



Economic Development Appropriations Subcommittee

February 24, 2021

Debi Durham | Executive Director
Iowa Finance Authority | Iowa Economic Development Authority



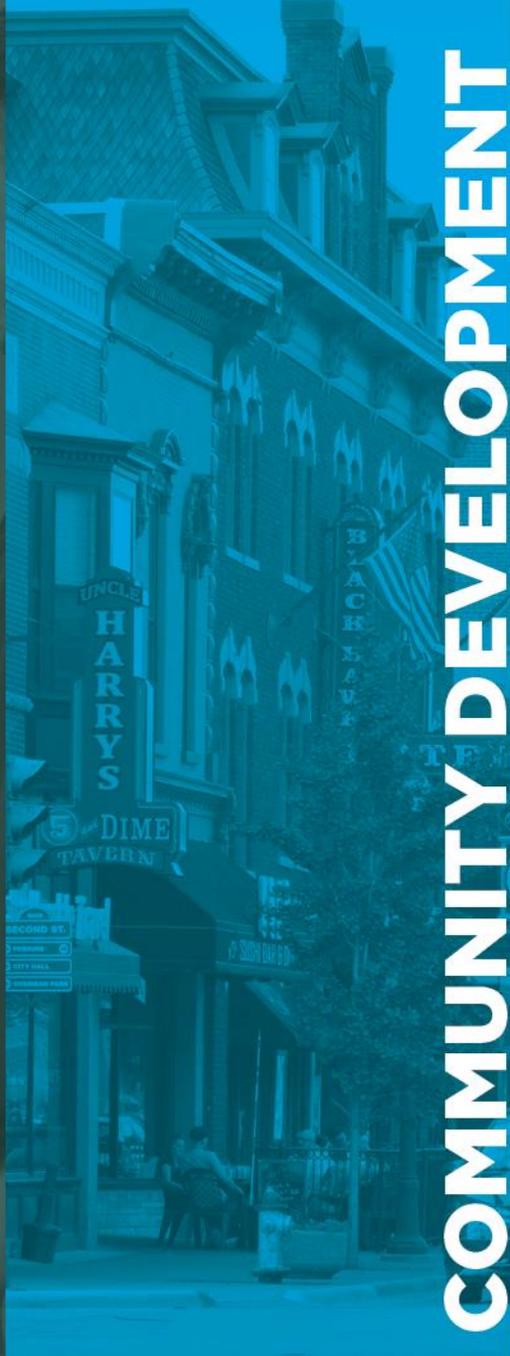
BUSINESS

COMMUNITY

PEOPLE



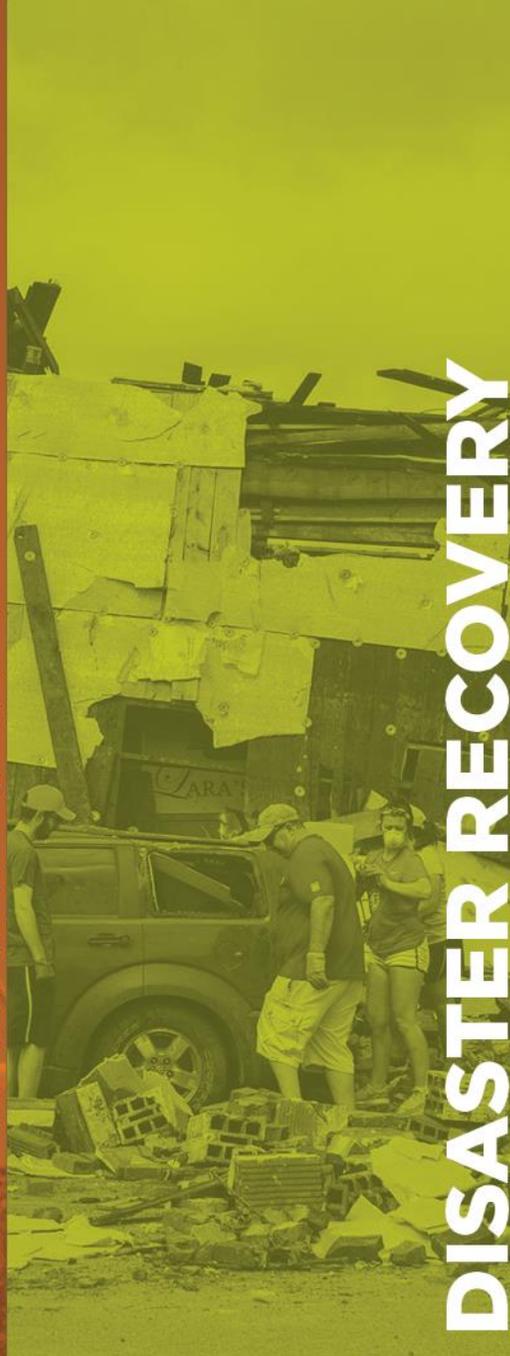
INNOVATION



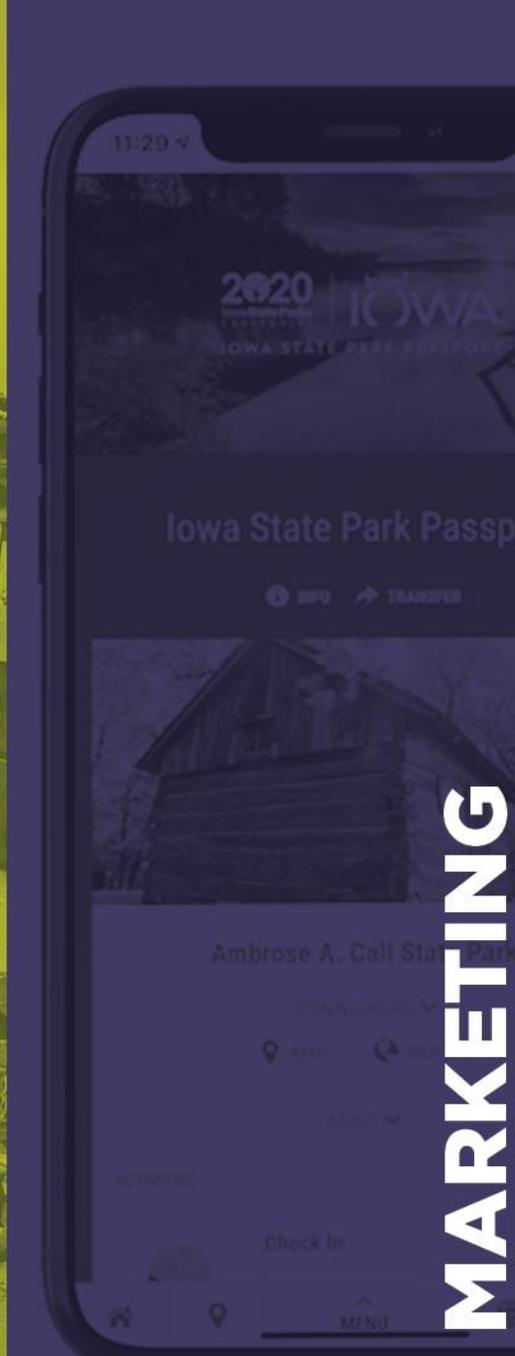
COMMUNITY DEVELOPMENT



SUSTAINABILITY



DISASTER RECOVERY



MARKETING



Innovation

**\$30 BILLION — OR 17%
OF IOWA'S GROSS STATE PRODUCT IS
GENERATED BY MANUFACTURING**

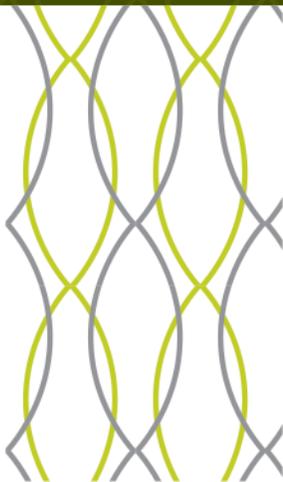
SOURCE: BUREAU OF ECONOMIC ANALYSIS, 2019

**MANUFACTURING EMPLOYS
15% OF IOWA'S TOTAL WORKFORCE**

SOURCE: BUREAU OF LABOR STATISTICS, 2019

**64% OF IOWA'S EXPORTS
COME FROM THE
MANUFACTURING INDUSTRY**

SOURCE: BROOKINGS INSTITUTION, 2017



Manufacturing 4.0

Support Adoption of Automation

- A fourth industrial revolution, Industry 4.0, is driving the future of manufacturing
- Iowa must help manufacturers integrate smart technology into their operations to remain globally competitive

Manufacturing 4.0 Plan – February 2021

- iowaeda.com/our-agency/reports

Legislative Request

