,850.00 | $17.90 | 22 |
| Fusion Entertainment, Inc. d/b/a Fusion Communications, Inc. | | 10/19/2006 | In default | Scott | $3,805,000.00 | $172,000.00 | $20.73 | 16 |
| The Cornerstone Brad, LLC | | 10/19/2006 | Declined | Sioux | $21,845,000.00 | $1,225,250.00 | $18.18 | 74 |
| All Energy, Inc. | Yes | 11/16/2006 | Declined | Delaware | $154,960,000.00 | $10,425,000.00 | $19.12 | 0 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Big River Resources West Burlington LLC | Yes | 12/21/2006 | In maintenance | Des Moines | $56,200,000.00 | $2,490,500.00 | $14.58 | 12 |
| Flint Hills Resources f/k/a Hawkeye Renewables LLC | Yes | 12/21/2006 | In performance | Butler | $151,500,000.00 | $12,686,150.00 | $19.94 | 38 |
| Further Fuels LLC | Yes | 12/21/2006 | In performance | Greene | $132,210,000.00 | $8,263,000.00 | $17.27 | 35 |
| Jim Mudd Advertising Agency, Inc. d/b/a The Mudd Group | | 12/21/2006 | In default | Black Hawk | $2,415,000.00 | $24,919.00 | $22.84 | 31 |
| Northern Bio Energy, LLC | Yes | 12/21/2006 | Declined | Emmet | $39,022,710.00 | $3,458,500.00 | $19.61 | 23 |
| Lincolnway Energy, LLC | Yes | 1/11/2007 | Declined | Story | $214,160,000.00 | $10,400,000.00 | $19.39 | 56 |
| Norfolk Iron & Metal Co. | | 1/11/2007 | In performance | Cedar | $16,090,000.00 | $990,550.00 | $18.25 | 135 |
| 3M Knoxville Tape Manufacturing | | 2/15/2007 | In performance | Marion | $8,233,900.00 | $459,195.00 | $19.38 | 16 |
| Acciona Windpower North America, LLC | | 2/15/2007 | In performance | Cedar | $23,400,000.00 | $2,328,500.00 | $15.14 | 110 |
| Akron Riverview Corn Processors LLC | Yes | 2/15/2007 | In performance | Plymouth | $181,100,000.00 | $12,187,500.00 | $21.83 | 39 |
| Harvest BioFuels Galbraith, LLC | Yes | 2/15/2007 | In default | Kossuth | $164,800,000.00 | $12,102,500.00 | $27.09 | 45 |
| Harvest BioFuels Garner, LLC | Yes | 2/15/2007 | In default | Hancock | $162,600,000.00 | $12,057,500.00 | $28.63 | 45 |
| LMS North America, Inc. | | 2/15/2007 | In performance | Johnson | $2,396,223.00 | $81,792.00 | $34.71 | 33 |
| Oregon Trail Energy, LLC | Yes | 2/15/2007 | Declined | Buena Vista | $219,786,624.00 | $11,429,763.00 | $18.68 | 42 |
| CML USA, Inc. | | 3/15/2007 | In performance | Scott | $2,383,000.00 | $104,312.00 | $25.02 | 3 |
| Council Bluffs Ethanol, LLC | Yes | 3/15/2007 | Declined | | $194,000,000.00 | $12,437,500.00 | $24.63 | 0 |
| US Bio Dyersville, LLC | Yes | 3/15/2007 | Declined | Dubuque | $147,923,000.00 | $9,655,300.00 | $18.99 | 12 |
| Victory Renewable Fuels, LLC | Yes | 3/15/2007 | Declined | Lyon | $45,835,500.00 | $3,190,249.00 | $17.20 | 28 |
| All Energy, Inc. | Yes | 4/19/2007 | In default | Delaware | $154,960,000.00 | $10,425,000.00 | $19.12 | 41 |
| Harvest BioFuels Gilmore, LLC | Yes | 4/19/2007 | In default | Humboldt | $162,500,000.00 | $12,025,000.00 | $26.57 | 45 |
| REG, Inc. | Yes | 4/19/2007 | Closed | Story | $3,250,000.00 | $175,125.00 | $31.27 | 106 |
| Rembrandt Enterprises, Inc. | | 4/19/2007 | In performance | Buena Vista | $10,751,427.00 | $402,306.00 | $15.51 | 42 |
| Wayne Industrial Holdings, LLC dba Wayne Engineering | | 4/19/2007 | In performance | Black Hawk | $8,763,771.00 | $27,930.00 | $17.35 | 21 |
