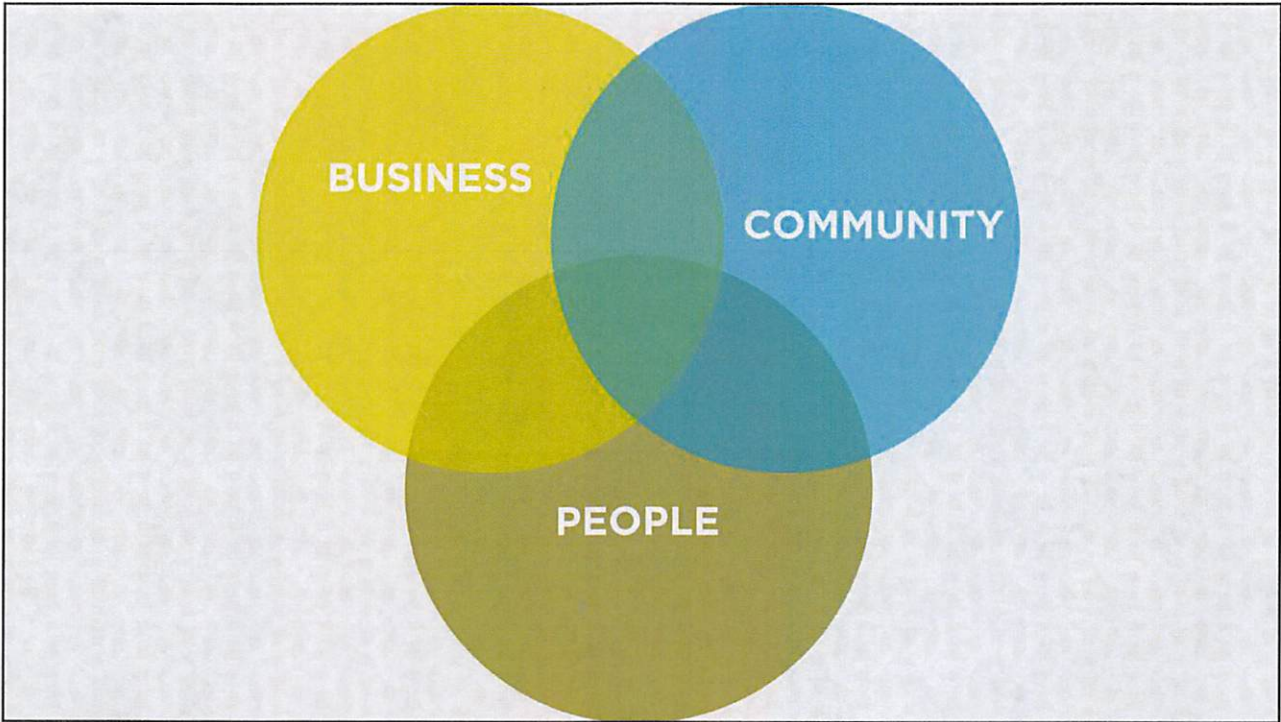


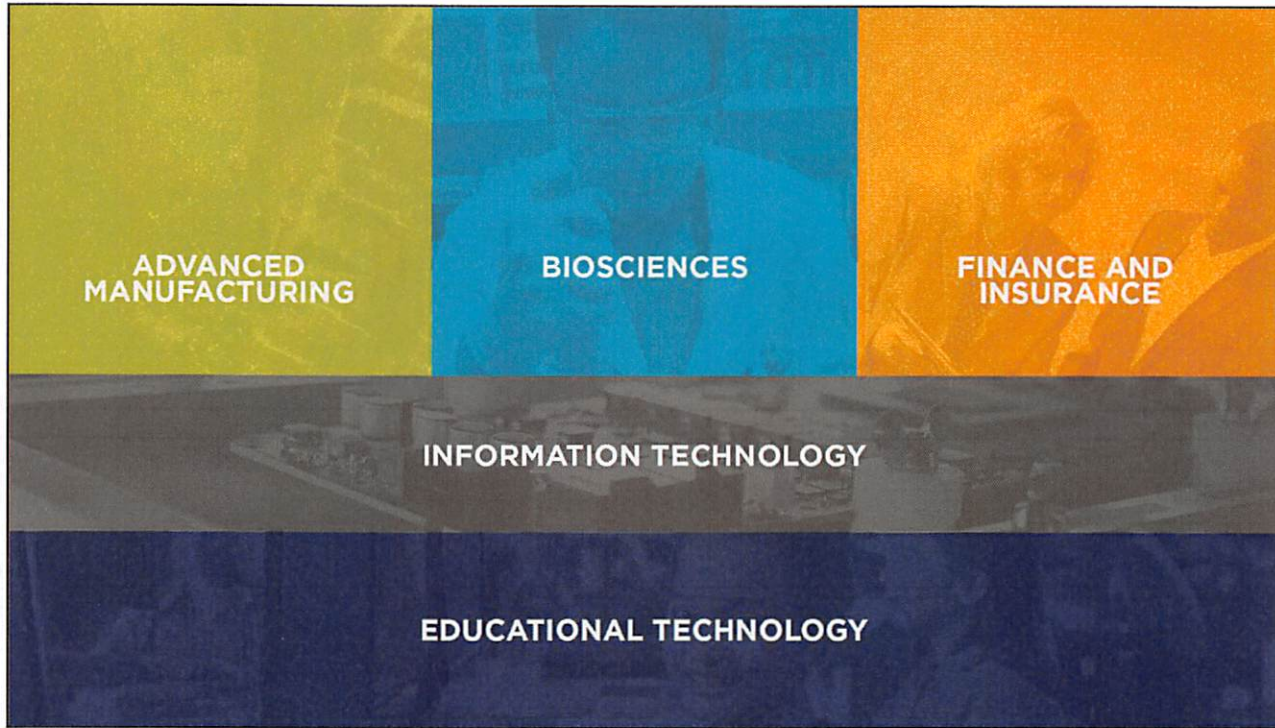
**Senate Economic Development Budget Subcommittee**  
**February 14, 2022**