- Adapt Iowa's incentives to include matching grants for small manufacturers and allow for accelerated depreciation for capital investments in smart manufacturing technologies as part of new, qualifying High Quality Jobs projects.



Broadband Opportunity

The pandemic underscored broadband is critical infrastructure, not a luxury. Broadband access and speed are lagging, and Iowa must fully invest.

- Enhanced Mobile Broadband: Individual user experience data download and upload rates of a minimum of 100 Mbps
- Ultra Reliable and Low Latency Communications: Decreasing end-to-end latency speeds to 5 ms or less

Building out broadband will support:

- Iowans as they work, learn and access essential services, such as health care, online
- Economic growth and progress in Iowa's high-tech jobs, manufacturing, precision agriculture, education system, and local economies

Legislative Request

- Support Governor's Broadband Proposal: Senate File 390 and House Study Bill 133



Supporting Iowa's Innovation Ecosystem

Innovation Fund Tax Credit

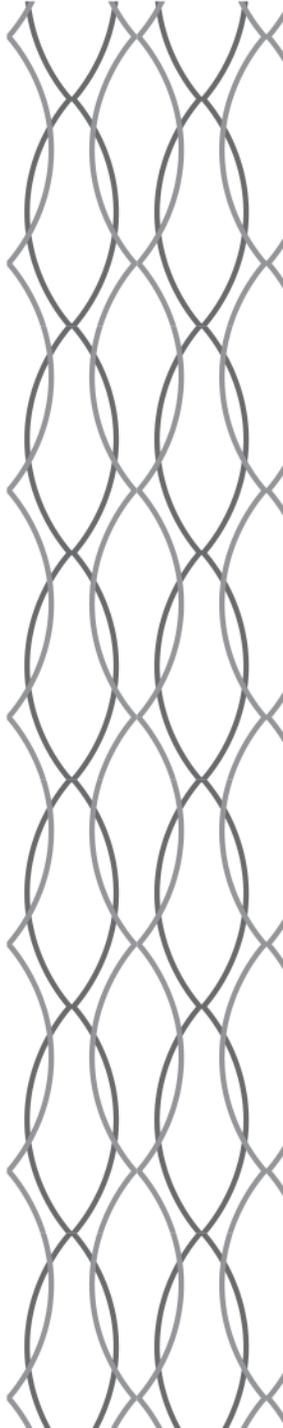
- Encourages venture capital investment in innovative Iowa businesses

