

House Study Bill 728 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH AND
TECHNOLOGY BILL BY
CHAIRPERSON SORENSEN)

A BILL FOR

1 An Act relating to the establishment of programs administered by
2 the economic development authority, including the interactive
3 digital entertainment program, game studio investment matching
4 program, game industry fellowship program, and game studio
5 grant program, and making appropriations.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 INTERACTIVE DIGITAL ENTERTAINMENT PROGRAM, GAME STUDIO INVESTMENT
3 MATCHING PROGRAM, GAME INDUSTRY FELLOWSHIP PROGRAM, AND GAME
4 STUDIO GRANT PROGRAM

5 Section 1. NEW SECTION. **15.540 Interactive digital**
6 **entertainment tax credit program.**

7 1. As used in this section:

8 a. "*Fund*" means the interactive digital entertainment program
9 fund.

10 b. "*Program*" means the interactive digital entertainment
11 program.

12 c. "*Qualified developer*" means a person that develops and
13 produces qualified productions.

14 d. "*Qualified expenditures*" means labor, goods, services, and
15 production costs directly related to a qualified production.

16 e. "*Qualified production*" means interactive media or video
17 games developed and produced in the state.

18 2. a. The authority shall establish and administer an
19 interactive digital entertainment program for the purpose of
20 awarding tax credits to qualified developers for qualified
21 expenditures.

22 b. The authority shall adopt rules to establish eligibility
23 criteria for a qualified developer to participate in the program
24 and the criteria must include all of the following:

25 (1) The qualified developer must maintain a physical presence
26 in the state.

27 (2) The qualified developer must have a minimum payroll in
28 the state of two hundred fifty thousand dollars.

29 3. An application for the program shall be submitted by a
30 qualified developer to the authority for approval in the form and
31 manner prescribed by the authority.

32 4. a. If a qualified developer's application is approved
33 by the authority, the maximum that shall be awarded to the
34 qualified developer under the program is a tax credit equal to
35 thirty percent of the qualified developer's documented qualified

1 expenditures, except as provided in paragraph "b".

2 b. For qualified productions that display a "made in Iowa"
3 logo approved by the authority, in addition to the tax credit
4 under paragraph "a", a qualified developer may be awarded an
5 additional tax credit equal to five percent of the qualified
6 developer's documented qualified expenditures.

7 c. Prior to the authority issuing a tax credit certificate
8 under the program, a qualified developer shall submit
9 documentation to the authority for all qualified expenditures
10 incurred following approval of the qualified developer's
11 application for the program.

12 5. The interactive digital entertainment program tax credit
13 shall be allowed against taxes imposed under chapter 422,
14 subchapter II, III, or V, and chapter 432.

15 6. An interactive digital entertainment program fund is
16 created in the state treasury under the control of the authority.
17 The fund shall consist of moneys appropriated to the authority
18 and any other moneys available to, obtained by, or accepted by
19 the authority for placement in the fund. The fund shall be used
20 to award tax credits under the program.

21 7. The aggregate value of all tax credits awarded by the
22 authority and claimed by qualified developers under this section
23 shall not exceed twenty million dollars in any one fiscal year.

24 8. Notwithstanding section 8.33, moneys in the fund that
25 remain unencumbered or unobligated at the close of the fiscal
26 year shall not revert but shall remain available for expenditure
27 for the purposes designated until the close of the succeeding
28 fiscal year. Notwithstanding section 12C.7, interest or earnings
29 on moneys in the fund shall be credited to the fund.

30 9. The authority shall adopt rules pursuant to chapter 17A to
31 administer this section.

32 Sec. 2. NEW SECTION. **15.541 Game studio investment matching**
33 **program.**

34 1. For purposes of this section, "private investment" means
35 an investment from a publisher advance, venture capital, angel

1 investor, or other source of private funds.

2 2. The authority shall establish and administer a game
3 studio investment matching program. The authority may provide
4 a forgivable loan to an investor that matches dollar for dollar
5 a private investment in an Iowa-based game development company.
6 The authority shall not provide forgivable loans to investors
7 in any one Iowa-based game development company that exceed an
8 aggregate value of twenty million dollars per fiscal year.

