

**Senate File 2506 - Introduced**

SENATE FILE 2506

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2301)

(SUCCESSOR TO SSB 3103)

**A BILL FOR**

1 An Act relating to matters under the purview of the economic  
2 development authority, the utilities commission, and  
3 the department of education, including creation of the  
4 headquarters expansion and development for growth and  
5 employment program, and the business incentives for growth  
6 program training fund; repeal of the new jobs tax credit  
7 program; the major economic growth attraction program; load  
8 forecasting and analysis of electric transmission system  
9 expansion plans; creation of the electric transmission  
10 system expansion planning and analysis and load forecasting  
11 fund; the industrial new jobs training program; establishing  
12 the new jobs training program interim study committee; the  
13 research activities credit; and including effective date  
14 provisions.

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

1 DIVISION I  
2 HEADQUARTERS EXPANSION AND DEVELOPMENT FOR GROWTH EMPLOYMENT  
3 PROGRAM

4 Section 1. NEW SECTION. 15.600 Short title.

5 This part shall be known and may be cited as the  
6 "*Headquarters Expansion and Development for Growth and Employment*  
7 *Program*", or "*EDGE Program*".

8 Sec. 2. NEW SECTION. 15.601 Definitions.

9 As used in this part, unless the context otherwise requires:

10 1. "*Agreement*" means an agreement entered into by an  
11 eligible business and the authority pursuant to section 15.604.

12 2. "*Base employment level*" means the number of full-time  
13 equivalent positions at a business, as established by the  
14 authority and the business based on the business's payroll  
15 records, on the date the business applies for the program.

16 3. "*Benefits*" means nonwage compensation provided to an  
17 employee. "*Benefits*" include medical and dental insurance, a  
18 pension, a retirement plan, a profit-sharing plan, child care,  
19 life insurance, vision insurance, and disability insurance.

20 4. "*Community*" means a city or county in the state.

21 5. "*Corporate headquarters*" means a location in the  
22 state that serves as the principal executive office or  
23 houses the core administrative operations for a business,  
24 and that includes executive leadership offices, strategic  
25 decision-making functions, and administrative and support staff  
26 employees.

27 6. "*Corporate job*" means a position based at a corporate  
28 headquarters that involves strategic planning, executive  
29 decision-making, or core administrative functions.

30 7. "*Created jobs*" or "*create jobs*" means new, permanent,  
31 full-time equivalent positions added to an eligible business's  
32 payroll, at the location of the eligible business's project, in  
33 excess of the eligible business's base employment level.

34 8. "*Data center business*" means the same as defined in  
35 section 423.3, subsection 95.

1 9. "*Eligible business*" means a business that meets the  
2 requirements of section 15.602.

3 10. "*Full-time equivalent position*" means a non-part-time  
4 position for the number of hours or days per week considered  
5 to be full-time work for the kind of service or work performed  
6 for an employer. Typically, a full-time equivalent position  
7 requires two thousand eighty hours of work in a calendar year,  
8 including all paid holidays, vacations, sick time, and other  
9 paid leave.

10 11. "*Gross annual wages*" means all regular wages and  
11 salaries received by an employee for performing services as  
12 an employee of an employer. "*Gross annual wages*" does not  
13 include nonregular forms of compensation, such as bonuses,  
14 unusual overtime pay, commissions, stock options, pensions,  
15 retirement or death benefits, unemployment benefits, life or  
16 other insurance, or other fringe benefits.

17 12. "*New corporate job*" means a corporate job that is a  
18 created job.

19 13. "*Program*" means the headquarters expansion and  
20 development for growth and employment program.

21 14. "*Project*" means the retention or location of a corporate  
22 headquarters for an eligible business, proposed in an eligible  
23 business's application to the program, that will accomplish the  
24 goals of the program.

25 15. "*Qualifying wage threshold*" means the mean wage level  
26 represented by the wages within two standard deviations of  
27 the mean wage within the laborshed area in which the eligible  
28 business is located, as calculated by the authority by rule,  
29 using the most current covered wage and employment data  
30 available from the department of workforce development for the  
31 laborshed area in which the eligible business is located.

32 16. "*Retained corporate job*" means a corporate job that is  
33 also a retained job.

34 17. "*Retained jobs*" means a full-time equivalent position  
35 that is in existence at the time an eligible business applies

1 for the program that remains continuously filled, and that is  
2 at risk of elimination if the proposed project for which the  
3 eligible business is applying to the program does not proceed.

4 18. "*Tax incentives*" means tax credits authorized under the  
5 program by the authority for an eligible business.

6 Sec. 3. NEW SECTION. 15.602 **Eligible business.**

7 1. To be eligible to receive tax incentives under  
8 the program, a business must meet all of the following  
9 requirements:

10 a. The community in which the proposed project is located  
11 must approve the project either by ordinance or resolution.

12 b. The business must have a global presence, significant  
13 market share, or national recognition in the industry in which  
14 the business operates.

15 c. The business must be able to provide documentation that a  
16 minimum of fifty-one percent of the business's gross revenue is  
17 generated from business conducted outside the state.

