

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
2 by the economic development authority, including the
3 interactive digital entertainment program, game studio
4 investment matching program, game industry fellowship
5 program, and game studio grant program, and making
6 appropriations.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 INTERACTIVE DIGITAL ENTERTAINMENT PROGRAM, GAME STUDIO
3 INVESTMENT MATCHING PROGRAM, GAME INDUSTRY FELLOWSHIP PROGRAM,
4 AND GAME 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
9 program 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,
15 and production costs directly related to a qualified
16 production.

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

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

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

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

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

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

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

1 to thirty percent of the qualified developer's documented
2 qualified expenditures, except as provided in paragraph "b".

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

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

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

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

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

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

33 9. The authority shall adopt rules pursuant to chapter 17A
34 to administer this section.

35 Sec. 2. NEW SECTION. 15.541 Game studio investment matching

1 **program.**

2 1. For purposes of this section, "*private investment*" means
3 an investment from a publisher advance, venture capital, angel
4 investor, or other source of private funds.

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

12 3. Applications for the game studio investment matching
13 program shall be submitted to the authority in the form and
14 manner prescribed by the authority by rule.

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

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

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

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

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

32 6. This section applies to private investments in
33 Iowa-based game development companies made on or after July 1,
34 2026.

35 **Sec. 3. NEW SECTION. 15.542 Game industry fellowship**

1 **program.**

2 1. As used in this section:

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

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

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

11 *b.* "Program" means the game industry fellowship program.

12 2. *a.* The authority shall establish and administer a
13 game industry fellowship program for the purpose of providing
14 two-year fellowships for professionals to relocate to the
15 state.

16 *b.* The authority shall administer the program and provide
17 annual grants for a minimum of ten and a maximum of fifteen
18 fellowships.

19 3. *a.* A professional awarded a grant under the program
20 shall receive a grant of no less than one hundred fifty
21 thousand dollars and no more than two hundred thousand dollars
22 for each year of the two-year fellowship.

23 *b.* A grant must only be used by a professional for any of
24 the following:

25 (1) Expenses associated with the professional relocating
26 to the state.

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

29 (a) Teaching at community colleges, and institutions
30 governed by the state board of regents pursuant to section
31 262.7, which may include but is not limited to developing
32 curricula for video game design, leading workshops related to
33 video game development, and mentoring students involved in
34 programs related to video game development.

35 (b) Consulting with game start-up companies and studios in

1 the state on game development, studio management, fundraising
2 strategy, and team building. Fellows shall not provide more
3 than a combined fifty hours of consulting to each start-up
4 company or studio in the state.

5 (c) Industry building, including but not limited to
6 organizing game jams, speaking at conferences, judging
7 competitions, and serving on advisory boards.

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

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

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

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

31 6. A professional awarded a grant under the program shall
32 submit quarterly reports to the authority that document the
33 professional's work activities pursuant to subsection 3,
34 paragraph "b", subparagraph (2), and independent auditors shall
35 review the quarterly reports and verify the professional's

1 compliance with the program requirements. If a professional
2 is found to be in violation of subsection 3, paragraph "b",
3 subparagraph (2), the professional shall be required to repay
4 the grant to the authority.

5 Sec. 4. NEW SECTION. 15.543 Game studio grant program.

6 1. As used in this section:

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

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

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

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

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

15 2. A game studio grant program is established to provide
16 grants to eligible game studios for the recruitment of
17 professionals. The authority shall administer the program.

18 3. An eligible game studio may apply for a game studio
19 grant under the program at the time that the eligible game
20 studio identifies a professional as a candidate for a position
21 with the eligible game studio that meets all of the following
22 requirements:

23 a. The position for which the professional applied is a
24 director-level position or higher, including but not limited
25 to a creative director, studio director, lead developer, art
26 director, or technical director.

27 b. The professional does not reside or work in the state,
28 the professional has worked outside of the state for a minimum
29 of two consecutive years in a position listed under paragraph
30 "a" prior to applying for the position, and the professional
31 will relocate to the state to work in the position.

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

34 d. The professional, as part of the hiring process, commits
35 to residing and working in the state for a minimum of three

1 consecutive years.

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

5 a. A copy of the offer letter and employment contract
6 associated with the position for which the eligible game studio
7 applied to the program.