| Alternative Energy Sources, Inc. | Yes | 5/17/2007 | Declined | Boone | $218,300,000.00 | $11,270,000.00 | $22.20 | 50 |
| Behr Mason City LLC | | 5/17/2007 | In performance | Cerro Gordo | $15,032,798.00 | $118,779.00 | $29.50 | 28 |
| Floyd Valley Ethanol LLC | Yes | 5/17/2007 | In default | Plymouth | $237,959,774.00 | $8,993,557.00 | $22.63 | 41 |
| Homeland Energy Solutions, LLC | Yes | 5/17/2007 | In performance | Chickasaw | $157,147,200.00 | $14,289,615.00 | $19.72 | 39 |
| Iowa Laser Technology, Inc. | | 5/17/2007 | In performance | Black Hawk | $11,120,000.00 | $197,800.00 | $17.88 | 30 |
| Manly Terminal LLC | | 5/17/2007 | In default | Worth | $13,398,421.00 | $1,198,121.00 | $24.08 | 66 |
| Prep Sports Online, LLC | | 5/17/2007 | Declined | Johnson | $800,000.00 | $50,000.00 | $24.75 | 78 |
| Rockwell Collins, Inc. | | 5/17/2007 | In performance | Linn | $23,250,000.00 | $9,512,500.00 | $34.95 | 275 |
| E.I. DuPont de Nemours and Company/Pioneer Hi-Bred International., Inc. | | 6/13/2007 | In performance | Polk | $41,750,000.00 | $3,352,379.00 | $26.09 | 65 |
| Novartis Animal Health US, Inc. | | 6/13/2007 | Declined | Lyon | $7,909,000.00 | $572,050.00 | $15.51 | 100 |
| Peregrine Financial Group, Inc. | | 6/13/2007 | In performance | Black Hawk | $11,650,000.00 | $893,063.00 | $44.57 | 53 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Prairie Creek Ethanol, LLC | Yes | 6/13/2007 | Declined | Kossuth | $170,900,000.00 | $11,371,250.00 | $19.33 | 45 |
| Belmond Renewable Energy, LLC | Yes | 7/19/2007 | Declined | Wright | $195,930,000.00 | $14,491,615.00 | $17.67 | 45 |
| Cargill Inc. | Yes | 7/19/2007 | Declined | Wapello | $267,000,000.00 | $4,912,500.00 | $20.98 | 31 |
| Martin Brothers Distributing Company, Inc. | | 7/19/2007 | In performance | Black Hawk | $6,050,000.00 | $353,351.00 | $21.38 | 18 |
| Red Star Yeast Company, LLC & Bio Springer North America Corp | | 7/19/2007 | In performance | Linn | $75,000,000.00 | $5,500,000.00 | $25.22 | 37 |
| Siouxland Energy & Livestock Cooperative | Yes | 7/19/2007 | In maintenance | Sioux | $40,015,918.00 | $307,885.00 | $17.03 | 11 |
| Target Corp. | | 7/19/2007 | In performance | Black Hawk | $81,200,000.00 | $4,441,500.00 | $21.38 | 51 |
| TPI Iowa, LLC | | 7/19/2007 | Declined | Jasper | $23,691,381.00 | $0.00 | $13.40 | 504 |
| Becker Underwood | | 8/16/2007 | In performance | Story | $10,761,086.00 | $966,424.00 | $18.68 | 45 |
| Link Manufacturing, Ltd. | | 8/16/2007 | In performance | Sioux | $4,387,465.00 | $273,777.00 | $17.19 | 69 |
| Midwest Chlor-Alkali, LLC | | 8/16/2007 | Closed | Wapello | $80,097,000.00 | $3,000,000.00 | $17.63 | 13 |
| PS eServ Corp dba eServ, A Perot Systems Company | | 8/16/2007 | In performance | Scott | $850,000.00 | $441,000.00 | $21.10 | 275 |
| Air Control, Inc. | | 9/20/2007 | Closed | Clinton | $1,002,422.00 | $48,907.00 | $13.46 | 14 |
| BiOva, LLC | | 9/20/2007 | Closed | Poweshiek | $1,500,000.00 | $15,000.00 | $14.95 | 20 |
| Gerdau Ameristeel US, Inc. | | 9/20/2007 | Declined | Muscatine | $58,700,000.00 | $812,000.00 | $23.90 | 169 |
| Aviva USA (AmerUs Group Co.) | | 9/25/2007 | In performance | Polk | $108,400,000.00 | $13,392,500.00 | $22.99 | 544 |