9 3. Applications for the game studio investment matching
10 program shall be submitted to the authority in the form and
11 manner prescribed by the authority by rule.

12 4. a. An investor shall not be required to make a payment
13 on the loan if the private investment is in an Iowa-based game
14 development company that meets all of the following requirements
15 for a minimum of five consecutive years from the date a
16 forgivable loan is provided to the investor, at which time the
17 forgivable loan shall be forgiven in its entirety:

18 (1) Seventy-five percent of the Iowa-based game development
19 company's employees reside in the state.

20 (2) The Iowa-based game development company is physically
21 headquartered in the state.

22 b. If the Iowa-based game development company fails to meet
23 the requirements of paragraph "a" the investor shall repay the
24 forgivable loan in an amount proportional to the amount of time
25 the Iowa-based game development company was not in compliance
26 with paragraph "a", as determined by the authority by rule.

27 5. The authority shall adopt rules pursuant to chapter 17A to
28 administer this section.

29 6. This section applies to private investments in Iowa-based
30 game development companies made on or after July 1, 2026.

31 Sec. 3. NEW SECTION. **15.542 Game industry fellowship**
32 **program.**

33 1. As used in this section:

34 a. "*Professional*" means an individual who does not reside or
35 work in the state who meets all of the following requirements:

1 (1) The individual has worked in senior leadership roles in
2 the video game industry for a minimum of ten consecutive years.

3 (2) The individual has shipped at least three commercial
4 video games while working in a senior leadership role. A senior
5 leadership role includes but is not limited to creative director,
6 studio head, lead developer, or executive producer.

7 b. "Program" means the game industry fellowship program.

8 2. a. The authority shall establish and administer a game
9 industry fellowship program for the purpose of providing two-year
10 fellowships for professionals to relocate to the state.

11 b. The authority shall administer the program and provide
12 annual grants for a minimum of ten and a maximum of fifteen
13 fellowships.

14 3. a. A professional awarded a grant under the program shall
15 receive a grant of no less than one hundred fifty thousand
16 dollars and no more than two hundred thousand dollars for each
17 year of the two-year fellowship.

18 b. A grant must only be used by a professional for any of the
19 following:

20 (1) Expenses associated with the professional relocating to
21 the state.

22 (2) As compensation for the professional to work in any of
23 the following areas for the two-year fellowship period:

24 (a) Teaching at community colleges, and institutions governed
25 by the state board of regents pursuant to section 262.7, which
26 may include but is not limited to developing curricula for video
27 game design, leading workshops related to video game development,
28 and mentoring students involved in programs related to video game
29 development.

30 (b) Consulting with game start-up companies and studios in
31 the state on game development, studio management, fundraising
32 strategy, and team building. Fellows shall not provide more than
33 a combined fifty hours of consulting to each start-up company or
34 studio in the state.

35 (c) Industry building, including but not limited to

1 organizing game jams, speaking at conferences, judging
2 competitions, and serving on advisory boards.

3 4. A professional shall not distribute fellowship grant funds
4 to a family member or political organization, or use fellowship
5 grant funds for a personal business venture.

6 5. a. To be eligible for the program, a professional must
7 commit to residing in the state and working in the video game
8 industry for a minimum of one additional year following the end
9 of the two-year fellowship. A professional that fails to uphold
10 this commitment shall repay the grant in an amount proportional
11 to the amount of the grant the professional used for expenses
12 associated with relocating to the state.

13 b. Prior to applying for the program, a professional must
14 disclose any potential conflicts of interest to the authority.

15 c. A review board consisting of representatives from the
16 authority, community colleges, institutions governed by the state
17 board of regents pursuant to section 262.7, and video game
18 companies in the state shall review applications for the program
19 and select professionals for participation in the program.
20 Members of the review board shall disclose to the authority any
21 conflicts of interest. A member of the review board shall not
22 vote on a program application submitted by a professional that
23 works for a company in which the member or a family member holds
24 a financial interest, or to which the member or a family member
25 has a family connection.