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

1



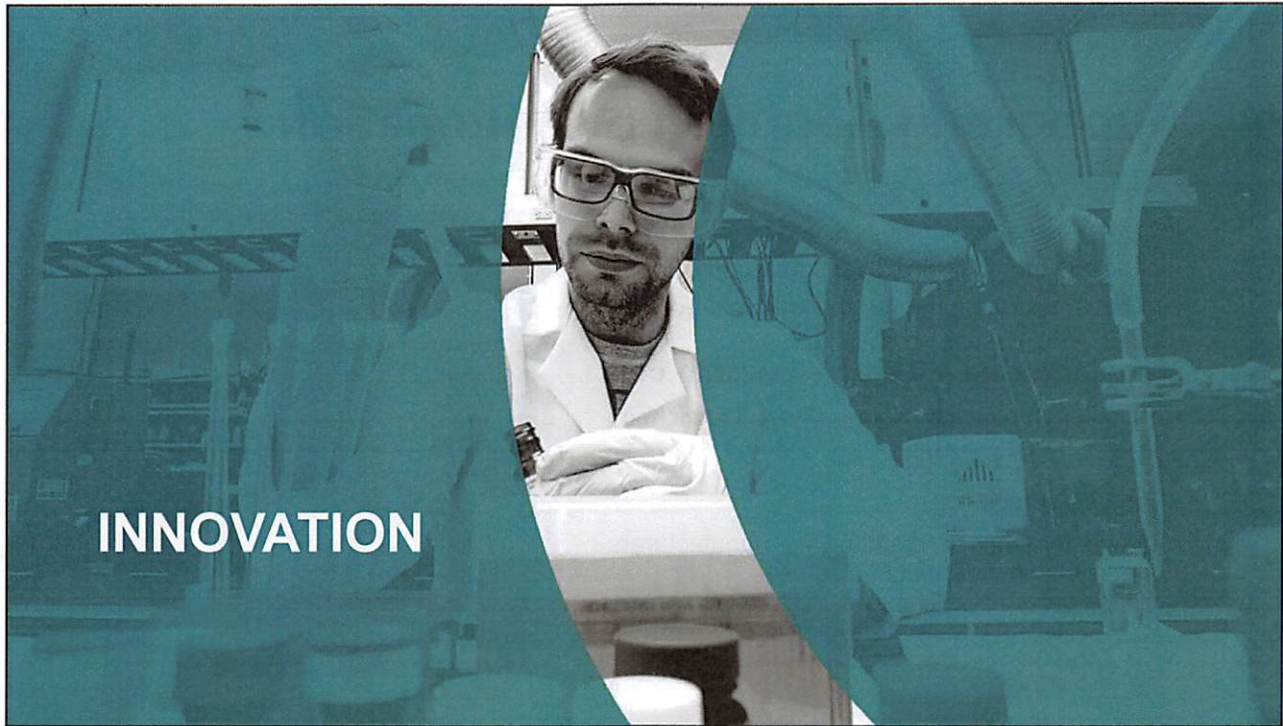
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3