18 d. The business must be able to provide documentation that  
19 a state other than Iowa is meaningfully competing for the  
20 location or retention of the business's corporate headquarters.

21 e. (1) The business must be primarily engaged in advanced  
22 manufacturing, bioscience, insurance and finance, technology  
23 and innovation, or research and development. The business  
24 shall not be a data center business, a retail business, or  
25 a business where a cover charge or membership requirement  
26 restricts certain individuals from entering the business.

27 (2) Factors the authority shall consider to determine if  
28 a business is primarily engaged in advanced manufacturing,  
29 bioscience, insurance and finance, technology and innovation,  
30 or research and development shall include but are not limited  
31 to all of the following:

32 (a) The business's North American industry classification  
33 system code.

34 (b) The business's main sources of revenue.

35 (c) The business's customer base.

1     *f.* (1) The business must not be solely relocating  
2 operations from one area of the state to another area of  
3 the state. A proposed project that does not create jobs or  
4 involve a substantial amount of new capital investment shall  
5 be presumed to be a relocation of operations. For purposes of  
6 this subparagraph, the authority shall consider a letter from  
7 the affected local community's government officials supporting  
8 the business's move away from the affected local community  
9 in making a determination whether the business is solely  
10 relocating operations.

11     (2) This paragraph shall not be construed to prohibit  
12 a business from expanding the business's operations in a  
13 community if the business has similar operations in this state  
14 that are not closing or undergoing a substantial reduction in  
15 operations.

16     *g.* The business must offer comprehensive benefits to  
17 each full-time equivalent employee employed at its corporate  
18 headquarters. The authority may adopt rules under chapter 17A  
19 to determine the requirements for comprehensive benefits.

20     *h.* (1) The business must not have a record of violations  
21 of law or of rules, including but not limited to antitrust,  
22 environmental, trade, or worker safety, that over a period of  
23 time show a consistent pattern or that establish the business's  
24 intentional, criminal, or reckless conduct in violation of such  
25 laws or rules.

26     (2) In making determinations and findings under  
27 subparagraph (1), and making a determination whether a business  
28 is disqualified from the program, the authority shall be exempt  
29 from chapter 17A.

30     2. In determining if a business is eligible to participate  
31 in the program, the authority shall consider a variety of  
32 factors including but not limited to all of the following:

33     *a.* The cost to the state of providing tax incentives  
34 compared to the potential increase in state and local tax  
35 collections from the project, the potential for population

1 growth resulting from the project, and the potential for wage  
2 growth resulting from the project.

3     *b.* The impact of the business's proposed project on  
4 businesses that are in competition with the business.  
5 The authority shall make a good-faith effort to identify  
6 existing Iowa businesses in competition with the business  
7 being considered for the program. The authority shall make  
8 a good-faith effort to determine the probability that any  
9 proposed tax incentives will displace employees of a competing  
10 business. In determining the impact on a competing business,  
11 employee displacement from the competing business shall not be  
12 considered created jobs for the applying business's project.

13     *c.* The business's proposed project's economic impact on  
14 the state. The authority shall place greater emphasis on  
15 businesses and proposed projects that meet the following  
16 requirements:

- 17     (1) The business has a high proportion of in-state  
18 suppliers.
- 19     (2) The proposed project will diversify the state economy.
- 20     (3) The business has few in-state competitors.
- 21     (4) The proposed project has the potential to create jobs on  
22 an ongoing basis, or will result in increased skills and wages  
23 for employees of the eligible business.
- 24     (5) The proposed project has the potential to increase the  
25 state's overall gross domestic product.
- 26     (6) The proposed project will result in a newly constructed  
27 facility, or a facility with a significantly increased taxable  
28 valuation.
- 29     (7) Any other factors the authority deems relevant in  
30 determining the economic impact of a proposed project.

31     Sec. 4. NEW SECTION. 15.603 Applications — authorization  
32 of tax incentives.

33     1. Applications for the program shall be submitted to the  
34 authority in the form and manner prescribed by the authority by  
35 rule. Each application must be accompanied by an application

1 fee in an amount determined by the authority by rule.

2 2. In determining the eligibility of a business to  
3 participate in the program the authority may engage outside  
4 experts to complete a technical, financial, or other review  
5 of an application submitted by a business if such review is  
6 outside the expertise of the authority.

7 3. The authority and the board may negotiate with an  
8 eligible business regarding the terms of, and the aggregate  
9 value of, the tax incentives the eligible business may receive  
10 under the program.

11 Sec. 5. NEW SECTION. 15.604 **Agreement.**

12 1. An eligible business that is approved by the authority to  
13 participate in the program shall enter into an agreement with  
14 the authority that specifies the criteria for the successful  
15 completion of all requirements of the program. The agreement  
16 must contain, at a minimum, provisions related to all of the  
17 following:

18 a. The eligible business must certify to the authority  
19 annually that the business is in compliance with the agreement.