| Red Rock Renewables, LLC | Yes | 10/18/2007 | Notice of Default issued | Marion | $151,230,000.00 | $6,798,389.00 | $21.15 | 19 |
| Springboard Engineering, Inc. | | 10/18/2007 | Closed | Jasper | $2,231,326.00 | $158,301.00 | $34.11 | 61 |
| VeraSun Fort Dodge, LLC | Yes | 10/18/2007 | Closed | Webster | $27,260,000.00 | $1,286,750.00 | $16.60 | 14 |
| Google, Inc. | | 11/15/2007 | In performance | | $300,000,000.00 | $1,406,250.00 | $25.00 | 60 |
| Hendricks Industries | | 11/15/2007 | Declined | Lee | $35,108,375.00 | $4,755,418.00 | $18.92 | 350 |
| Linweld, Inc. | | 11/15/2007 | In performance | Polk | $43,565,750.00 | $1,467,573.00 | $24.93 | 7 |
| Monsanto Company | | 11/15/2007 | Declined | Black Hawk | $209,300,000.00 | $10,000,000.00 | $24.07 | 0 |
| Primera Foods Corporation | | 11/15/2007 | In performance | Hancock | $11,000,000.00 | $537,714.00 | $19.21 | 48 |
| Rockwell Collins Inc. | | 11/15/2007 | In performance | Linn | $7,700,000.00 | $8,212,500.00 | $37.40 | 310 |
| Southeast Iowa Port Terminal LLC | | 11/15/2007 | Declined | Lee | $21,825,000.00 | $779,750.00 | $18.92 | 10 |
| The Sky Factory LC | | 11/15/2007 | In performance | Jefferson | $505,000.00 | $27,453.00 | $14.91 | 16 |
| Syngenta Seeds | | 12/20/2007 | In performance | Johnson | $32,900,000.00 | $450,000.00 | $20.43 | 6 |
| Unverferth Manufacturing Company, Inc. | | 12/20/2007 | In performance | Butler | $6,865,250.00 | $456,525.00 | $13.61 | 60 |
| Ag Leader Technology, Inc. | | 2/21/2008 | In performance | Story | $5,728,000.00 | $466,190.00 | $24.76 | 58 |
| Creativision, Inc. d/b/a Performance Display | | 2/21/2008 | In performance | Polk | $2,500,000.00 | $109,525.00 | $33.09 | 12 |
| Diamond V Mills, Inc. | | 2/21/2008 | In performance | Linn | $12,000,000.00 | $765,100.00 | $25.29 | 16 |
| Seabury & Smith, Inc. | | 2/21/2008 | Declined | Polk | $19,729,000.00 | $941,825.00 | $17.13 | 450 |
| Siemens Power Generation, Inc. | | 2/21/2008 | In performance | Lee | $31,777,000.00 | $2,254,150.00 | $18.92 | 287 |
| W.R. Berkley Corporation | | 2/21/2008 | In performance | Polk | $17,439,000.00 | $1,948,000.00 | $35.61 | 76 |
| Wacker Chemical Corporation | | 2/21/2008 | In performance | Wapello | $9,200,000.00 | $57,500.00 | $26.00 | 25 |
| Deere Credit Services (DCS) | | 3/20/2008 | In performance | Polk | $31,115,000.00 | $2,497,838.00 | $32.75 | 125 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Hormel Foods Corporation | | 3/20/2008 | In performance | Dubuque | $91,409,000.00 | $6,115,980.00 | $28.57 | 196 |
| John Deere Risk Protection (JDRP) | | 3/20/2008 | In performance | Polk | $0.00 | $206,381.00 | $32.75 | 25 |
| The Horizon Group, Inc. | | 3/20/2008 | In performance | Scott | $958,000.00 | $28,982.00 | $17.88 | 11 |
| TNE Holdings LLC | | 3/20/2008 | In performance | Polk | $1,006,000.00 | $35,370.00 | $24.01 | 45 |
| Verista Imaging Inc. | | 3/20/2008 | Closed | Marion | $850,600.00 | $47,145.00 | $21.46 | 55 |
| E.I. DuPont de Nemours and Company/Pioneer Hi-Bred International Inc. | | 4/17/2008 | In performance | Polk | $33,000,000.00 | $835,402.00 | $29.59 | 36 |