26 6. A professional awarded a grant under the program
27 shall submit quarterly reports to the authority that document
28 the professional's work activities pursuant to subsection 3,
29 paragraph "b", subparagraph (2), and independent auditors shall
30 review the quarterly reports and verify the professional's
31 compliance with the program requirements. If a professional
32 is found to be in violation of subsection 3, paragraph "b",
33 subparagraph (2), the professional shall be required to repay the
34 grant to the authority.

35 Sec. 4. NEW SECTION. **15.543 Game studio grant program.**

1 1. As used in this section:

2 a. "*Eligible game studio*" means a game studio that meets all
3 of the following requirements:

4 (1) Seventy-five percent of the game studio's employees
5 reside in the state.

6 (2) The game studio is headquartered in the state.

7 b. "*Professional*" means a senior-level leader in the game
8 studio industry.

9 c. "*Program*" means the game studio grant program.

10 2. A game studio grant program is established to provide
11 grants to eligible game studios for the recruitment of
12 professionals. The authority shall administer the program.

13 3. An eligible game studio may apply for a game studio
14 grant under the program at the time that the eligible game
15 studio identifies a professional as a candidate for a position
16 with the eligible game studio that meets all of the following
17 requirements:

18 a. The position for which the professional applied is a
19 director-level position or higher, including but not limited to a
20 creative director, studio director, lead developer, art director,
21 or technical director.

22 b. The professional does not reside or work in the state, the
23 professional has worked outside of the state for a minimum of two
24 consecutive years in a position listed under paragraph "a" prior
25 to applying for the position, and the professional will relocate
26 to the state to work in the position.

27 c. The salary for the position is no less than one hundred
28 twenty thousand dollars.

29 d. The professional, as part of the hiring process, commits
30 to residing and working in the state for a minimum of three
31 consecutive years.

32 4. Prior to being awarded a grant, an eligible game studio
33 accepted into the program shall provide to the authority all of
34 the following:

35 a. A copy of the offer letter and employment contract

1 associated with the position for which the eligible game studio
2 applied to the program.

3 b. Verification that the professional for which the eligible
4 game studio applied to the program worked outside of the state
5 for a minimum of two consecutive years in a position listed in
6 subsection 3, paragraph "a", prior to applying for the position
7 and has relocated to the state.

8 5. An eligible game studio accepted into the program may be
9 awarded a grant in an amount of no less than fifty thousand
10 dollars and no more than seventy-five thousand dollars to be used
11 for any of the following:

12 a. Relocation expenses for the professional, in an amount not
13 to exceed fifteen thousand dollars.

14 b. Providing housing assistance to the professional for the
15 first year that the professional resides in the state, in an
16 amount not to exceed twenty thousand dollars.

17 c. Providing a salary differential to match market rates, in
18 an amount not to exceed forty thousand dollars.

19 6. a. If a professional hired by an eligible business under
20 the program does not reside and work in the state for the entire
21 consecutive three-year period, the professional shall be required
22 to repay the amount of the grant that the professional received
23 to the authority.

24 b. If a professional hired by an eligible business under the
25 program does not reside and work in the state for the entire
26 consecutive three-year period, the eligible game studio shall be
27 required to repay the amount of the unused grant funds that the
28 game studio received to the authority.

29 c. A game studio that uses a grant for purposes that do not
30 comply with subsection 5 shall be required to repay the grant to
31 the authority.

32 7. a. The authority shall review an application for the
33 program within thirty calendar days after the date of receipt of
34 the application.

35 b. The authority shall not award a grant to an eligible

1 business for the hire of a founder or executive of a game studio,
2 or the relative of a founder or executive of a game studio.

3 8. The authority shall not award an eligible game studio more
4 than three grants over a period of five consecutive years.

5 9. A game studio grant shall be awarded and payable to an
6 eligible game studio in installments as follows:

7 a. Upon hire of a professional, in an amount equal to forty
8 percent of the grant amount.

9 b. After the professional completes one year of employment,
10 in an amount equal to thirty percent of the grant amount.

11 c. After the professional completes two years of employment,
12 in an amount equal to thirty percent of the grant amount.