20 b. If the eligible business fails to comply with any  
21 requirements of the program or the agreement, the eligible  
22 business may be required to repay any tax incentives the  
23 authority issued to the eligible business. After a final  
24 determination by the authority, the authority will notify  
25 the department of revenue of any required repayment of a  
26 tax incentive, which shall be considered a tax payment due  
27 and payable to the department of revenue by any taxpayer  
28 that claimed the tax incentive, and the failure to make the  
29 repayment may be treated by the department of revenue in the  
30 same manner as a failure to pay the tax shown due, or required  
31 to be shown due, with the filing of a return or deposit form.

32 c. If the eligible business undergoes a layoff or  
33 permanently closes any of its facilities within the state, the  
34 eligible business may be subject to all of the following:

35 (1) A reduction or elimination of some or all of the tax

1 incentives the authority issued to the eligible business.

2 (2) Repayment of any tax incentives that the business  
3 has claimed, and payment of any penalties assessed by the  
4 department of revenue.

5 *d.* The end date of the agreement.

6 *e.* The number of new corporate jobs and retained corporate  
7 jobs to be created or retained as part of the project, the  
8 qualifying wage threshold applicable to the project, and the  
9 date on which the authority will initially verify the eligible  
10 business employs the required number of new corporate jobs and  
11 retained corporate jobs.

12 *f.* The maximum aggregate value of the tax incentives  
13 authorized by the board.

14 *g.* The eligible business shall only employ individuals  
15 legally authorized to work in this state. If the eligible  
16 business is found to knowingly employ individuals who are  
17 not legally authorized to work in this state, in addition to  
18 any penalties provided by law, the eligible business may be  
19 required to repay all or a portion of any tax incentives the  
20 authority issued to the eligible business.

21 *h.* A requirement that the eligible business must continue to  
22 own and operate a corporate headquarters in the state until the  
23 end date of the agreement as specified in paragraph "d".

24 *i.* Any terms deemed necessary by the authority to effect the  
25 eligible business's ongoing compliance with section 15.602.

26 2. The board shall not amend the terms of the agreement  
27 to allow an increase in the maximum aggregate value of tax  
28 incentives authorized by the board under section 15.603.

29 3. The eligible business shall comply with all applicable  
30 terms of the agreement until the agreement end date. An  
31 eligible business shall maintain the business's base employment  
32 level until the agreement end date.

33 4. The eligible business shall not assign the agreement  
34 to another entity without the advance written approval of the  
35 board.

1 5. The authority may enforce the terms of the agreement as  
2 necessary and appropriate.

3 Sec. 6. NEW SECTION. 15.605 **Qualifying wage tax credit.**

4 1. If the authority has entered into an agreement with an  
5 eligible business pursuant to section 15.604, the authority  
6 may authorize a qualifying wage tax credit with the eligible  
7 business for a period not to exceed three years according  
8 to the start and end date specified in the agreement. The  
9 authority may issue a qualifying wage tax credit to the  
10 eligible business for each year of the authorized period upon  
11 verification under section 15.604, subsection 1, paragraph  
12 "e", that the eligible business employed the required number  
13 of employees in new corporate jobs and retained corporate jobs  
14 that pay at least two hundred percent of the qualifying wage  
15 threshold. The tax credit for each year of the authorized  
16 period shall equal no more than the sum of all of the  
17 following:

18 a. Up to fifteen percent of the gross annual wages of new  
19 corporate jobs that pay at least two hundred percent of the  
20 qualifying wage threshold.

21 b. Up to one percent of the gross annual wages of retained  
22 corporate jobs that pay at least two hundred percent of the  
23 qualifying wage threshold, not to exceed one million dollars.

24 2. A tax credit shall be allowed against the taxes imposed  
25 in chapter 422, subchapters II, III, and V, and against the  
26 moneys and credits tax imposed in section 533.329.

27 3. In order for a taxpayer to claim a tax credit under  
28 subsection 1, a tax credit certificate issued by the authority  
29 shall be included with the taxpayer's tax return. The tax  
30 credit certificate shall contain the taxpayer's name, address,  
31 tax identification number, the amount of the credit, and other  
32 information required by the authority.

33 4. An individual may claim a tax credit under subsection  
34 1 on behalf of a partnership, limited liability company,  
35 S corporation, estate, or trust electing to have income

1 taxed directly to the individual. The amount claimed by the  
2 individual shall be based upon the pro rata share of the  
3 individual's earnings from the partnership, limited liability  
4 company, S corporation, estate, or trust.

5 5. Any tax credit in excess of the taxpayer's liability  
6 for the tax year is refundable. In lieu of claiming a refund,  
7 an eligible business may elect to have the overpayment shown  
8 on the eligible business's final, completed return credited  
9 to the eligible business's tax liability for the immediately  
10 succeeding tax year. A tax credit shall not be carried back  
11 to a tax year prior to the tax year in which the tax credit is  
12 first claimed by the eligible business.

13 6. Tax credit certificates issued pursuant to this section  
14 are not transferable.

15 Sec. 7. NEW SECTION. 15.606 Other incentives.

16 The authority, in its discretion, may prohibit an eligible  
17 business that has been issued tax incentives under the program  
18 from receiving any additional tax incentive, tax credit,  
19 grant, loan, or other financial assistance under any program  
20 administered by the authority.