| E.I. DuPont de Nemous and Company/Pioneer Hi-Bred International, Inc. | | 4/17/2008 | In performance | Cedar | $4,000,000.00 | $50,000.00 | $19.23 | 1 |
| Trinity Structural Towers, Inc. | | 4/17/2008 | Declined | Jasper | $20,550,000.00 | $649,100.00 | $17.78 | 140 |
| Eaton Hydraulics Inc. | | 5/14/2008 | Closed | Clay | $9,063,000.00 | $496,650.00 | $18.13 | 184 |
| Monsanto Company | | 5/14/2008 | In performance | Polk | $11,500,000.00 | $2,500,000.00 | $32.24 | 25 |
| Monsanto Company | | 5/14/2008 | In performance | Buchanan | $90,200,000.00 | $7,500,000.00 | $20.44 | 47 |
| 3M Knoxville Tape Manufacturing | | 6/19/2008 | In performance | Marion | $17,600,000.00 | $957,500.00 | $22.37 | 29 |
| Buccaneer Computer Systems & Services, Inc. | | 6/19/2008 | Declined | Polk | $180,000.00 | $9,000.00 | $26.87 | 40 |
| DISTek Integration, Inc. | | 6/19/2008 | In performance | Black Hawk | $280,000.00 | $23,900.00 | $21.89 | 16 |
| IowLA, LLC | | 6/19/2008 | In performance | Cherokee | $202,500.00 | $30,695.00 | $16.66 | 3 |
| SSAB Iowa | | 6/19/2008 | Declined | Muscatine | $249,000,000.00 | $29,525,000.00 | $30.79 | 120 |
| TEAM Des Moines Partners, LLC | | 6/19/2008 | In performance | Dallas | $14,379,360.00 | $550,330.00 | $24.01 | 11 |
| Plymouth Oil Co. LLC | Yes | 7/17/2008 | In performance | Plymouth | $18,834,027.00 | $1,260,041.00 | $21.38 | 21 |
| Quebecor World Dubuque Inc. | | 7/17/2008 | Declined | Dubuque | $18,680,000.00 | $249,483.00 | $14.35 | 154 |
| Fareway Stores, Inc. | | 8/21/2008 | In performance | Boone | $39,050,000.00 | $1,373,063.00 | $18.46 | 16 |
| Skyworks Solutions, Inc. | | 8/21/2008 | In performance | Linn | $877,432.00 | $1,000,000.00 | $25.92 | 31 |
| VeraSun Dyersville, LLC | Yes | 8/21/2008 | Declined | Dubuque | $156,653,000.00 | $7,500,000.00 | $22.47 | 57 |
| Microsoft Corporation | | 9/18/2008 | In performance | Polk | $593,897,204.00 | $2,100,000.00 | $31.00 | 50 |
| Terrus Real Estate Group, LLC | | 9/18/2008 | Declined | Polk | $4,315,000.00 | $178,800.00 | $27.06 | 2 |
| Mid States Electric Company, Inc. | | 10/16/2008 | In performance | Woodbury | $793,220.00 | $26,876.00 | $14.44 | 36 |
| SSAB Iowa Inc. | | 10/16/2008 | In performance | Muscatine | $12,010,000.00 | $1,331,250.00 | $25.24 | 13 |
| Grain Millers, Inc. | | 11/20/2008 | In performance | Mitchell | $12,312,000.00 | $539,440.00 | $19.15 | 1 |
| Modine Manufacturing Company | | 11/20/2008 | Declined | Washington | $12,500,000.00 | $730,000.00 | $16.05 | 175 |
| Schumacher Elevator Company | | 11/20/2008 | In performance | Bremer | $1,650,000.00 | $74,250.00 | $20.33 | 30 |
| Creative Edge Mastershop Inc. | | 12/18/2008 | In default | Jefferson | $195,000.00 | $22,095.00 | $19.27 | 22 |
| Generation Repair and Service, LLC | | 12/18/2008 | In performance | Story | $18,100,000.00 | $293,416.00 | $20.05 | 23 |
| Pulmuone Wildwood, Inc. | | 12/18/2008 | Declined | Poweshiek | $3,925,000.00 | $50,506.00 | $15.21 | 37 |
| Carleton Life Support Systems Inc. | | 1/15/2009 | In performance | Scott | $5,440,000.00 | $380,160.00 | $22.16 | 65 |
| Reel Deal Holdings, LLC et al | | 1/15/2009 | In performance | Black Hawk | $5,200,000.00 | $282,913.00 | $15.12 | 75 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Acument Global Technologies (Camcar, LLC) | | 2/19/2009 | Declined | Winnesheik | $2,575,000.00 | $107,550.00 | $18.79 | 15 |