Angel Investor Tax Credits

- Encourages venture capital investment in businesses at seed stage

Legislative Request

- Give the IEDA Board flexibility to set allocations for these tax credits within an overall program cap of \$10 million, based on need and projected demand



“THE IEDA’S SUPPORT THROUGH THE INNOVATION TAX CREDIT HAS BEEN INSTRUMENTAL IN VIDA’S VIABILITY AND OUR ABILITY TO ATTRACT VENTURE INVESTMENT. THESE INVESTMENTS HAVE HAD A DIRECT IMPACT ON JOB CREATION IN IOWA, AS WE RECRUIT STEM-TRAINED TALENT FROM THE REGENTS UNIVERSITIES. **VIDA IS FOREVER GRATEFUL FOR THE SUPPORT OF THE STATE. OUR COMPANY WOULD NOT BE HERE WITHOUT IT.”**

- *Susan Wood*
VIDA Diagnostics, Inc.
Coralville





“THE ANGEL INVESTOR TAX CREDIT HAS BEEN A TREMENDOUS ASSET TO ATTRACT INVESTORS FROM ACROSS THE COUNTRY. MANY OF THE TAX CREDITS WERE IMMEDIATELY RE-INVESTED IN THE COMPANY. **BEYOND THE OBVIOUS FINANCIAL SUPPORT THIS PROVIDED FOR OUR COMPANY, IT HAS ALSO PROMOTED IOWA AS AN ATTRACTIVE STATE TO INVEST IN THE START-UP ECOSYSTEM.**”

- *Todd Krone
PowerPollen
Ankeny*

BIOSCIENCE JOBS PAY 86% MORE THAN THE AVERAGE PRIVATE SECTOR JOBS

SOURCE: BIOTECHNOLOGY INNOVATION ORGANIZATION, 2016

IOWA'S BIOSCIENCE R&D EXPENDITURES ARE 30% HIGHER THAN THE NATIONAL FIGURE

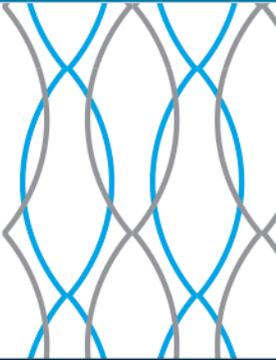
SOURCE: BIOTECHNOLOGY INNOVATION ORGANIZATION, 2014

IOWA RANKS FIRST IN BOTH ETHANOL AND BIODIESEL PRODUCTION

SOURCE: ENERGY INFORMATION ADMINISTRATION, 2019

IN 2019, IOWA EXPORTED \$189 MILLION IN PHARMACEUTICAL PRODUCTS TO 64 COUNTRIES

SOURCE: WISERTRADE, 2019



Building up our Biosciences

PRECISION
AND
DIGITAL
AGRICULTURE

BIOBASED
CHEMICALS

VACCINES
AND
IMMUNOTHERAPY

MEDICAL
DEVICES

Iowa Biosciences Report: iowaeda.com/our-agency/reports

Biosciences Opportunity

- The pandemic has underscored the need in Iowa to commit to a long-term bioscience strategy and reshoring of critical supply chains
- Includes pharmaceuticals, medical testing supplies, therapeutics and vaccines

Legislative Request

- Provide \$4 million annually to the Regents institutions to support development of biosciences platform



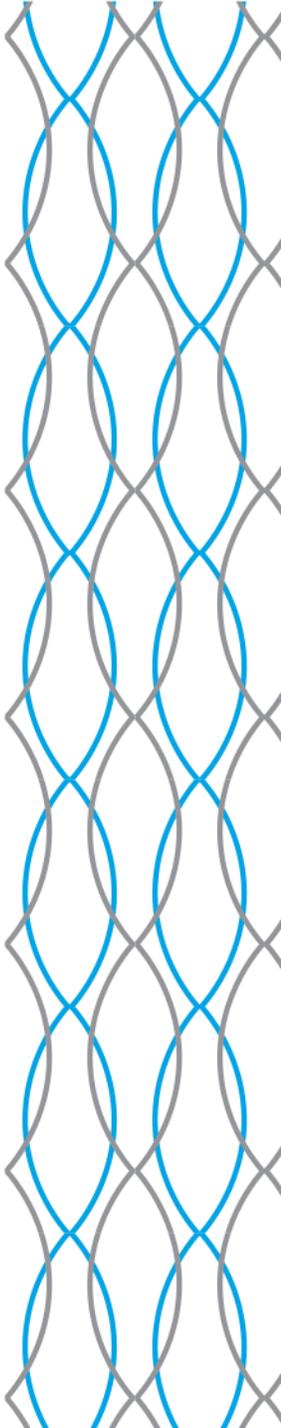
Iowa State University, Ames

An aerial photograph of a residential neighborhood, showing houses, streets, and trees. The entire image is overlaid with a semi-transparent blue filter. The text 'Community Development' is centered in white, bold font.