21 Sec. 8. NEW SECTION. 422.12R Qualifying wage tax credit.

22 The taxes imposed under this subchapter, less the credits  
23 allowed under section 422.12, shall be reduced by a qualifying  
24 wage tax credit allowed under section 15.605.

25 Sec. 9. Section 422.33, Code 2026, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 4. The taxes imposed under this subchapter  
28 shall be reduced by a qualifying wage tax credit allowed under  
29 section 15.605.

30 Sec. 10. Section 422.60, Code 2026, is amended by adding the  
31 following new subsection:

32 NEW SUBSECTION. 2. The taxes imposed under this subchapter  
33 shall be reduced by a qualifying wage tax credit allowed under  
34 section 15.605.

35 Sec. 11. Section 533.329, subsection 2, Code 2026, is

1 amended by adding the following new paragraph:

2 NEW PARAGRAPH. *m.* The moneys and credits tax imposed under  
3 this section shall be reduced by a qualifying wage tax credit  
4 allowed under section 15.605.

5 Sec. 12. CODE EDITOR DIRECTIVE. The Code editor is directed  
6 to designate sections 15.600 through 15.606, as enacted in this  
7 division of this Act, as part 37 of subchapter II.

8 DIVISION II

9 MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM

10 Sec. 13. Section 15.491, subsection 12, Code 2026, is  
11 amended to read as follows:

12 12. "*Foreign adversary*" means a the following:

13 a. A foreign government or foreign non-government person as  
14 determined in 15 C.F.R. §7.4, and that is listed in 15 C.F.R.  
15 §7.4(a) at any time from March 4, 2024, through ~~the termination~~  
16 ~~of the program~~ July 17, 2024.

17 b. A foreign government or foreign non-government person as  
18 determined in 15 C.F.R. §791.4, and that is listed in 15 C.F.R.  
19 §791.4 at any time from July 18, 2024, through the termination  
20 of the program.

21 Sec. 14. Section 15.501, Code 2026, is amended to read as  
22 follows:

23 **15.501 Restrictions on board.**

24 The board shall not authorize tax incentives available under  
25 the program, or an exemption to restrictions on agricultural  
26 land holdings pursuant to [this part](#), for more than two eligible  
27 businesses, or on or after January 1, ~~2027~~ 2030, whichever  
28 occurs first.

29 DIVISION III

30 BUSINESS INCENTIVES FOR GROWTH PROGRAM TRAINING FUND

31 Sec. 15. NEW SECTION. **15.512 Training fund.**

32 1. A business incentives for growth program training fund  
33 is created in the state treasury under the control of the  
34 authority. An amount up to one and one-half percent of the  
35 gross wages an eligible business pays to employees specified in

1 an agreement entered into pursuant to section 15.506 shall be  
2 credited to the fund from the withholding payments made by an  
3 eligible business pursuant to section 422.16. Such jobs shall  
4 be identified by the authority as having a sufficient economic  
5 impact to warrant assistance with training.

6 2. On a quarterly basis, an eligible business shall disclose  
7 the amount of gross wages that qualify under subsection 1 to  
8 the authority and to the department of revenue. Based upon  
9 the gross wage amount provided to the authority, the authority  
10 shall calculate the amount of gross wages to be deposited into  
11 the fund for the quarter, and the department of revenue shall  
12 deposit that amount into the fund.

13 3. Moneys in the fund shall be used to reimburse training  
14 expenses incurred by an eligible business that are associated  
15 with the eligible business's project.

16 4. An eligible business's training expenses that may be  
17 eligible for reimbursement must meet all of the following  
18 criteria:

19 a. The expenses are paid to a third party.

20 b. The expenses are for training that is specific to the  
21 project of the eligible business and necessary for the success  
22 of the project.

23 c. The expenses were incurred over the period of time  
24 identified in the agreement under section 15.506, but not to  
25 exceed four years.

26 d. The expenses are documented to the satisfaction of the  
27 authority.

28 5. An eligible business that has been approved by the  
29 authority to receive a reimbursement from the fund shall not be  
30 eligible to receive any other state incentive to be used for  
31 the same purpose.

32 DIVISION IV

33 REPEAL OF THE NEW JOBS TAX CREDIT

34 Sec. 16. Section 2.48, subsection 3, paragraph e,  
35 subparagraph (7), Code 2026, is amended by striking the

1 subparagraph.

2 Sec. 17. REPEAL. Section 422.11A, Code 2026, is repealed.

3 Sec. 18. PRESERVATION OF EXISTING RIGHTS. This division of  
4 this Act shall not limit, modify, or otherwise adversely affect  
5 any amount of tax incentive issued, awarded, or allowed before  
6 the effective date of this division of this Act, nor shall  
7 it limit, modify, or otherwise adversely affect a taxpayer's  
8 right to claim or redeem a tax incentive issued, awarded, or  
9 allowed before the effective date of this division of this Act,  
10 including but not limited to any tax incentive carryforward  
11 amount.