| Aerial Services, Inc. | | 3/19/2009 | In performance | Black Hawk | $2,432,000.00 | $39,660.00 | $15.12 | 22 |
| Cedar Ridge Vineyard, LLC | | 3/19/2009 | In performance | Johnson | $500,000.00 | $52,300.00 | $20.05 | 6 |
| Acciona Windpower North America, LLC | | 4/16/2009 | In performance | Cedar | $10,726,978.00 | $212,848.00 | $16.93 | 0 |
| BoDeans Wafer Company, LLC | | 4/16/2009 | In performance | Plymouth | $5,632,500.00 | $56,894.00 | $22.10 | 37 |
| Absolute Energy, LLC | Yes | 5/21/2009 | In performance | Mitchell | $2,416,842.00 | $24,168.00 | $0.00 | 0 |
| Eurofins Scientific, Inc. | | 6/18/2009 | In performance | Polk | $10,600,000.00 | $375,000.00 | $27.51 | 44 |
| Buccaneer Computer Systems and Service, Inc. | | 7/16/2009 | Declined | Polk | $269,777.00 | $22,223.00 | $24.76 | 53 |
| Compacker, Inc. | | 7/16/2009 | In performance | Scott | $929,000.00 | $46,250.00 | $19.82 | 38 |
| H.J. Heinz Company LP | | 8/20/2009 | In performance | Linn | $1,768,800.00 | $88,440.00 | $19.78 | 2 |
| Midland National Life Insurance Company | | 9/17/2009 | In performance | Polk | $4,300,000.00 | $69,000.00 | $20.91 | 25 |
| Vizient LLC | | 9/17/2009 | In performance | Scott | $862,000.00 | $69,475.00 | $19.82 | 21 |
| American Packaging Corporation | | 10/15/2009 | In performance | Story | $15,188,600.00 | $226,158.00 | $20.63 | 30 |
| E.I. DuPont de Nemours and Company | | 10/15/2009 | In performance | Polk | $17,403,000.00 | $447,090.00 | $23.23 | 160 |
| Tyson Pet Products, Inc. | | 10/15/2009 | In performance | Buchanan | $6,600,000.00 | $22,500.00 | $17.32 | 13 |
| Wacker Chemical Corporation | | 10/15/2009 | Declined | Wapello | $83,140,000.00 | $330,000.00 | $20.92 | 38 |
| CFI Sales, Inc., dba CFI Tire Service | | 2/18/2010 | In contract negotiations | Polk | $4,950,000.00 | $33,750.00 | $23.23 | 10 |
| E.I. DuPont de Nemours and Company | | 3/18/2010 | In performance | Polk | $39,000,000.00 | $7,400,000.00 | $23.23 | 400 |
| Adams Holdings Iowa, LLC dba Adams Thermal Systems, Inc. | | 4/15/2010 | In performance | Black Hawk | $1,770,000.00 | $71,000.00 | $20.32 | 12 |
| Ajinomoto U.S.A., Inc. | | 5/20/2010 | In performance | Wapello | $35,377,000.00 | $0.00 | $20.92 | 27 |
| Bunge North America (OPD West), Inc. | | 5/20/2010 | In performance | | $10,800,000.00 | $360,000.00 | $18.25 | 3 |
| TPI Composites, Inc. | | 5/20/2010 | Declined | Woodbury | $26,558,000.00 | $480,240.00 | $19.97 | 513 |
| Deere & Company | | 6/9/2010 | In performance | Black Hawk | $90,000,000.00 | $14,800,000.00 | $20.32 | 295 |
| Roquette America, Inc. | | 6/9/2010 | Awarded | Lee | $27,000,000.00 | $2,529,850.00 | $20.13 | 48 |
| Southwest Iowa Renewable Energy, LLC | Yes | 6/9/2010 | In performance | | $3,300,000.00 | $3,000.00 | $16.42 | 1 |
| American Pop Corn Company | | 8/19/2010 | In performance | Woodbury | $5,960,495.00 | $230,975.00 | $19.83 | 17 |
| Sedgwick Claims Management Services, Inc. | | 8/19/2010 | In performance | Dubuque | $4,739,240.00 | $152,200.00 | $20.07 | 106 |
| Accu-Mold LLC | | 9/16/2010 | In performance | Polk | $6,000,000.00 | $802,800.00 | $23.20 | 43 |