Community Development

Housing Demand Outpaces Supply

- There is a pent-up demand for housing in communities of all sizes.
- There is a growing mismatch between where job opportunities are thriving and where lowans can find affordable places to live.
- Current housing programs see **three times** as many requests for funds than what is available.
- 47,000 additional homes are needed by 2030.
 - Of these, more than 10,500 are needed for households earning \$38,450 or less.



Workforce Housing Tax Credits

- Provides tax benefits to developers to build in Iowa communities, focusing on projects using abandoned, empty or dilapidated properties.
- FY2021 application round - \$10 million dollars in credits available under Small Cities Set Aside component.
 - Received 84 applications requesting \$34 million in tax credits.
- Current waitlist for urban projects (those in the 11 most populated counties) totals \$13.29 million

Legislative Request:

- Increase the Workforce Housing Tax Credit from \$25 million to \$50 million for three years. Of that amount, increase the small cities set-aside from \$10 million to \$20 million.



Mott Lofts, Cedar Rapids

Iowa Housing Tax Credit Program

- Establish a new Iowa Housing Tax Credit program to be used in parallel with the 4% federal Low-Income Housing Tax Credit program to help fill the existing development funding gap
- Assist in the development of an estimated 375 rental homes a year
- Leverage \$15 million per year of currently unused Federal 4% tax credits
- Enable the development of smaller projects in rural areas using the Federal 4% tax credits



*Centerville Senior Lofts | 9% Housing Tax Credit Project
Similar Projects to be developed using new program*

Legislative Request

- Establish an Iowa Housing Tax Credit program and provide an annual allocation of \$1.5 million with a 10-year credit period for a total state revenue impact of \$15 million after 10 years.

State Housing Trust Fund

Standing Appropriation

- The State Housing Trust Fund receives a standing appropriation of \$3 million from the Rebuild Iowa Infrastructure Fund and 30% of the Real Estate Transfer Tax, up to a maximum of \$3 million annually.

Past Performance

- For every \$1 of State Housing Trust Fund, \$1.94 in other financing is leveraged.
- This has generated a total of \$163 million in other funds.



Pocket Neighborhood, Maquoketa

Legislative Request

- Generate more funding for the State Housing Trust Fund by removing a cap on the Real Estate Transfer Tax dedicated to the trust fund. Demand has outpaced appropriations to this fund; an increase will help Local Housing Trust Funds respond to local housing priorities.

Expand Redevelopment Tax Credits

Iowa developers can receive tax credits to redevelop underused industrial and commercial property:

- **Brownfield Sites:** Known or suspected environmental contamination
- **Grayfield Sites:** Outdated infrastructure that prevents productive use

Each year funding requests are 3 to 6 times the amount of available tax credits

Program sunsets June 30, 2021

Legislative Request

- Increase redevelopment options for Iowans and boost economic growth by increasing the allocation from \$10 million to \$20 million per year and extending the sunset date by 10 years to June 30, 2031.