12 Sec. 19. EFFECTIVE DATE. This division of this Act, being  
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION V

15 LOAD FORECASTING

16 Sec. 20. NEW SECTION. 15.120A Load forecasting report and  
17 analysis of electric transmission system expansion plans.

18 To support economic development in the state, the authority  
19 shall commission Iowa state university of science and  
20 technology to produce a report forecasting the probable future  
21 growth of the use of electricity within Iowa and within the  
22 midwest region. The report shall include a load forecast and  
23 an analysis of electric transmission system expansion plans.  
24 The authority must commission such report from the university  
25 at least every two years. In developing the report, the  
26 university shall solicit the input of residential, commercial,  
27 and industrial consumers and the electric industry. The  
28 published report shall only rely on information provided by  
29 utilities as required by section 476.2 in aggregate form and  
30 exclude identifying information about an individual utility's  
31 electric system. The load forecast and state electric  
32 transmission system expansion planning analysis must be  
33 published by December 31, 2028, and biennially published on or  
34 before December 31 thereafter. The authority may commission  
35 other reports as necessary to evaluate energy needs including

1 but not limited to natural gas. A report commissioned pursuant  
2 to this section must be publicly available on the authority's  
3 internet site.

4 Sec. 21. Section 476.1A, subsection 2, Code 2026, is amended  
5 to read as follows:

6 2. However, ~~sections~~ section 476.2, subsection 7, section  
7 476.20, subsections 1 through 4, sections 476.21, 476.51,  
8 476.56, 476.58, 476.62, and 476.66, and chapters 476A and 478,  
9 to the extent applicable, apply to such electric utilities.

10 Sec. 22. Section 476.1B, subsection 2, Code 2026, is amended  
11 to read as follows:

12 2. ~~Section 476.20, subsections 1 through 4,~~ Section 476.2,  
13 subsection 7, section 476.20, subsections 1 through 4, sections  
14 476.51, 476.56, 476.58, 476.62, and 476.66, and chapters 476A  
15 and 478, to the extent applicable, apply to such electric and  
16 gas utilities.

17 Sec. 23. Section 476.2, Code 2026, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 7. The commission shall have the authority  
20 to compel all public utilities to share with Iowa state  
21 university of science and technology the utility's information  
22 necessary to develop state load forecasts and state electric  
23 transmission system expansion planning analysis pursuant to  
24 section 15.120A. A public utility may use a third party  
25 to prepare such information to be shared with Iowa state  
26 university of science and technology. A public utility may  
27 enter into a nondisclosure agreement with Iowa state university  
28 of science and technology requiring the shared information be  
29 kept confidential if the public utility reasonably believes  
30 the information is a confidential record pursuant to section  
31 22.7. The state load forecast and state electric transmission  
32 system expansion planning aggregate analysis published pursuant  
33 to section 15.120A may be used as evidentiary support in any  
34 proceedings before the commission, provided the confidentiality  
35 of any information provided by a public utility is maintained.

1     Sec. 24. NEW SECTION. 476.10C Load forecasts and analyses  
2 of state electric transmission system expansion plans — fund.

3     1. An electric transmission system expansion plans analysis  
4 and load forecasting fund is created in the state treasury  
5 under the control of the economic development authority. The  
6 commission shall direct all electric utilities to remit to the  
7 treasurer of state for deposit in the electric transmission  
8 system expansion plans analysis and load forecasting fund not  
9 more than two one-hundredths of one percent of the total gross  
10 operating revenues during the last calendar year derived from  
11 the utilities' intrastate public utility operations. Moneys in  
12 the fund are appropriated to the economic development authority  
13 to be used for the purposes of commissioning a report pursuant  
14 to section 15.120A. Notwithstanding section 8.33, moneys in  
15 the fund that remain unencumbered or unobligated at the close  
16 of a fiscal year shall not revert but shall remain available  
17 for expenditure for the purposes designated. Notwithstanding  
18 section 12C.7, subsection 2, interest or earnings on moneys in  
19 the fund shall be credited to the fund.

20     2. The commission shall, by rule, establish a maximum  
21 amount of remittances in aggregate and provide a schedule  
22 for remittances. The remittances collected pursuant to this  
23 section shall be in addition to the assessments permitted  
24 pursuant to section 476.10. The commission shall allow  
25 inclusion of these remittances in the budgets approved by the  
26 commission pursuant to section 476.6, subsection 15, paragraph  
27 "c", but such remittances shall not be included when computing  
28 the projected cumulative average annual cost for an electric  
29 utility's energy efficiency plan and demand response plan under  
30 section 476.6, subsection 15, paragraph "c".