4



5

**\$29.3 BILLION — OR 17.3% OF IOWA'S GROSS STATE PRODUCT IS GENERATED BY MANUFACTURING**  
SOURCE: BUREAU OF ECONOMIC ANALYSIS, 2020

**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 JOBS PAY 25% MORE THAN THE AVERAGE PRIVATE SECTOR JOBS**  
SOURCE: BROOKINGS INSTITUTION, 2017

6

## Supporting Adoption of Automation

Iowa is helping manufacturers integrate smart technology into their operations to remain globally competitive through the fourth industrial revolution.

### Manufacturing 4.0 Plan - [iowamfg.com](http://iowamfg.com)

- Supplier Connection Portal (Phase I launched)
- OEM Advisory Council
- Bonus depreciation
- Grants for small to medium size manufacturers that invest in smart technologies
  - Small Grant Program Total Amount Available: \$7 million (\$2 million from State, \$5 million from ARPA)
  - Large Grant Program Total Amount Available: \$25 million (ARPA)

“The funds awarded through the Manufacturing 4.0 Technology Investment Equipment Grant will allow the company to achieve essential modernization and automation of its products and production processes that the company can increase sales and protect against growing supply chain disruptions and labor shortages.”

Ross Rocklin  
Rocklin Manufacturing

7

## Innovation Initiatives

- Butchery Innovation and Revitalization Fund
  - Provide financial assistance in the form of grants to businesses for projects relating to small-scale meat processing, licensed custom lockers and mobile slaughter units
    - \$750,000 legislative appropriation in 2021
    - 54 applications, requesting more than \$2.4 million, received an average score of 75 or above
    - 15 companies awarded
  - In addition, Governor Reynolds allocated \$1,045,500 to 22 applications
- Broadband / telecommuter forward certification program
  - Highlight communities that have invested in significant broadband planning and infrastructure to attract people and businesses to their communities
  - Consultant RFPs have been received and scoring is in progress

8

**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 2020, IOWA EXPORTED \$231 MILLION IN PHARMACEUTICAL PRODUCTS TO 71 COUNTRIES**  
SOURCE: WISERTRADE, 2020

9

**Building up our Biosciences**

**BIOBASED CHEMICALS**

**PRECISION AND DIGITAL AGRICULTURE**

**VACCINES AND IMMUNOTHERAPY**

**MEDICAL DEVICES**

Iowa Biosciences Report: [iowaeda.com/our-agency/reports](http://iowaeda.com/our-agency/reports)