| Berry Plastics, Inc. | | 9/16/2010 | In contract negotiations | Dubuque | $8,800,000.00 | $266,000.00 | $20.07 | 12 |
| Grain Millers, Inc. | | 9/16/2010 | Declined | Mitchell | $10,000,000.00 | $290,000.00 | $19.81 | 1 |
| North American Co-Pack Iowa LLC | | 9/16/2010 | In performance | Plymouth | $1,315,000.00 | $51,400.00 | $20.42 | 54 |
| DuPont Danisco Cellulosic Ethanol LLC (DDCE) | Yes | 10/21/2010 | In contract negotiations | Story | $264,703,780.00 | $4,631,566.00 | $20.84 | 67 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| Boehringer Ingelheim Vetmedica, Inc. | | 11/18/2010 | In performance | Webster | $16,895,338.00 | $1,944,528.00 | $20.84 | 631 |
| E.I. du Pont de Nemours, Inc. | | 11/18/2010 | In performance | Lee | $1,560,000.00 | $31,200.00 | $20.32 | 3 |
| Joseph T. Ryerson and Son, Inc. | | 11/18/2010 | In performance | Scott | $7,391,000.00 | $150,600.00 | $22.07 | 51 |
| Lely USA Inc | | 11/18/2010 | In performance | Marion | $375,000.00 | $18,500.00 | $21.83 | 34 |
| Phoenix Closures | | 11/18/2010 | In performance | Scott | $738,000.00 | $29,520.00 | $22.07 | 51 |
| Sysco Iowa | | 11/18/2010 | In performance | Polk | $4,730,000.00 | $152,130.00 | $0.00 | 0 |
| The ESCO Group-ESCO Automation | | 11/18/2010 | In performance | Linn | $4,945,000.00 | $448,500.00 | $21.80 | 25 |
| Walter G. Anderson, Inc. | | 11/18/2010 | In performance | Jasper | $14,600,000.00 | $720,000.00 | $19.29 | 60 |
| MobileDemand, L.C. | | 12/16/2010 | In performance | Linn | $21,900.00 | $110,488.00 | $21.80 | 18 |
| Perishable Distributors of Iowa (PDI) | | 12/16/2010 | In performance | Polk | $7,371,438.00 | $78,347.00 | $0.00 | 0 |
| WebFilings LLC | | 12/16/2010 | In performance | Story | $18,358,000.00 | $2,515,380.00 | $20.84 | 257 |
| Bridgestone Bandag, LLC | | 1/20/2011 | Award Declined by Business | Muscatine | $1,600,000.00 | $12,500.00 | $22.88 | 138 |
| E.I. DuPont de Nemours and Company | | 1/20/2011 | In performance | Polk | $32,000,000.00 | $6,960,000.00 | $23.20 | 138 |
| Hewlett-Packard Company | | 1/20/2011 | In performance | Polk | $16,700,000.00 | $465,000.00 | $23.20 | 212 |
| Indoshell Precision Technologies, LLC | | 1/20/2011 | In performance | Story | $8,595,000.00 | $386,000.00 | $16.03 | 72 |
| Bachman Tool & Die Co. | | 2/17/2011 | In performance | Buchanan | $750,000.00 | $164,250.00 | $17.02 | 3 |
| E I Dupont de Nemours, Inc | | 2/17/2011 | In performance | Lee | $3,291,000.00 | $98,730.00 | $20.32 | 8 |
| Phoenix Closures | | 3/17/2011 | Declined | Scott | $23,177,680.00 | $700,000.00 | $22.07 | 68 |
| Capital City Fruit, Inc. | | 4/21/2011 | In performance | Warren | $11,450,000.00 | $1,000,500.00 | $18.30 | 123 |
| Cargill Incorporated | Yes | 4/21/2011 | In contract negotiations | Webster | $134,000,000.00 | $603,000.00 | $19.62 | 104 |
| IML Containers Iowa, Inc. | | 4/21/2011 | In performance | Plymouth | $11,034,910.00 | $268,895.00 | $20.42 | 29 |
| Sara Lee Foods | | 4/21/2011 | In contract negotiations | Buena Vista | $10,950,000.00 | $362,750.00 | $18.37 | 12 |
| Alter Trading Corporation - Alter Metal Recycling | | 5/19/2011 | In contract negotiations | Scott | $14,500,000.00 | $411,418.00 | $19.86 | 4 |