31                                   DIVISION VI

32                   IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM

33     Sec. 25. Section 260E.3, subsection 1, unnumbered paragraph  
34 1, Code 2026, is amended to read as follows:

35     A community college may enter into an agreement to establish

1 a project. If an agreement is entered into, the community  
2 college and the employer shall notify the department of  
3 workforce development and the department of revenue as soon  
4 as possible. An agreement shall provide for program costs,  
5 including deferred costs, which may be paid from one or a  
6 combination of the following sources:

7 Sec. 26. Section 260E.3, subsection 2, Code 2026, is amended  
8 to read as follows:

9 2. a. Payment For an agreement entered into on or  
10 before June 30, 2026, payment of program costs shall not be  
11 deferred for a period longer than ten years from the date of  
12 commencement of the project, and the agreed upon period shall  
13 not be extended.

14 b. For an agreement entered into on or after July 1, 2026,  
15 payment of program costs shall not be deferred for a period  
16 longer than five years from the date of commencement of the  
17 project.

18 Sec. 27. Section 260E.3, Code 2026, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 6. A project shall not be funded under this  
21 chapter unless the department of workforce development approves  
22 the agreement. No more than thirty calendar days after  
23 receipt of notice of an agreement pursuant to subsection 1, the  
24 department of workforce development shall either approve or  
25 deny the agreement and notify the community college, business,  
26 and department of revenue of such decision.

27 Sec. 28. Section 260E.7, Code 2026, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 4. A community college that receives  
30 a new jobs credit from withholding under section 260E.5  
31 shall annually report a detailed accounting of the community  
32 college's bond interest to the department of workforce  
33 development, the department of education, and the department  
34 of revenue.

35 Sec. 29. NEW SECTION. 260E.8 **Eligible program costs.**

1 To be eligible to receive a new jobs credit from withholding,  
2 a community college must document to the satisfaction of the  
3 department that the community college's program costs meet all  
4 of the following criteria:

5 1. The program costs are incurred over the period of time  
6 specified in the agreement under section 260E.3.

7 2. The program costs are not incurred to reimburse travel,  
8 conferences, or legal fees.

9 3. Administrative expenses account for no more than fifteen  
10 percent of the program costs.

11 DIVISION VII

12 IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM INTERIM STUDY  
13 COMMITTEE

14 Sec. 30. IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM INTERIM  
15 STUDY COMMITTEE.

16 1. The legislative council is requested to establish an  
17 interim study committee to meet during the 2026 legislative  
18 interim to review the new jobs training program and make  
19 recommendations regarding the program.

20 2. The membership of the committee shall consist of, at a  
21 minimum:

22 a. Three members of the senate, two republicans and one  
23 democrat, appointed by the majority leader of the senate.

24 b. Three members of the house of representatives, two  
25 republicans and one democrat, appointed by the speaker of the  
26 house of representatives.

27 c. A representative of a community college located within  
28 the state.

29 d. A representative of the Iowa economic development  
30 authority.

31 e. A representative of the department of workforce  
32 development.

33 f. Three business owners who have participated in the new  
34 jobs training program.

35 g. One business owner who has not participated in the new

1 jobs training program.

2 3. The interim study committee shall do all of the  
3 following:

4 a. Review the new jobs training program, including but not  
5 limited to all of the following:

6 (1) The original objectives of the program, and an  
7 evaluation of whether the objectives are aligned with the  
8 current workforce needs in the state.

9 (2) The number of jobs created as a result of the program.

10 (3) Wage increases for participants in the program prior to  
11 and after participating in the program.

12 (4) Employee retention rates for employers participating  
13 in the program.

14 (5) The financial impact of the program, including an  
15 evaluation of the cost-effectiveness of the program, a  
16 comparison of state funding versus economic output and job  
17 creation, and an assessment of the return on investment for the  
18 state and businesses that participate in the program.

19 (6) The quality and relevance of the training programs that  
20 are offered, including whether each training program meets  
21 industry standards and needs, and whether participants in the  
22 training gain necessary skills to succeed in each participant's  
23 job.

24 (7) The effectiveness of the program in targeting  
25 industries with the highest demand for skilled labor.

26 (8) Sectors that may require more focus and support from the  
27 program.

28 b. Gather qualitative data through surveys or interviews  
29 with program participants, and identify the strengths  
30 and weaknesses of the new jobs training program from the  
31 perspective of the participants.

32 c. Review partnerships with community colleges and training  
33 providers to evaluate whether the partnerships are effective in  
34 delivering relevant training, and identify ways to strengthen  
35 or expand partnerships.

1 d. Assess the effectiveness of the program's compliance  
2 monitoring and oversight of the use of program funds and  
3 participants' adherence to the program requirements.

4 4. Meetings of the interim study committee may be held  
5 electronically or in person, provided that the final meeting of  
6 the interim study committee is held in person.

7 5. The interim study committee shall submit a report  
8 detailing the committee's findings and recommendations to the  
9 general assembly no later than December 15, 2026.

10 DIVISION VIII

11 RESEARCH ACTIVITIES CREDIT

12 Sec. 31. Section 422.10, subsection 1, paragraph a,  
13 subparagraph (2), Code 2026, is amended to read as follows:

14 (2) (a) The business claims and is allowed a research  
15 credit for such qualified research expenses under section 41  
16 of the Internal Revenue Code for the same taxable year as it is  
17 claiming the credit provided in [this section](#).