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INNOVATION

## 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

- University of Iowa – Medical Devices – Increase of \$125,506 to reach \$1 million
- Iowa State University – Digital and Precision Ag, Vaccines and Immunotherapeutics and Biobased Products – three platforms for an increase of \$376,519. All three would reach \$1 million



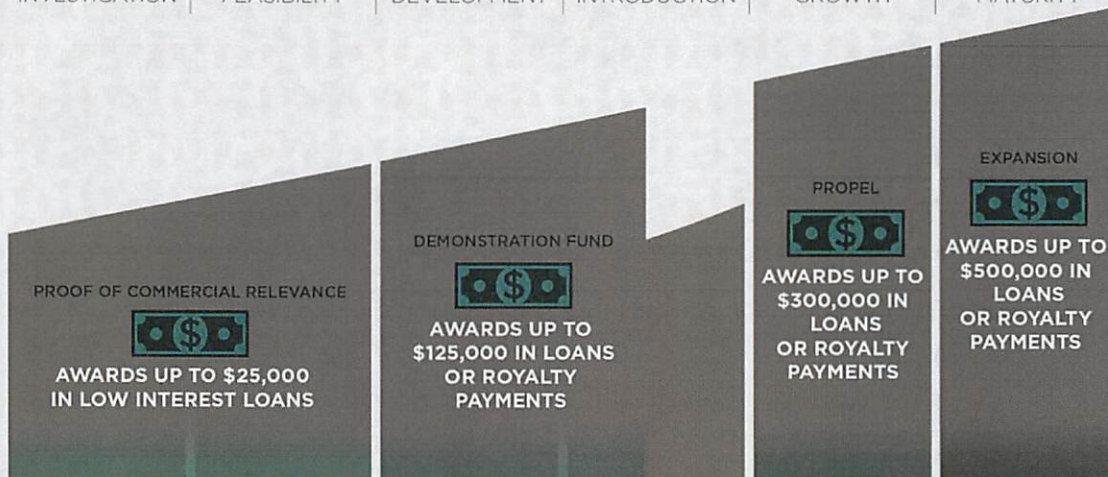
Iowa State University, Ames

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INNOVATION

## Funding Continuum

INVESTIGATION | FEASIBILITY | DEVELOPMENT | INTRODUCTION | GROWTH | MATURITY



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**"We are grateful to live and innovate in a pro-business state like Iowa. IEDA truly opened the doors for the AgriSync team to thrive in Iowa. Through the Targeted Internship program we were able to hire software engineers and keep the best talent in our state. Innovation Continuum Funds helped sow the seeds of confidence that ultimately helped our 20+ team members. If you are going to innovate in agriculture, you should plant yourself in Iowa."**

**Casey Niemann**  
President and Founder  
AgriSync

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# COMMUNITY DEVELOPMENT

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**75% OF CHILDREN UNDER 6 HAVE BOTH PARENTS WORKING OUTSIDE THE HOME**  
SOURCE: IOWA WOMEN'S FOUNDATION

**FAMILY WITH SINGLE-PARENT MEDIAN INCOME SPENDS 40.7% OF INCOME ON CHILD CARE**  
SOURCE: IOWA WOMEN'S FOUNDATION

**IOWA HAS LOST 33% OF CHILD CARE BUSINESSES OVER THE PAST 5 YEARS**  
SOURCE: IOWA WOMEN'S FOUNDATION

**CHILD CARE ISSUES RESULT IN AN ANNUAL LOSS OF \$935 MILLION FOR IOWA'S ECONOMY**  
SOURCE: IOWA WOMEN'S FOUNDATION

15

**Child Care Task Force Recommendations**

**PARTNERSHIPS**      **CHILD-STAFF RATIOS**  
**SHARED SERVICES**      **BEND THE COST CURVE**  
**SLOTS**      **FINANCIAL INCENTIVES FOR BUSINESSES**

**Proposed Legislation:**

- Allow child care providers to collect additional payments from families who are on Child Care Assistance - make up the difference between the reimbursement rate and the rate a family would pay for its own child care
- Increase the number of 2-year-olds and 3-year-olds allowed in the care of an individual provider
- Allow people 16 years or older who work at a child care facility to be employed and provide child care