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

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

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

19 b. Providing housing assistance to the professional for the
20 first year that the professional resides in the state, in an
21 amount not to exceed twenty thousand dollars.

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

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

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

34 c. A game studio that uses a grant for purposes that do not
35 comply with subsection 5 shall be required to repay the grant

1 to the authority.

2 7. *a.* The authority shall review an application for the
3 program within thirty calendar days after the date of receipt
4 of the application.

5 *b.* The authority shall not award a grant to an eligible
6 business for the hire of a founder or executive of a game
7 studio, or the relative of a founder or executive of a game
8 studio.

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

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

13 *a.* Upon hire of a professional, in an amount equal to forty
14 percent of the grant amount.

15 *b.* After the professional completes one year of employment,
16 in an amount equal to thirty percent of the grant amount.

17 *c.* After the professional completes two years of employment,
18 in an amount equal to thirty percent of the grant amount.

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

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

31 The authority shall adopt rules pursuant to chapter 17A to
32 administer this part.

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

34 1. For the fiscal year beginning on July 1, 2026, the
35 authority shall submit a report to the general assembly by

1 June 30, 2027, and by June 30 for each fiscal year thereafter,
2 that summarizes for the immediately preceding fiscal year
3 participation in the interactive digital entertainment program
4 under section 15.540, the number of jobs created by the
5 program, the economic output of the program, and the fiscal
6 performance of the program.

7 2. For each fiscal year that moneys are appropriated by
8 the general assembly to the authority for purposes of the game
9 studio investment matching program under section 15.541, the
10 authority shall submit a report to the general assembly by June
11 30 that summarizes, for the immediately preceding fiscal year,
12 participation in the game studio investment matching program,
13 the number of jobs created by the program, the economic output
14 of the program, and the fiscal performance of the program.

15 3. For each fiscal year that moneys are appropriated by
16 the general assembly to the authority for purposes of the
17 game industry fellowship program under section 15.542, the
18 authority shall submit a report to the general assembly by June
19 30 that summarizes, for the immediately preceding fiscal year,
20 participation in the game industry fellowship program, the
21 number of jobs created by the program, the economic output of
22 the program, and the fiscal performance of the program.

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

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

34
35

DIVISION II
APPROPRIATIONS

1 July 1, 2026, and ending June 30, 2027, the following amounts,
2 or so much thereof as is necessary, to be used for the purposes
3 designated:

4 For awarding grants under the game studio grant program
5 established in section 15.543:
6 \$ 2,500,000

7 EXPLANATION

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

10 This bill relates to the establishment of programs
11 administered by the economic development authority, including
12 the interactive digital entertainment program, game studio
13 investment matching program, game industry fellowship program,
14 and game studio grant program.

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

31 If a qualified developer's application is approved, the
32 maximum tax credit that shall be awarded to the qualified
33 developer shall equal 30 percent of the qualified developer's
34 documented qualified expenditures, except that a qualified
35 developer may receive an additional tax credit equal to five

1 percent of qualified expenditures for qualified productions
2 displaying a "made in Iowa" logo. Prior to the authority
3 issuing a tax credit certificate, the qualified developer
4 shall submit documentation that all qualified expenditures
5 were incurred following approval of the qualified developer's
6 application.

7 An interactive digital entertainment program fund (IDE fund)
8 is created in the state treasury under the control of the
9 authority consisting of moneys appropriated to the authority
10 and any other moneys available to, obtained by, or accepted
11 by the authority for placement in the fund. The fund shall
12 be used to provide tax credits under the IDE program. The
13 aggregate value of tax credits awarded by the authority and
14 claimed by qualified developers shall not exceed \$20 million
15 in any one fiscal year.

16 The authority shall adopt rules to administer the IDE
17 program.

18 The bill requires the authority to establish and administer
19 a game studio investment matching program (matching program).
20 The authority may provide a forgivable loan to an investor that
21 matches dollar for dollar a private investment in an Iowa-based
22 game development company (company). The authority shall not
23 provide forgivable loans to investors in any one company that
24 exceed an aggregate value of \$10 million per fiscal year. The
25 bill defines "private investment" as an investment from a
26 publisher advance, venture capital, angel investor, or other
27 source of private funds.

28 Applications for the matching program shall be submitted
29 to the authority in the form and manner prescribed by the
30 authority by rule.