18 (b) If the credit is based on conducting agriscience  
19 research as defined in subparagraph (1), subparagraph division  
20 (b), subparagraph subdivision (i), subparagraph part (B),  
21 section 41(d)(4) of the Internal Revenue Code does not apply  
22 and qualified research expenses under section 41(b) of the  
23 Internal Revenue Code includes all qualified research expenses  
24 incurred for qualified research regardless of whether conducted  
25 after the beginning of commercial production of the business  
26 component within the meaning of section 41(d)(4)(A) of the  
27 Internal Revenue Code or such research otherwise meets another  
28 excluded category in section 41(d)(4) of the Internal Revenue  
29 Code.

30 EXPLANATION

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

33 This bill relates to economic development authority programs  
34 and tax credits; load forecasting and the state electric  
35 transmission system expansion plans; and the industrial new

1 jobs training program.

2 DIVISION I — HEADQUARTERS EXPANSION AND DEVELOPMENT FOR  
3 GROWTH AND EMPLOYMENT PROGRAM. The bill creates a headquarters  
4 expansion and development for growth and employment program  
5 (EDGE program) to provide tax incentives to eligible  
6 businesses. The qualifications for an eligible business, and  
7 the factors the economic development authority (authority)  
8 shall consider in determining if a business is eligible to  
9 participate in the EDGE program are provided in the bill.  
10 Applications for the EDGE program shall be submitted to the  
11 authority.

12 The terms of, and aggregate value of, a tax incentive may  
13 be negotiated between an eligible business, the authority, and  
14 the board comprised of members of the authority appointed by  
15 the governor (board). An eligible business that is approved to  
16 participate in the EDGE program shall enter into an agreement  
17 with the authority specifying the criteria for successful  
18 completion of the program requirements. The requirements  
19 for the program agreement are detailed in the bill, and the  
20 authority may enforce such requirements.

21 If the authority enters into an agreement with an eligible  
22 business, the authority may authorize a qualifying wage tax  
23 credit for the eligible business for a period not to exceed  
24 three years as specified in the agreement. The authority may  
25 issue a qualifying wage tax credit to the eligible business for  
26 each year of the authorized period upon verification that the  
27 eligible business employed the required number of employees  
28 in new corporate jobs and retained corporate jobs that pay  
29 at least 200 percent of the qualifying wage threshold. The  
30 tax credit for each year of the authorized period shall equal  
31 no more than the amount specified in the bill. A taxpayer  
32 shall include a tax credit certificate issued by the authority  
33 with the taxpayer's tax return to claim the tax credit. An  
34 individual may claim a tax credit on behalf of a partnership,  
35 limited liability company, S corporation, estate, or trust

1 electing to have income taxed directly to the individual in  
2 an amount based upon the pro rata share of the individual's  
3 earnings. Any tax credit in excess of the taxpayer's liability  
4 for the tax year is refundable or may be credited to the  
5 immediately succeeding tax year. Tax credit certificates are  
6 not transferable.

7 The authority may prohibit an eligible business that  
8 receives a tax incentive from the program from receiving any  
9 other tax incentives or financial assistance under any program  
10 administered by the authority.

11 Under the bill, individual and corporate income taxes,  
12 financial institution franchise taxes, and money and credits  
13 taxes on credit unions shall be reduced by a qualifying wage  
14 tax credit.

15 DIVISION II — MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM.

16 The bill amends the definition of a "foreign adversary" under  
17 the major economic growth attraction program (MEGA program).  
18 Under current law, a foreign adversary is a foreign government  
19 or foreign nongovernment person as determined in 15 C.F.R.  
20 §7.4, and as listed in 15 C.F.R. §7.4(a) at any time from March  
21 4, 2024, through the termination of the program. Under the  
22 bill, a foreign adversary is a foreign government or foreign  
23 nongovernment person as determined in 15 C.F.R. §7.4, and as  
24 listed in 15 C.F.R. §7.4(a) at any time from March 4, 2024,  
25 through July 17, 2024, or, as determined in 15 C.F.R. §791.4,  
26 and as listed in 15 C.F.R. §791.4 at any time from July 18,  
27 2024, through the termination of the program.

28 Under current law, the board shall not authorize tax  
29 incentives available under the MEGA program, or an exemption to  
30 restrictions on agricultural land holdings, for more than two  
31 eligible businesses, or on or after January 1, 2027, whichever  
32 occurs first. The bill extends this provision to January 1,  
33 2030.

34 DIVISION III — BUSINESS INCENTIVES FOR GROWTH PROGRAM

35 TRAINING FUND. The bill creates a business incentives for

1 growth program training fund (fund) in the state treasury under  
2 the control of the authority.

3 Under the bill, an amount up to 1.5 percent of the gross  
4 wages an eligible business pays to employees specified in an  
5 agreement with the authority shall be credited to the fund  
6 from the withholding payments made by the eligible business.  
7 Such jobs shall be identified by the authority as having a  
8 sufficient economic impact to warrant assistance with training.  
9 On a quarterly basis, an eligible business shall disclose the  
10 amount of gross wages that qualify to the authority and to the  
11 department of revenue (DOR). The authority shall calculate the  
12 amount of gross wages to be deposited into the fund, and the  
13 DOR shall deposit that amount into the fund.