[https://governor.iowa.gov/sites/default/files/documents/IGOV\\_ChildcareTF\\_Report\\_112021.pdf](https://governor.iowa.gov/sites/default/files/documents/IGOV_ChildcareTF_Report_112021.pdf)

**COMMUNITY DEVELOPMENT**

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**THE BEST PLACE  
FOR WORKING PARENTS®**

IOWA

[www.iowaeda.com/resources/](http://www.iowaeda.com/resources/)

A dark blue silhouette of a city skyline is positioned at the bottom of the slide. It features various building shapes, including a prominent dome and a tall, thin tower, set against a dark blue background.

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**HOUSING DEMAND IS EXPECTED  
TO GROW BY 61,000 HOUSEHOLDS  
BY 2030**

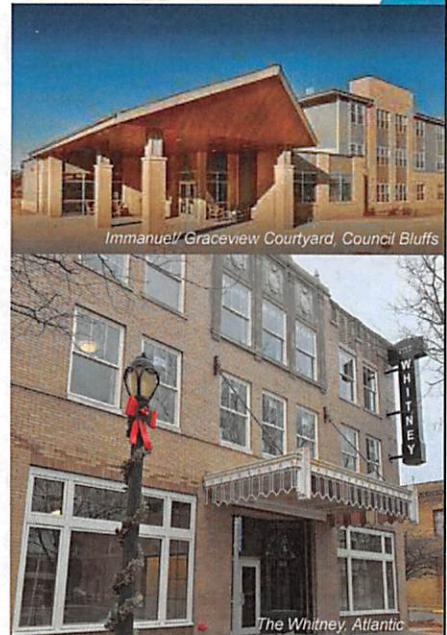
*SOURCE: IOWA PROFILE, 2020*

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## Workforce Housing Tax Credits

- Provides tax benefits to developers to build in Iowa communities, focusing on projects using abandoned, empty or dilapidated properties
- FY22 application round - \$30 million dollars in credits available for new projects and \$10 million for waitlist
  - Of the \$30 million, \$12 million set aside for Small Cities
  - 137 applications requesting \$85.9 million in tax credits, of which 49 were approved
  - Projects scored competitively based on readiness, financing, need and local support and participation
- FY23
  - \$35 million with \$17.5 million allowed for small cities
  - Anticipated application window: April 1- June 15, 2022

Contact: Nichole Hansen at [nichole.hansen@iowaeda.com](mailto:nichole.hansen@iowaeda.com) or 515.348.6215



## State Housing Trust Fund

- Standing Appropriation
  - 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 \$7 million annually
- Past Performance
  - For every \$1 of the State Housing Trust Fund, \$1.69 in other financing is leveraged
  - Generated \$170 million in other funds

\$7.2 million awarded in FY21

Contact: Terri Rosonke at [terri.rosonke@iowafinance.com](mailto:terri.rosonke@iowafinance.com) or 515.452.0440



## Redevelopment Tax Credits

- Iowa developers can receive tax credits to redevelop underused industrial and commercial property:
  - **Brownfield Sites:** Real or perceived environmental challenges
  - **Grayfield Sites:** Abandoned public buildings, or buildings with vacancy issue
- Program cap: \$15 million
  - Any unallocated or unused redevelopment credits can be carried forward for allocation to a subsequent fiscal year
- Project cap: \$1.5 million
  - Program sunsets June 30, 2031



Northwest Iowa Mental Health Center, Spencer

Contact: Matt Rasmussen at [matt.rasmussen@iowaeda.com](mailto:matt.rasmussen@iowaeda.com) or 515.348.6196