13 10. The authority shall conduct an annual audit of an
14 eligible game studio each year that the eligible game studio
15 receives grant funds under the program to ensure that the
16 position for which the eligible game studio received a grant
17 is a legitimate director-level or higher position as required
18 by subsection 3, paragraph "a", and the position's title was
19 not inflated for purposes of receiving a grant. An eligible
20 game studio found to have improperly inflated a position title
21 in order to receive a grant shall be required to repay the
22 amount of the grant that the eligible game studio received to the
23 authority, and shall be permanently ineligible for the program.

24 Sec. 5. NEW SECTION. **15.544 Rules.**

25 The authority shall adopt rules pursuant to chapter 17A to
26 administer this part.

27 Sec. 6. NEW SECTION. **15.545 Annual reports.**

28 1. For the fiscal year beginning on July 1, 2026, the
29 authority shall submit a report to the general assembly by
30 June 30, 2027, and by June 30 for each fiscal year thereafter,
31 that summarizes for the immediately preceding fiscal year
32 participation in the interactive digital entertainment program
33 under section 15.540, the number of jobs created by the program,
34 the economic output of the program, and the fiscal performance of
35 the program.

1 2. For each fiscal year that moneys are appropriated by
2 the general assembly to the authority for purposes of the game
3 studio investment matching program under section 15.541, the
4 authority shall submit a report to the general assembly by June
5 30 that summarizes, for the immediately preceding fiscal year,
6 participation in the game studio investment matching program, the
7 number of jobs created by the program, the economic output of the
8 program, and the fiscal performance of the program.

9 3. For each fiscal year that moneys are appropriated by
10 the general assembly to the authority for purposes of the game
11 industry fellowship program under section 15.542, the authority
12 shall submit a report to the general assembly by June 30
13 that summarizes, for the immediately preceding fiscal year,
14 participation in the game industry fellowship program, the number
15 of jobs created by the program, the economic output of the
16 program, and the fiscal performance of the program.

17 4. For each fiscal year that moneys are appropriated by the
18 general assembly to the authority for purposes of the game studio
19 grant program under section 15.543, the authority shall submit a
20 report to the general assembly by June 30 that summarizes, for
21 the immediately preceding fiscal year, participation in the game
22 studio grant program, the number of jobs created by the program,
23 the economic output of the program, and the fiscal performance of
24 the program.

25 Sec. 7. CODE EDITOR DIRECTIVE. The Code editor is directed
26 to designate section 15.540 through section 15.545, as enacted in
27 this division of this Act, as part 37 of subchapter II.

28 DIVISION II

29 APPROPRIATIONS

30 Sec. 8. INTERACTIVE DIGITAL ENTERTAINMENT PROGRAM FUND — FY
31 2026-2027. There is appropriated from the general fund of the
32 state to the economic development authority for the fiscal year
33 beginning July 1, 2026, and ending June 30, 2027, the following
34 amount, or so much thereof as is necessary, to be used for the
35 purposes designated:

1 For deposit in the interactive digital entertainment program
2 fund created in section 15.540:

3 \$ 20,000,000

4 Notwithstanding section 8.33, moneys appropriated in this
5 section that remain unencumbered or unobligated at the close of
6 the fiscal year shall not revert but shall remain available for
7 expenditure for the purposes designated until the close of the
8 succeeding fiscal year.

9 Sec. 9. GAME STUDIO INVESTMENT MATCHING PROGRAM — FY
10 2026-2027. There is appropriated from the general fund of the
11 state to the economic development authority for the fiscal year
12 beginning July 1, 2026, and ending June 30, 2027, the following
13 amount, or so much thereof as is necessary, to be used for the
14 purposes designated:

15 For providing forgivable loans from the game studio investment
16 matching program established in section 15.541:

17 \$ 10,000,000

18 Sec. 10. GAME INDUSTRY FELLOWSHIP PROGRAM — FY 2026-2027.
19 There is appropriated from the general fund of the state to the
20 economic development authority for the fiscal year beginning July
21 1, 2026, and ending June 30, 2027, the following amounts, or so
22 much thereof as is necessary, to be used for the purpose
23 designated:

24 For providing fellowships through the game industry fellowship
25 program established in section 15.542:

26 \$ 2,500,000

27 Sec. 11. GAME STUDIO GRANT PROGRAM — FY 2026-2027. There is
28 appropriated from the general fund of the state to the economic
29 development authority for the fiscal year beginning July 1, 2026,
30 and ending June 30, 2027, the following amounts, or so much
31 thereof as is necessary, to be used for the purposes designated:

32 For awarding grants under the game studio grant program
33 established in section 15.543:

34 \$ 2,500,000

35 EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill relates to the establishment of programs
4 administered by the economic development authority, including the
5 interactive digital entertainment program, game studio investment
6 matching program, game industry fellowship program, and game
7 studio grant program.

8 DIVISION I — INTERACTIVE DIGITAL ENTERTAINMENT PROGRAM, GAME
9 STUDIO INVESTMENT MATCHING PROGRAM, GAME INDUSTRY FELLOWSHIP
10 PROGRAM, AND GAME STUDIO GRANT PROGRAM. The bill requires
11 the economic development authority (authority) to establish
12 and administer an interactive digital entertainment tax credit
13 program (IDE program) to award tax credits to qualified
14 developers for qualified expenditures. The bill defines
15 "qualified expenditures" as labor, goods, services, and
16 production costs directly related to a qualified production.
17 The authority shall establish eligibility criteria by rule for
18 participation in the IDE program that, at a minimum, requires
19 a qualified developer to maintain a physical presence in the
20 state and have a minimum payroll in the state of \$250,000. An
21 application for the IDE program shall be submitted by a qualified
22 developer to the authority for approval as prescribed by the
23 authority.

24 If a qualified developer's application is approved, the
25 maximum tax credit that shall be awarded to the qualified
26 developer shall equal 30 percent of the qualified developer's
27 documented qualified expenditures, except that a qualified
28 developer may receive an additional tax credit equal to five
29 percent of qualified expenditures for qualified productions
30 displaying a "made in Iowa" logo. Prior to the authority issuing
31 a tax credit certificate, the qualified developer shall submit
32 documentation that all qualified expenditures were incurred
33 following approval of the qualified developer's application.

34 An interactive digital entertainment program fund (IDE fund)
35 is created in the state treasury under the control of the

1 authority consisting of moneys appropriated to the authority and
2 any other moneys available to, obtained by, or accepted by the
3 authority for placement in the fund. The fund shall be used to
4 provide tax credits under the IDE program. The aggregate value
5 of tax credits awarded by the authority and claimed by qualified
6 developers shall not exceed \$20 million in any one fiscal year.

7 The authority shall adopt rules to administer the IDE program.

8 The bill requires the authority to establish and administer
9 a game studio investment matching program (matching program).

10 The authority may provide a forgivable loan to an investor that
11 matches dollar for dollar a private investment in an Iowa-based
12 game development company (company). The authority shall not
13 provide forgivable loans to investors in any one company that
14 exceed an aggregate value of \$10 million per fiscal year.

15 The bill defines "private investment" as an investment from a
16 publisher advance, venture capital, angel investor, or other
17 source of private funds.

18 Applications for the matching program shall be submitted to
19 the authority in the form and manner prescribed by the authority
20 by rule.

21 Beginning on the date a forgivable loan is provided to an
22 investor, the investor shall not be required to make a payment
23 on the loan if the private investment is in an Iowa-based
24 game development company with 75 percent of employees residing
25 in the state and the company is physically located in the
26 state for a minimum of five consecutive years, at which time
27 the forgivable loan shall be forgiven in its entirety. If
28 the Iowa-based game development company fails to meet these
29 requirements, the investor shall repay the forgivable loan in an
30 amount proportional to the amount of time the Iowa-based game
31 development company was not in compliance with the requirements,
32 as determined by the authority by rule.

33 The authority shall adopt rules to administer the matching
34 program. The matching program applies to private investments in
35 companies made on or after July 1, 2026.