14 Moneys in the fund shall be used to reimburse training  
15 expenses incurred by an eligible business that are associated  
16 with the eligible business's project, and that meet the  
17 requirements detailed in the bill. An eligible business that  
18 has been approved to receive a reimbursement from the fund  
19 shall not receive any other state incentives for the same  
20 purpose.

21 DIVISION IV — REPEAL OF THE NEW JOBS TAX CREDIT. The  
22 bill repeals the new jobs tax credit under Code section  
23 422.11A. The bill makes a conforming change to Code section  
24 2.48(3)(e)(7).

25 This division of the bill, being deemed of immediate  
26 importance, takes effect upon enactment.

27 DIVISION V — LOAD FORECASTING. The bill relates to load  
28 forecasting and analysis of electric transmission system  
29 expansion plans. The bill directs the authority to commission  
30 Iowa state university of science and technology (ISU) to  
31 produce a report forecasting the probable future growth of  
32 electricity use within the state and within the midwest region.  
33 The report must include a load forecast and an analysis of  
34 electric transmission system expansion plans, and must be  
35 commissioned from ISU at least once every two years. In

1 developing the report, ISU must solicit input from residential,  
2 commercial, and industrial consumers and the electric industry.  
3 The published report shall only rely on information provided by  
4 utilities in aggregate form and must exclude any identifying  
5 information about an individual utility's electric system.  
6 The load forecast and electric transmission system expansion  
7 planning analysis must be published by December 31, 2028, and  
8 biennially published on or before December 31 thereafter. The  
9 authority may commission other reports as necessary to evaluate  
10 energy needs. A report shall be made publicly available on the  
11 authority's internet site.

12 The bill grants the Iowa utilities commission (commission)  
13 authority to compel public utilities to share with ISU the  
14 utility's information necessary to develop the load forecasts  
15 and electric transmission system expansion planning analysis  
16 required under the bill. A public utility may use a third  
17 party to prepare such information to be shared with ISU and may  
18 enter into a nondisclosure agreement with ISU requiring shared  
19 information be kept confidential. The bill also provides that  
20 the load forecast and electric transmission system expansion  
21 planning aggregate analysis may be used as evidentiary support  
22 in any proceedings before the commission as detailed in  
23 the bill. This authority to compel includes all electric  
24 utilities, including electric public utilities with few  
25 customers, electric cooperative corporations and associations,  
26 and municipally owned utilities.

27 The bill requires the commission to direct all electric  
28 utilities to remit to the treasurer of state for deposit in  
29 the electric transmission system expansion planning analysis  
30 and load forecasting fund, as created in the bill, not more  
31 than .02 percent of the utilities' total gross intrastate  
32 operating revenues from the prior year. Moneys in the fund are  
33 appropriated to the authority for the purpose of commissioning  
34 the load forecasting report and analysis. The bill directs  
35 the commission to establish by rule an aggregate maximum

1 amount of remittances and a schedule for remittances. The  
2 remittances are in addition to assessments otherwise permitted  
3 and may be included in budgets approved for energy efficiency  
4 implementation as detailed in the bill.

5 DIVISION VI — IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM.

6 Under current law, payment of program costs shall not be  
7 deferred for a period of more than 10 years from the date of  
8 commencement of the project. Under the bill, for an agreement  
9 entered into on or before June 30, 2026, payment shall not be  
10 deferred for more than 10 years and may not be extended, and  
11 for an agreement on or after July 1, 2026, payment may not be  
12 deferred for more than 5 years.

13 A community college and an employer shall notify the  
14 department of workforce development upon entering into the  
15 agreement. Under the bill, a project shall not be funded  
16 unless the department of workforce development approves the  
17 agreement within 30 days of receipt of notice of an agreement.

18 The bill requires a community college that receives a new  
19 jobs credit from withholding to annually report a detailed  
20 accounting of the community college's bond interest. Under the  
21 bill, to be eligible for the new jobs credit from withholding,  
22 a community college must document that program costs are  
23 incurred over the period of time specified in the agreement  
24 with an employer, that program costs are not incurred to  
25 reimburse travel, conferences, or legal fees, and that  
26 administrative expenses do not account for more than 15 percent  
27 of the program costs.

28 DIVISION VII — IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM  
29 INTERIM COMMITTEE. The bill requests the legislative council

30 to establish an interim study committee to review the new  
31 jobs training program and make recommendations regarding the  
32 program. Membership of the interim study committee, and the  
33 responsibilities of the committee, are detailed in the bill.  
34 The interim study committee shall submit a report detailing  
35 the findings and recommendations to the general assembly by

1 December 15, 2026.

2       DIVISION VIII — RESEARCH ACTIVITIES CREDIT. The bill  
3 clarifies, for a research credit based on conducting  
4 agriscience research, which sections of the Internal Revenue  
5 Code apply and what claims a business is allowed.