## Catalyzing Growth

- Challenge Grants
    - \$1 million awarded catalyzing over \$2.4 million in private investment in FY22
    - Funding also supports small business expansion program (Main Street Open 4 Business)
    - Since 2002, Challenge Grant program leveraged over \$64 million in private investment
- Contact: Michael Wagler at [michael.wagler@iowaeda.com](mailto:michael.wagler@iowaeda.com) or 515.348.6184
- Community Catalyst
    - More than 40% to communities less than 1,500
    - Over 135 awarded projects in four fiscal years
    - In four short years program has leveraged over \$45 million in local match
- Contact: Jim Thompson at [jim.thompson@iowaeda.com](mailto:jim.thompson@iowaeda.com) or 515.348.6183

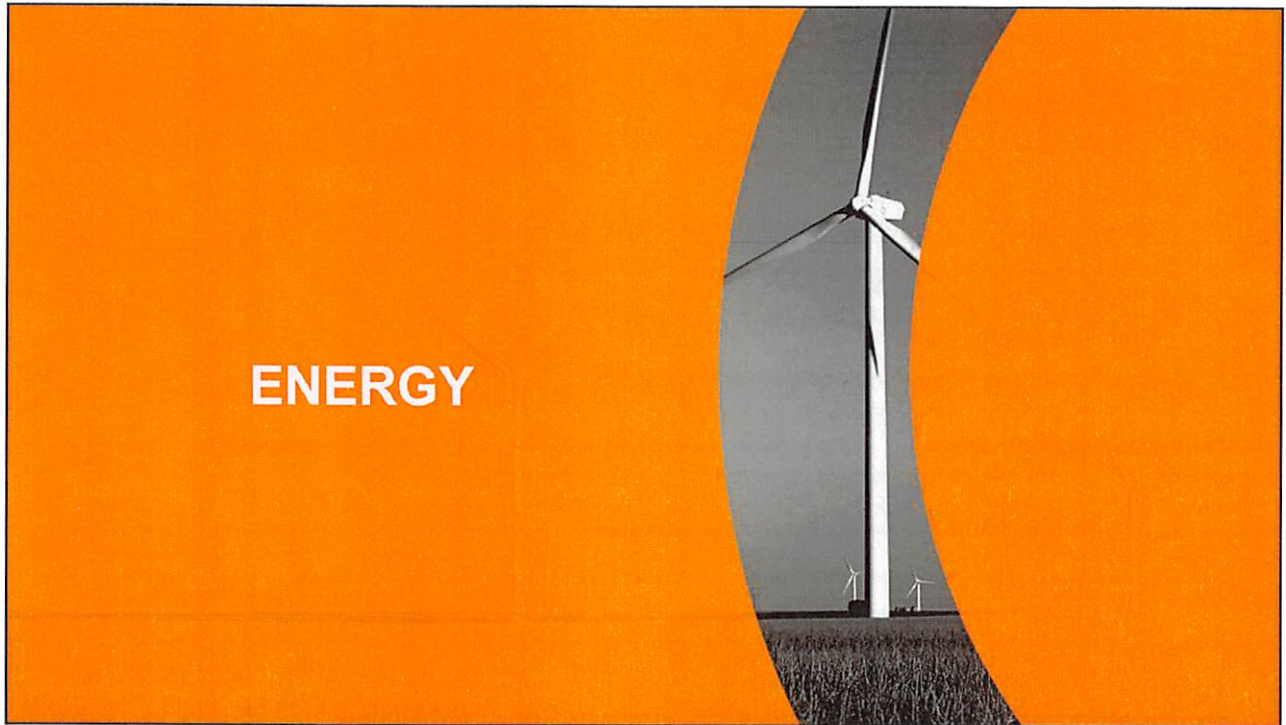


The Forge, Jefferson

# Catalyzing Growth

- Historic Preservation Tax Credits
  - \$45 million 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

Contact: Nichole Hansen at [nichole.hansen@iowaeda.com](mailto:nichole.hansen@iowaeda.com) or 515.348.6215



**ENERGY**

## Carbon Sequestration Task Force Recommendations

*Vision: Iowa will be the leading state for creating carbon value through agricultural stewardship and energy generation*