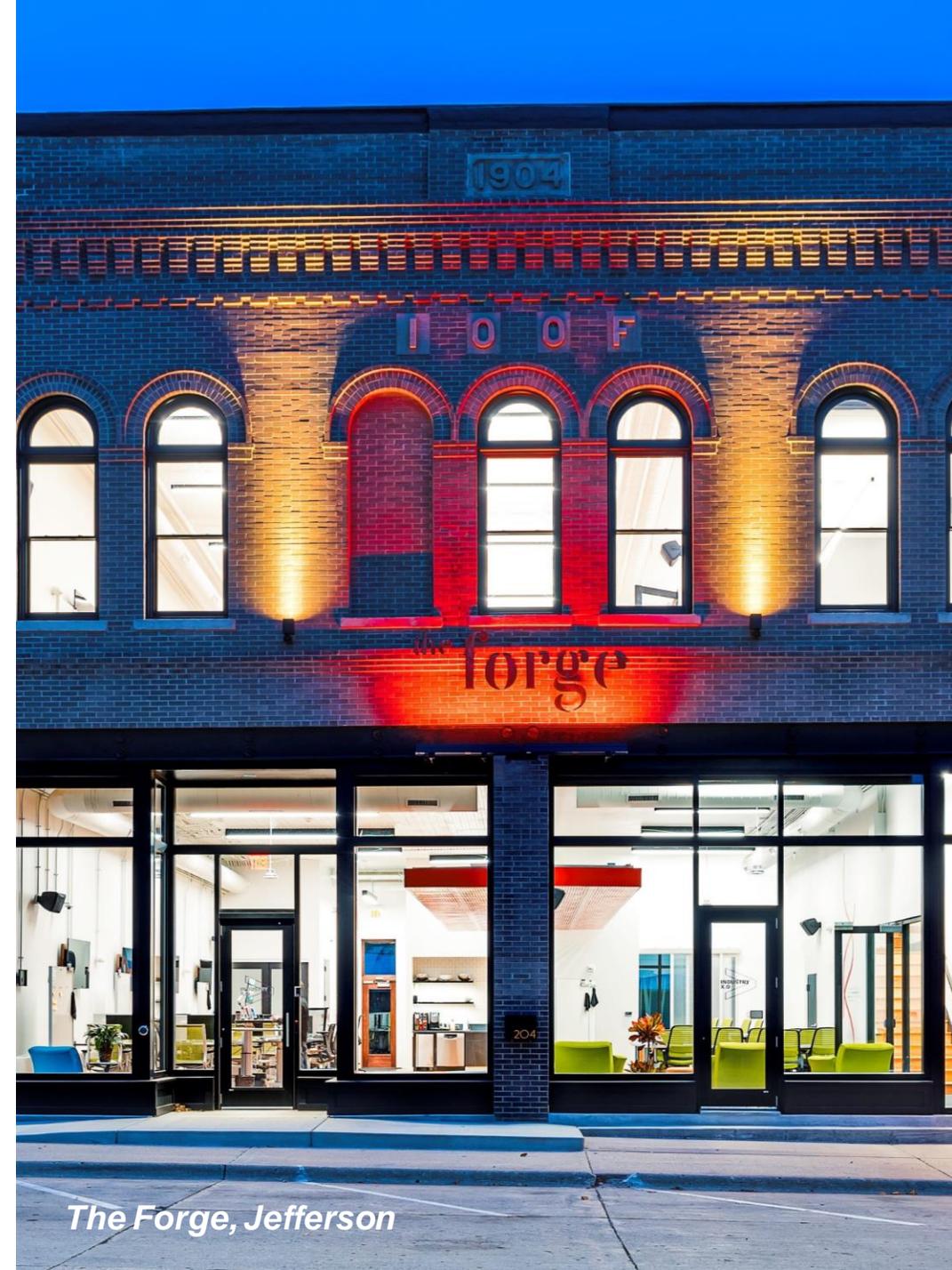
Catalyzing Growth

Challenge Grants

- \$1M awarded catalyzing over \$3.2M in private investment in FY21
- Funding also supports small business expansion program (Main Street Open 4 Business)
- Since 2002, Challenge Grant program leveraged over \$60M in local projects

Community Catalyst

- \$2.6M in funding in FY20
- More than 40% to communities less than 1,500
- Over 100 awarded projects in the first three fiscal years



The Forge, Jefferson

Catalyzing Growth

Historic Preservation Tax Credits

- \$45M in tax credits allocated
- Encourages the sensitive rehabilitation/redevelopment and reuse of historic structures
- Rehabilitation of a variety of buildings, varying in size, style and type
 - underused or vacant schools
 - warehouses
 - factories
 - retail stores
 - hotels
 - houses, apartments, residences
 - offices
 - other buildings have been returned to useful life in a manner that maintains their historic character



The Warrior Hotel, Sioux City



Sustainability

The image features a landscape of wind turbines under a warm, orange-tinted sky. The turbines are arranged in a field, with one large turbine in the foreground on the right and many smaller ones receding into the distance. The word "Sustainability" is written in a large, white, sans-serif font across the middle of the image, positioned over the turbines and the sky.

Sustainable, Renewable Energy

Support for 1st of their kind pilot project(s)