1 The bill requires the authority to establish and administer
2 a game industry fellowship program (fellowship program) to
3 provide two-year fellowships for professionals to relocate to the
4 state. "Professional" is defined in the bill. The authority
5 shall administer the fellowship program and provide grants for
6 10 to 15 fellowships. A professional awarded a grant shall
7 receive a grant of \$150,000 to \$200,000 for each year of the
8 two-year fellowship to be used for relocation expenses and
9 as compensation for teaching at a community college or state
10 university, consulting for game start-up companies and studios
11 in the state, or industry building. Grant funds shall not be
12 given to family members, political organizations, or used for a
13 personal business venture by a professional.

14 To be eligible for the fellowship program, a professional must
15 commit to residing in the state and working in the video game
16 industry for a minimum of one additional year following the end
17 of the fellowship. A professional that violates the residency
18 or work requirement shall repay the amount of the grant used
19 for relocation expenses. Prior to applying for the fellowship
20 program, a professional shall disclose any potential conflicts
21 of interest to the authority. A review board as described in
22 the bill shall review applications for the fellowship program and
23 select professionals for participation in the fellowship program.
24 Members of the review board shall disclose any conflict of
25 interest and shall not vote on a fellowship program application
26 submitted by a professional that works for a company in which
27 the member or a family member holds a financial interest, or to
28 which the member or a family member has a family connection. A
29 professional awarded a grant shall submit quarterly reports to
30 the authority that document the professional's work activities,
31 and independent auditors shall review the quarterly reports
32 and verify the professional's compliance with the fellowship
33 program requirements. A professional found to be in violation
34 of the program requirements shall repay the grant funds to the
35 authority.

1 The bill establishes the game studio grant program (grant
2 program), administered by the authority, to provide grants to
3 eligible game studios for the recruitment of professionals.
4 "Eligible game studio" means a game studio headquartered in the
5 state and 75 percent of the game studio's employees reside in the
6 state. "Professional" is defined in the bill.

7 An eligible game studio may apply for a grant under the
8 grant program when the eligible game studio identifies a
9 professional as a candidate for a position, if the position is
10 a director-level position, the professional does not reside or
11 work in the state, has not worked in the state for two years,
12 and would move to the state for the position. The salary for
13 the position must be at least \$120,000, and the professional must
14 commit to residing and working in the state for a minimum of
15 three years. Prior to being awarded a grant, an eligible game
16 studio shall provide to the authority the information detailed in
17 the bill.

18 An eligible game studio accepted to the grant program may be
19 awarded a grant in an amount of \$50,000 to \$75,000 per hire of
20 a professional as detailed by the bill, paid in installments. A
21 game studio that uses grant funds for purposes that do not comply
22 with the bill shall be required to repay the cost of all or part
23 of the grant. If a professional does not reside and work in the
24 state for the entire three-year period, the professional and the
25 game studio shall repay the grant to the authority.

26 The authority shall review applications for the program within
27 30 days after receipt. The authority shall not issue a grant for
28 a founder or executive of a game studio, or the relative of a
29 founder or executive of a game studio. An eligible game studio
30 may receive no more than three game studio grants over a period
31 of five consecutive years.

32 The authority shall conduct an annual audit of an eligible
33 game studio to ensure that the position for which the studio
34 received a grant is a legitimate director-level or higher
35 position, and the position's title was not inflated for purposes

1 of receiving a grant. An eligible game studio found to have
2 improperly inflated a position title to receive a grant shall be
3 required to repay the grant and shall be permanently ineligible
4 for the grant program.

5 The authority shall adopt rules to administer the grant
6 program.

7 The bill requires the authority to file annual reports with
8 the general assembly by June 30 of each year detailing the
9 participation, number of jobs created, economic output, and
10 fiscal performance of the IDE program, the matching program, the
11 fellowship program, and the grant program.

12 DIVISION II — APPROPRIATIONS. For FY 2026-2027, there is
13 appropriated from the general fund of the state to the authority
14 for deposit in the IDE program fund \$20 million. For FY
15 2026-2027, there is appropriated from the general fund of the
16 state to the authority for the matching program \$10 million. For
17 FY 2026-2027, there is appropriated from the general fund of the
18 state to the authority for the fellowship program \$2.5 million.
19 For FY 2026-2027, there is appropriated from the general fund of
20 the state to the authority for the grant program \$2.5 million.