- Fertilizer Management – focus on optimization of nitrogen management
- Develop policy to support the biofuels legislation to further low carbon usage of renewable fuels to expand beyond existing markets (e.g., aviation fuels)
- Carbon Ignition Fund - Initiate various funding and incentive strategies to successfully add carbon value (i.e., demonstration grants) and add value to carbon markets to spur seller/buyer participation
- Create the Carbon Initiative at ISU's Bioeconomy Institute to position Iowa as a leading state in carbon value research
- Low-Carbon Energy Generation and Flexible Rates - Support policies and regulations to advance incremental investments and innovation in Iowa's energy economy
- Propose legislation that enables a rate-regulated public utility the authority to create flexible ratemaking mechanisms outside of the traditional rate case context to respond quickly to meet businesses' demands / goals of net-zero carbon emissions

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**ENERGY**

## Iowa Energy Center

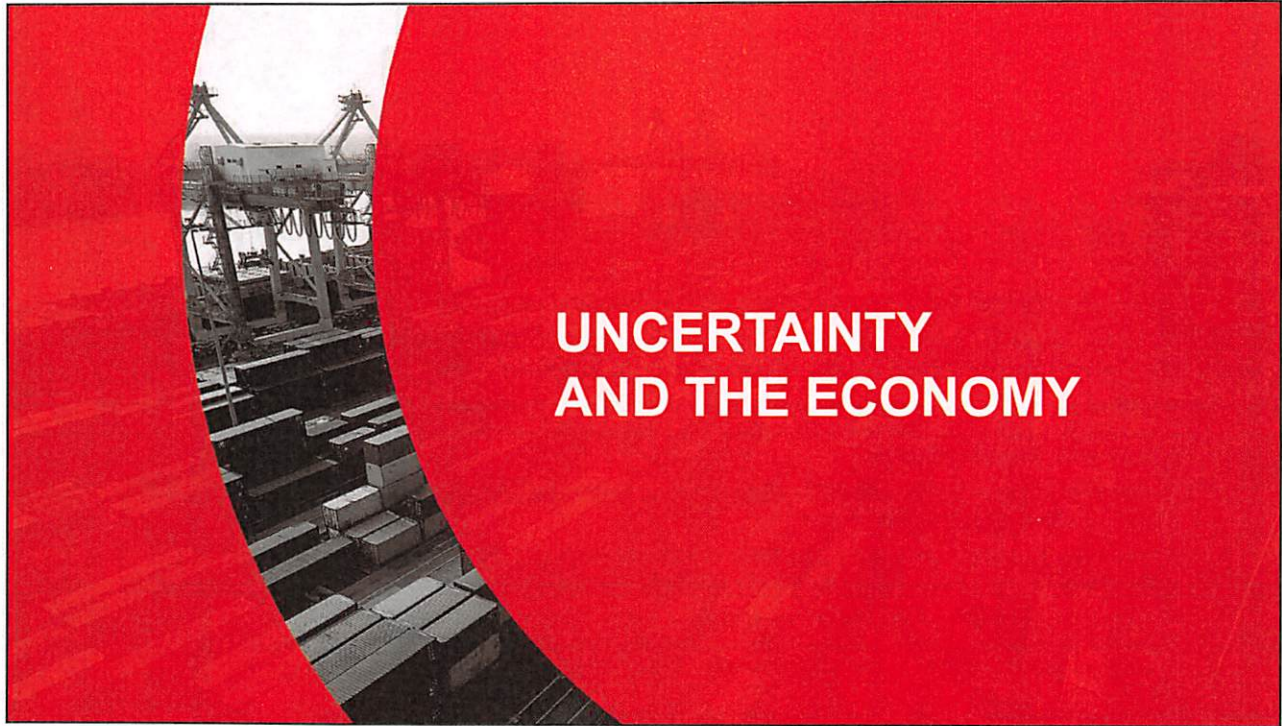
- Managed by IEDA since 2017
- 13-seat, Governor-appointed board (Academia; Government; and Utility board representatives)
- Mission to support projects / programs that align with the Iowa Energy Plan
- IEC provides financial assistance via a competitive grant program and revolving loan fund
  - Financial support provided to a diverse mix of energy resources / technologies and stakeholders like academic institutions, businesses, nonprofits and utilities
- Quarterly board meetings held (open to the public)
- IEC led by IEDA sunsets July 1, 2022