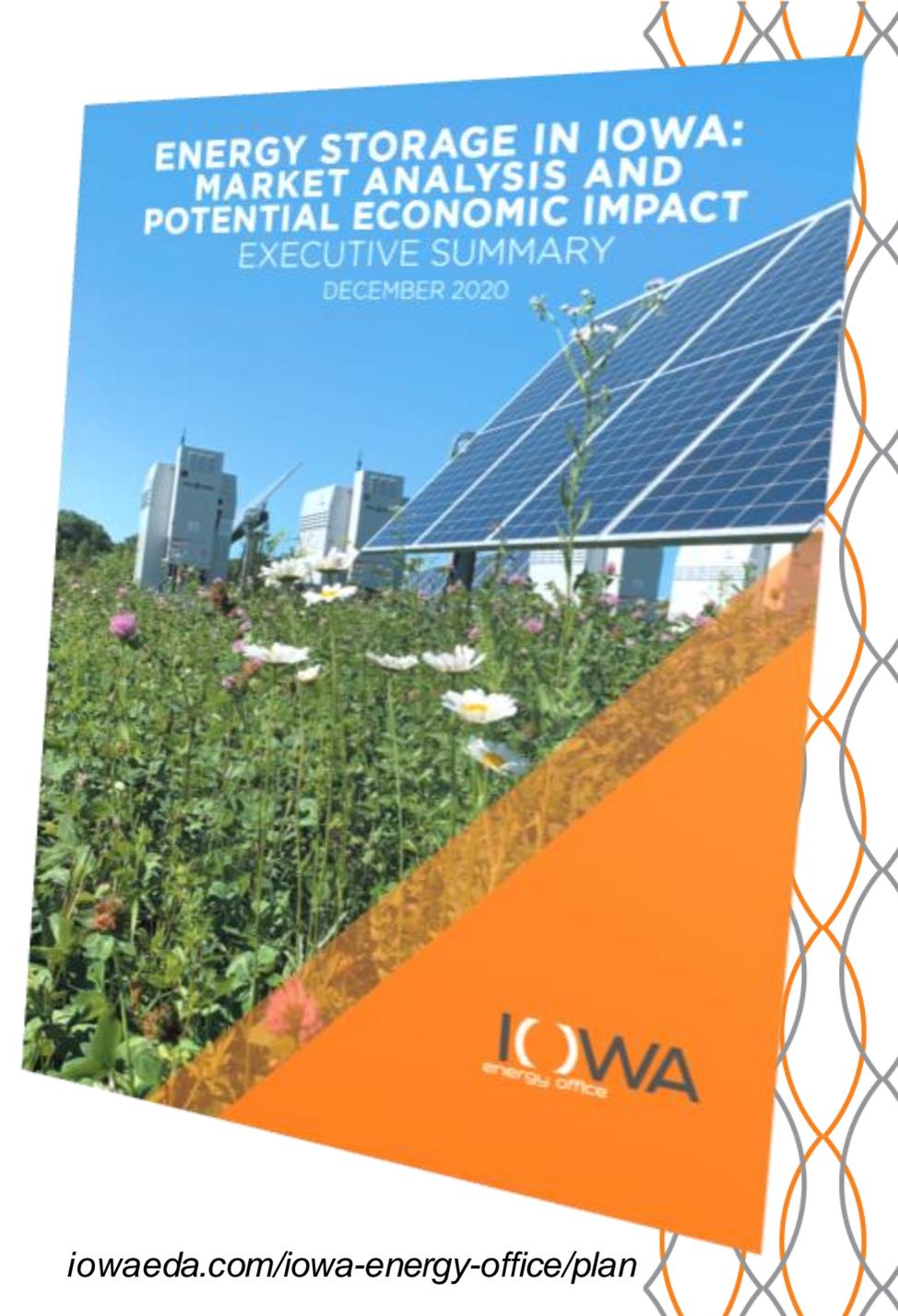
- Decorah Battery Project (Alliant Energy & U.S. DOE)
- Maharishi Uni Solar + Storage
- Agri-Industrial Plastics Solar + Storage
- MiEnergy Cooperative Residential Storage
- ISU Mobile Solar + Storage Crate
- Approx. \$660,000 in support for projects

Energy Storage Economic Development Assessment

- Study to determine the economic/energy benefits released Dec. 2020
- Storage industry can have net impact of 300 to 600 jobs and increase state GDP between \$13M to \$24M per year

Reharvest

- Partnership between Iowa Soybean Association and Quantified Ventures
- \$7.5 million investment (2% for 20 years)
- Contracts with landowners for 100,000 acres of no till and cover crops
- Landowners paid \$20-\$40/acre
- Practices will generate carbon, nitrogen and phosphorus credits
- Credits sold for \$30-\$50/acres
- Contract for carbon credits with Cargill
- Contracts for nitrogen/phosphorus (water quality) credits with NRCS-RCPP grant, IDALS-WQI, cities



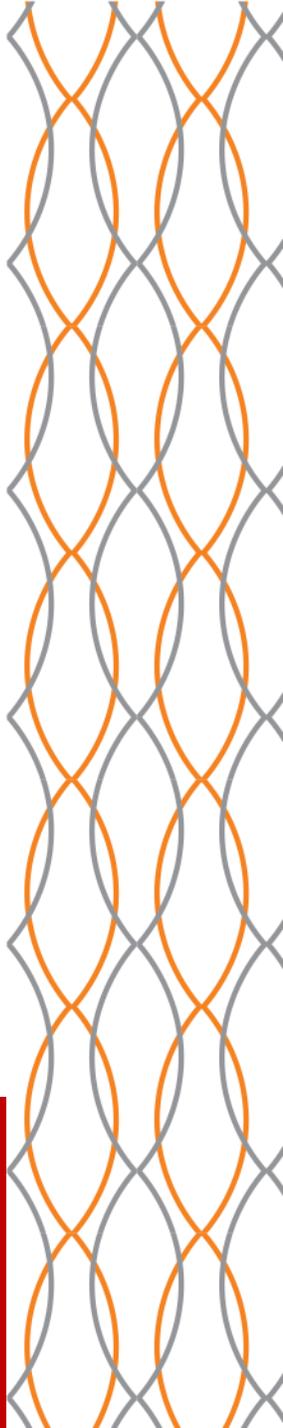
Innovative Energy Revolving Loan Program

Proposal

- Repurpose current loan offering into the “Energy Infrastructure Revolving Loan Program”
 - Reinvigorate and modernize approach to financing energy projects
 - Meet critical needs now and capitalize on strategic opportunities
- Financial assistance for the development and construction of energy infrastructure including:
 - Battery Storage
 - Renewable Hydrogen
 - Grid Modernization
 - Renewable Natural Gas
 - Electric Vehicle Infrastructure
 - Small Utility Infrastructure

Legislative Request

- Allow for energy infrastructure projects, including battery energy storage, anaerobic digesters and grid modernization. Enable IEDA and the Energy Center to charge interest on loans, determine the amount and terms of loans.