31 Beginning on the date a forgivable loan is provided to an
32 investor, the investor shall not be required to make a payment
33 on the loan if the private investment is in an Iowa-based game
34 development company with 75 percent of employees residing
35 in the state and the company is physically located in the

1 state for a minimum of five consecutive years, at which time
2 the forgivable loan shall be forgiven in its entirety. If
3 the Iowa-based game development company fails to meet these
4 requirements, the investor shall repay the forgivable loan in
5 an amount proportional to the amount of time the Iowa-based
6 game development company was not in compliance with the
7 requirements, as determined by the authority by rule.

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

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

25 To be eligible for the fellowship program, a professional
26 must commit to residing in the state and working in the video
27 game industry for a minimum of one additional year following
28 the end of the fellowship. A professional that violates the
29 residency or work requirement shall repay the amount of the
30 grant used for relocation expenses. Prior to applying for
31 the fellowship program, a professional shall disclose any
32 potential conflicts of interest to the authority. A review
33 board as described in the bill shall review applications
34 for the fellowship program and select professionals for
35 participation in the fellowship program. Members of the

1 review board shall disclose any conflict of interest and shall
2 not vote on a fellowship program application submitted by a
3 professional that works for a company in which the member
4 or a family member holds a financial interest, or to which
5 the member or a family member has a family connection. A
6 professional awarded a grant shall submit quarterly reports to
7 the authority that document the professional's work activities,
8 and independent auditors shall review the quarterly reports
9 and verify the professional's compliance with the fellowship
10 program requirements. A professional found to be in violation
11 of the program requirements shall repay the grant funds to the
12 authority.

13 The bill establishes the game studio grant program (grant
14 program), administered by the authority, to provide grants to
15 eligible game studios for the recruitment of professionals.
16 "Eligible game studio" means a game studio headquartered in the
17 state and 75 percent of the game studio's employees reside in
18 the state. "Professional" is defined in the bill.

19 An eligible game studio may apply for a grant under the
20 grant program when the eligible game studio identifies a
21 professional as a candidate for a position, if the position is
22 a director-level position, the professional does not reside or
23 work in the state, has not worked in the state for two years,
24 and would move to the state for the position. The salary for
25 the position must be at least \$120,000, and the professional
26 must commit to residing and working in the state for a minimum
27 of three years. Prior to being awarded a grant, an eligible
28 game studio shall provide to the authority the information
29 detailed in the bill.

30 An eligible game studio accepted to the grant program may be
31 awarded a grant in an amount of \$50,000 to \$75,000 per hire of
32 a professional as detailed by the bill, paid in installments.
33 A game studio that uses grant funds for purposes that do not
34 comply with the bill shall be required to repay the cost of
35 all or part of the grant. If a professional does not reside

1 and work in the state for the entire three-year period, the
2 professional and the game studio shall repay the grant to the
3 authority.

4 The authority shall review applications for the program
5 within 30 days after receipt. The authority shall not issue
6 a grant for a founder or executive of a game studio, or the
7 relative of a founder or executive of a game studio. An
8 eligible game studio may receive no more than three game studio
9 grants over a period of five consecutive years.

10 The authority shall conduct an annual audit of an eligible
11 game studio to ensure that the position for which the studio
12 received a grant is a legitimate director-level or higher
13 position, and the position's title was not inflated for
14 purposes of receiving a grant. An eligible game studio found
15 to have improperly inflated a position title to receive a grant
16 shall be required to repay the grant and shall be permanently
17 ineligible for the grant program.

18 The authority shall adopt rules to administer the grant
19 program.

20 The bill requires the authority to file annual reports with
21 the general assembly by June 30 of each year detailing the
22 participation, number of jobs created, economic output, and
23 fiscal performance of the IDE program, the matching program,
24 the fellowship program, and the grant program.

25 DIVISION II — APPROPRIATIONS. For FY 2026-2027, there
26 is appropriated from the general fund of the state to the
27 authority for deposit in the IDE program fund \$20 million.
28 For FY 2026-2027, there is appropriated from the general fund
29 of the state to the authority for the matching program \$10
30 million. For FY 2026-2027, there is appropriated from the
31 general fund of the state to the authority for the fellowship
32 program \$2.5 million. For FY 2026-2027, there is appropriated
33 from the general fund of the state to the authority for the
34 grant program \$2.5 million.