| Engineering Services and Products Company d/b/a FarmTek | | 5/19/2011 | In contract negotiations | Dubuque | $3,500,000.00 | $67,500.00 | $18.73 | 100 |
| Hy-Vee, Inc. | | 5/19/2011 | Awarded | Lucas | $18,362,259.00 | $836,817.00 | $19.06 | 10 |
| Plumrose USA, Inc. | | 5/19/2011 | In contract negotiations | | $57,810,000.00 | $1,020,000.00 | $18.56 | 100 |
| Diamond V Mills Inc. & DV Technologies Inc. | | 6/16/2011 | In contract negotiations | Linn | $17,000,000.00 | $935,000.00 | $21.80 | 12 |
| Geater Machining and Manufacturing, Co. | | 6/16/2011 | In contract negotiations | Buchanan | $5,900,000.00 | $591,250.00 | $17.02 | 11 |
| GMT Corporation | | 6/16/2011 | Awarded | Bremer | $29,862,625.00 | $1,591,050.00 | $20.00 | 34 |
| Hipra USA, LLC | | 6/16/2011 | In contract negotiations | Story | $47,925,800.00 | $2,702,181.00 | $20.84 | 75 |
| Seaberg Industries, Inc. | | 6/16/2011 | Awarded | Scott | $2,960,000.00 | $149,000.00 | $22.07 | 112 |
| New Horizon Cuisine | | 7/21/2011 | Awarded | Polk | $2,095,000.00 | $59,276.00 | $23.20 | 15 |

| Business Name | Ethanol or Biodiesel | Award Date | Status | County | Capital Investment | Total Tax Benefit | Project Hourly Wages | Total Jobs |
|---|---|---|---|---|---|---|---|---|
| AMPC, Inc. d/b/a Proliant Meat Ingredients | | 8/18/2011 | In contract negotiations | Sac | $8,000,000.00 | $110,000.00 | $18.54 | 3 |
| Bridgestone Americas Tire Operations, LLC | | 8/18/2011 | In contract negotiations | Polk | $56,600,000.00 | $108,000.00 | $23.75 | 72 |
| Green Industrial Supply, Inc. | | 8/18/2011 | In performance | Dubuque | $11,365,000.00 | $704,800.00 | $20.52 | 16 |
| Hardi North America, Inc. | | 8/18/2011 | In contract negotiations | Scott | $3,654,558.00 | $101,445.00 | $22.54 | 18 |
| Proliant Biologicals, Inc. | | 8/18/2011 | In contract negotiations | Boone | $12,500,000.00 | $358,000.00 | $20.16 | 8 |
| Raining Rose | | 8/18/2011 | Awarded | Linn | $10,438,885.00 | $705,171.00 | $21.80 | 54 |
| Rembrandt Enterprises, Inc. | | 8/18/2011 | In contract negotiations | Clay | $967,500.00 | $26,685.00 | $18.47 | 2 |
| Rembrandt Enterprises, Inc. | | 8/18/2011 | In contract negotiations | Buena Vista | $3,650,000.00 | $50,000.00 | $18.37 | 22 |
| The Lauridsen Group, Inc. | | 8/18/2011 | In contract negotiations | Polk | $8,700,000.00 | $673,500.00 | $23.75 | 16 |
| Zero Energy Systems, LLC | | 8/18/2011 | In contract negotiations | Johnson | $6,980,000.00 | $418,250.00 | $20.92 | 25 |
| Alcoa, Inc. | | 9/15/2011 | Awarded | Scott | $162,900,000.00 | $1,360,000.00 | $22.54 | 350 |
| H.J. Heinz Company L.P. | | 9/15/2011 | Awarded | Linn | $10,943,367.00 | $405,904.00 | $22.25 | 31 |
| Microsoft Corporation | | 9/15/2011 | Awarded | Polk | $84,752,337.00 | $131,242.00 | $22.94 | 10 |
| | | | | **Totals:** | **$10,808,549,561.00** | **$581,803,723.48** | **$21.61** | **17799** |

# appendix b: fiscal impact ratio model information

The IEDA uses an analytical model created by economists and economic development experts to actually compute the fiscal impact ratio used in the High Quality Jobs Program. The model has a number of features and components that are described below.