Uncertainty

Relief Programs

BUSINESS AND NONPROFITS

- Small Business Relief Grant
- Business Disruption Prevention Program
- Targeted Small Business Sole Operator Fund
- Small Business Utility Disruption Prevention Program
- Nonprofit Assistance Program
- Iowa County Fairs Relief Fund
- Iowa Movie Theater Relief Fund
- Iowa Restaurant and Bar Relief Program

RENTERS, HOMEOWNERS AND IOWANS AT-RISK OF HOMELESSNESS

- Iowa Eviction and Foreclosure Prevention Program
- Residential Utility Disruption Prevention Program
- Emergency Solutions Grant Program (ESG)
- Community Development Block Grant
- Iowa Rent and Utility Assistance Program

FARMERS

- Livestock Producer Relief Fund
- Iowa Beginning Farmer Debt Relief Fund
- Iowa Biofuels Relief Fund

TARGETED ASSISTANCE

- Nanovaccine Development
- Iowa Hospital Relief Fund

\$550 million in CARES relief funds administered by IEDA | IFA to date

Iowa Rent and Utility Assistance Program

\$195 million through Consolidated Appropriations Act

RENT PAYMENTS

- Past Due Payments: Available for payment of costs incurred no earlier than March 13, 2020.
- Future Payments: May apply for up to three months of future rental assistance at a time.

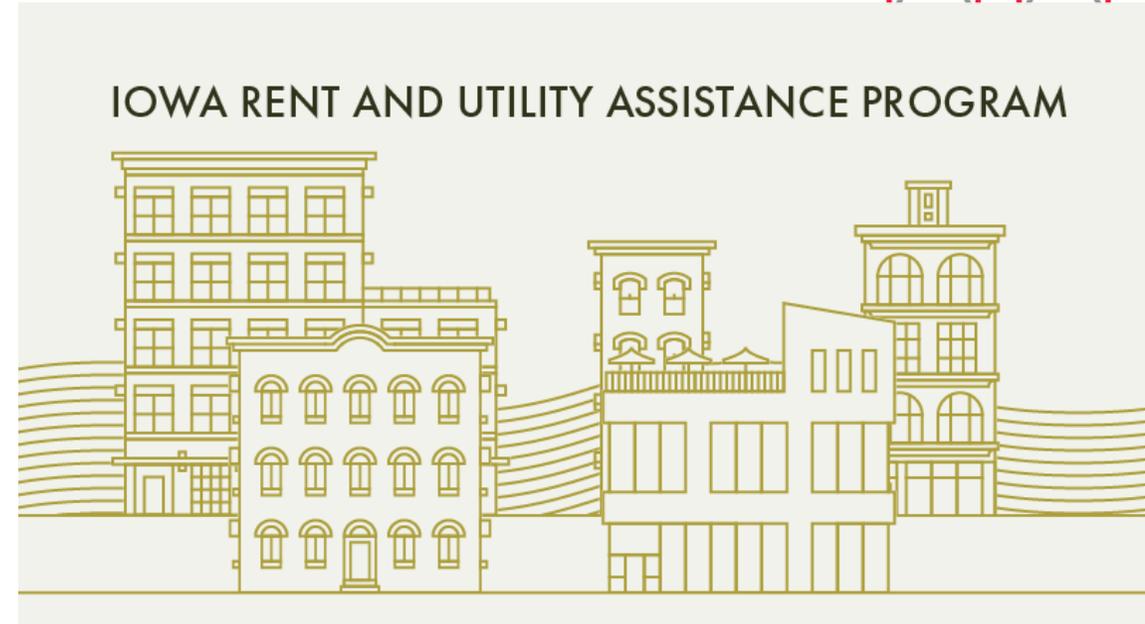
UTILITY PAYMENTS

- For electricity, gas, propane or fuel oil, water, sewer and/or trash removal.
- Available for utility payments of costs incurred no earlier than March 13, 2020 (no future assistance)

Up to a total of 12 months of combined assistance

Eligible Households

- Renter households with incomes of no more than 80% of Area Median Income.
- Must meet COVID-19 hardship and housing instability eligibility criteria.
- Iowans in all counties except Polk eligible to apply.
 - Polk County and the City of Des Moines are administering the program locally.



Eligibility precheck available now at iowahousingrecovery.com

IOWA RANKS #1 FOR LOWEST RISK
OF PANDEMIC-RELATED IMPACT
TO THE ECONOMY AND FOR
**HIGHEST RESILIENCY TO REPAIR
THE ECONOMY AFTER THE PANDEMIC**

SOURCE: THE COUNCIL ON STATE GOVERNMENTS AND KPMG



A person wearing a full-body white protective suit, including a hood and a clear face shield, is working in a hazardous environment. The person is positioned in the center-right of the frame, facing left. The background is dark and indistinct, suggesting an industrial or laboratory setting. The entire image is overlaid with a semi-transparent green filter. The text "Disaster Recovery Update" is centered over the image in a bold, white, sans-serif font.