The Model: The model is a computer file that organizes the data provided by the applicant, projects or infers data the applicant has not provided, applies imbedded equations to calculate the various ratios and generates a set of indicators that state program managers can use to evaluate the fiscal impact of individual applications and the sum of all applications.

The model is implemented as a series of spreadsheets that will run in either the Windows or Macintosh versions of Microsoft Excel 97, Excel 2000, or Excel XP. The worksheets used for purposes of the calculation include:

- **Applicant Info:** This section records name and contact information.
- **State Personal Taxes:** This sheet records the applicant projections of employment by wage brackets over a 10-year period. The model uses this information to estimate the personal income, sales and use taxes that the applicant will likely pay.
- **Public Investment:** This worksheet records the dollar cost of grants, loans and other incentive spending that state and local government expects to provide for the applicant as well as those additional cost, which the applicant could impose on state and local government for public services. The cost of loan subsidies that involve the 'buying-down' of interest are estimated using an on-screen calculator. The model will accommodate up to five different loan subsidies. This sheet also includes a calculator to estimate the yearly cost of a TIF or job training grant. Those grants generally will entail bonds that the state or local community will amortize over a period of up to 10 years.
- **Business Taxes:** This worksheet records the additional business taxes that the applicant expects to pay to Iowa state and local governments because of this project. The model provides a calculator to assist in estimating the state corporate income tax liability.
- **Local Personal Taxes:** This sheet, like the 'State Personal Taxes' worksheet, calculates the amount of local taxes that local governments will be collected because of the project's payroll. There is no attempt to attribute those taxes to any single community; the model provides equations to convert wage levels to estimated levels of local property taxes and to local option sales taxes. The Iowa Department of Revenue's research chief developed an equation for relating local option sales and property taxes paid to levels of personal income using a complex regression analysis.
- **Fiscal Calculations:** The model calculates the projected taxes compared to the public expenditures for the project on both a revenue flow and a net fiscal impact basis.
- **Review Sheet:** The review sheet provides a summary of 10-year projections of taxes received, government incentives to be provided, and the resulting fiscal impact ratio. It also gives basic statistics on projected jobs, incentive investments, and increase in total personal income due to the project.

The model projects all data for a period of 10 years by using the applicant's best estimates and projections and then extrapolating the remaining years. The final calculations used on the last three worksheets collapse the 10-year stream of data to a single number using the present value. For this analysis, the model uses the average rate for the 10-year Treasury bill rate, over 10 years, as the present value discount factor.

**The Data Requirements for the Fiscal Impact calculations:** In order for the model to generate a reasonable estimate of the impact of any project on the economy of the state the following specific data are required:

- The applicant must provide at least three years of projections attributable to this project for the following:
  - The number of full-time equivalent workers that will be employed on this project identified by specific pay brackets;
  - The net corporate income, and/or;
  - The state and local business taxes which the applicant expects to pay.
- State and local government assistance to be provided to the applicant over the next 10 years. This estimate is refined and updated during the application process. It starts with categories and amounts requested by the applicant, and ends with the categories and amounts actually awarded by state and local governments.

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