Disaster Recovery Update

Flood Recovery

December 2020 - Executed HUD grant agreement

- \$96,741,000 available for 2019 SW Iowa flooding relief

\$13.5M in awards to-date

- \$7M - buyout of flood damaged homes
- \$6.5M - new housing construction

2nd application round for construction of new housing in May

- Applications due September 2021



Relax and Unwind Coffee Shop, Hamburg

Derecho Recovery

Tenant-Based Rental Assistance

- \$3 million (HOME Program)

Nonprofit Infrastructure

- \$2.7 million (Iowa Nonprofit Assistance Program)
 - Americorps
 - Homeless Service Providers
 - Refugees



Cedar Rapids

Other Proposals

Disaster Recovery Housing Assistance

- Implemented and funded upon issuance of a state disaster proclamation.

Support Downtown Revitalization

- Ease financing barriers of COVID-19 and derecho impacted businesses.

Legislative Request

- Create a standing Disaster Recovery Housing Assistance program to aid immediate recovery efforts following natural disasters.
- Create a Downtown Loan Guarantee program in partnership with Iowa financial institutions to allow businesses access to financing for revitalization projects.



Volunteer Iowa – Marshalltown Mobile Response Team

An aerial, top-down view of a large, dense crowd of people. The image is monochromatic, rendered in shades of blue and grey. The individuals are packed closely together, filling the entire frame. The perspective is from directly above, showing the tops of heads and shoulders. The overall effect is one of a vast, diverse group of people.

Marketing

This Is Iowa

Attract visitors and workforce/talent to Iowa to support the growth of tourism and key industry sectors

Iowans Unite

- Encourages Iowans to support small businesses and to help ensure a strong economic future
 - Video series, radio spots, social media
- thisisiowa.com/iowansunite

Shop Iowa

- Support for Iowa retailers during pandemic - offers presence on an online marketplace for free
- shopiowa.com

HR “Make Your Move” Toolkit

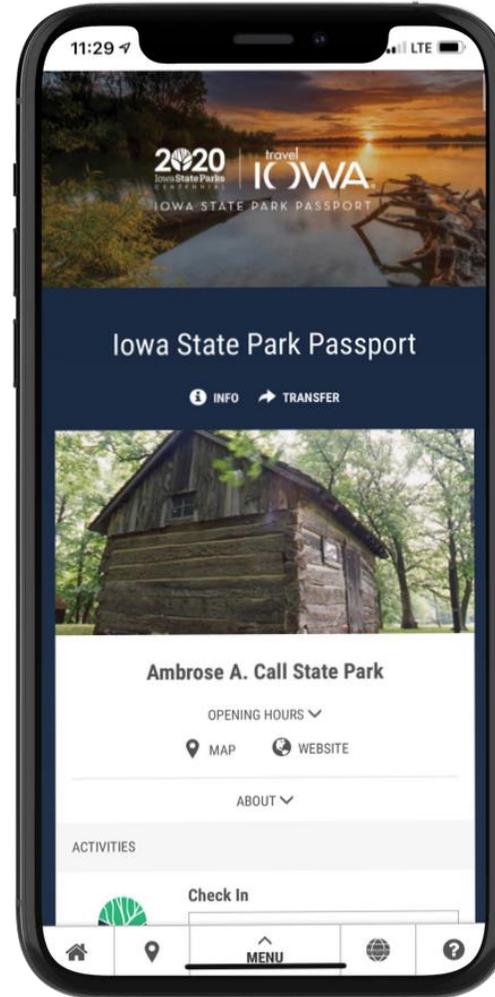
- In partnership with Iowa Business Council
- Raise awareness and positively change perceptions of Iowa as a place to have a great career coupled with great quality of life
 - Video series – to help attract and hire talent
- thisisiowa.com/move



- Gift Card Marketplace
 - Launched May 2020, sunset in December 2020
- Iowa State Park Passport
 - Launched in June
 - Currently 15,000+ participants, 25,000+ check-ins tracked
- Iowa Scenic Byway Passport
 - Launched January 2021
 - 12 participating byways
 - Monthly byway prize package
- Iowa Wine Passport
 - Launched February 2021
 - Chance to win gift card, discounts & other prizes
- Coming Soon!
 - Iowa Beer Passport – May 2021

traveliowa.com

Digital Passports



Tourism Marketing

- Tourism-related expenditures in Iowa - \$9.26 billion in 2019
- Tourism is a critical part of Iowa's effort to attract more people, including visitors and residents.
- Research: Two-thirds of U.S. adults have seriously considered moving somewhere after visiting, but most people do not know enough about Iowa to consider visiting.

Legislative Request

- Transfer \$5 million from the beer and liquor control fund to IEDA to support dedicated statewide tourism marketing.



FY 2022 Budget

Line Item	Governor's Recommendation	Net Change from FY 2021	Budget Bill
Operations/Marketing	*\$13,318,553	Status Quo	Economic Development Budget Bill
World Food Prize	\$375,000	Status Quo	Economic Development Budget Bill & RIIF Bill
COG Assistance	\$275,000	Status Quo	Economic Development Budget Bill
ICVS	\$168,201	Status Quo	Economic Development Budget Bill
Tourism AGRs	**\$900,000	Status Quo	Economic Development Budget Bill
Registered Apprenticeship Program	\$1,000,000	Status Quo	Economic Development Budget Bill

**Reduce by \$1.85 million if request for \$5 million for Tourism Marketing is appropriated*

***Reduce by \$900,000 if request for \$5 million for Tourism Marketing is appropriated*



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