Contact: Brian Selinger at [brian.selinger@iowaeda.com](mailto:brian.selinger@iowaeda.com) or 515.348.6220

### Legislative Request

- Repeal the Iowa Energy Center Board sunset date of July 1, 2022 and extend to July 1, 2027. The IEC has available financial resources, a talented staff, a collaborative board, and can support additional impactful projects if the sunset date is extended.

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**UNCERTAINTY/ECONOMY**

**CONSUMER PRICE INFLATION  
ROSE 7% IN DECEMBER, THE HIGHEST  
INCREASE IN 39 YEARS**

**IN 2021, ANNUAL INFLATION ROSE  
TO ITS HIGHEST LEVEL SINCE 1990**

SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS

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**“INFLATION IS OUTPACING INCREASES IN HOUSEHOLD INCOME AND WEIGHING HEAVILY ON CONSUMER CONFIDENCE, WHICH IS AT A DECADE LOW. IT IS ONLY A MATTER OF TIME BEFORE IT IMPACTS CONSUMER SPENDING IN A MATERIAL WAY.”**

**Greg McBride**  
Chief Financial Analyst  
Bankrate





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**UNCERTAINTY/ECONOMY**

**COMMODITIES**  
December 2020 - December 2021

 <b>INDUSTRIAL NATURAL GAS</b> ↑ <b>49%</b>	 <b>MACHINERY AND EQUIPMENT</b> ↑ <b>7.1%</b>	 <b>STEEL MILL PRODUCTS</b> ↑ <b>127.2%</b>
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**GOODS**  
December 2020 - December 2021

 <b>GASOLINE</b> ↑ <b>49.6%</b>	 <b>BACON</b> ↑ <b>18.6%</b>	 <b>HOTELS</b> ↑ <b>27.6%</b>	 <b>RENT</b> ↑ <b>3.8%</b>
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Source: Bureau of Labor Statistics, Producers Price Index; Bureau of Labor Statistics, Consumer Price Index

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

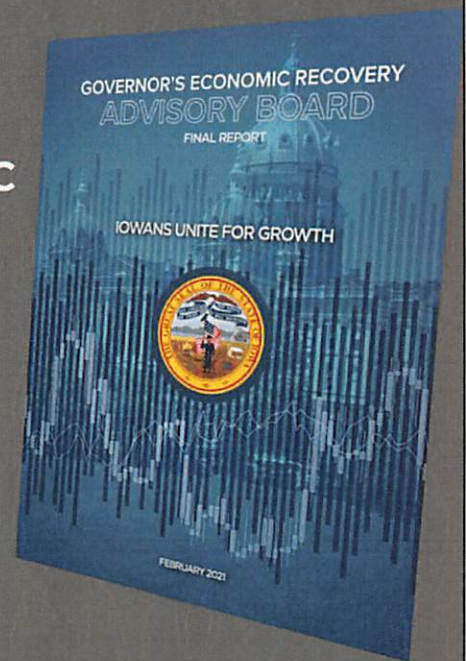
*SOURCE: THE COUNCIL ON STATE GOVERNMENTS AND KPMG*

**IOWA RANKS #1 IN THE U.S. FOR OPPORTUNITY**

*SOURCE: U.S. NEWS & WORLD REPORT*

**RECORD NUMBER OF NEW IOWA BUSINESSES LAUNCHED IN 2021**

*SOURCE: IOWA SECRETARY OF STATE*

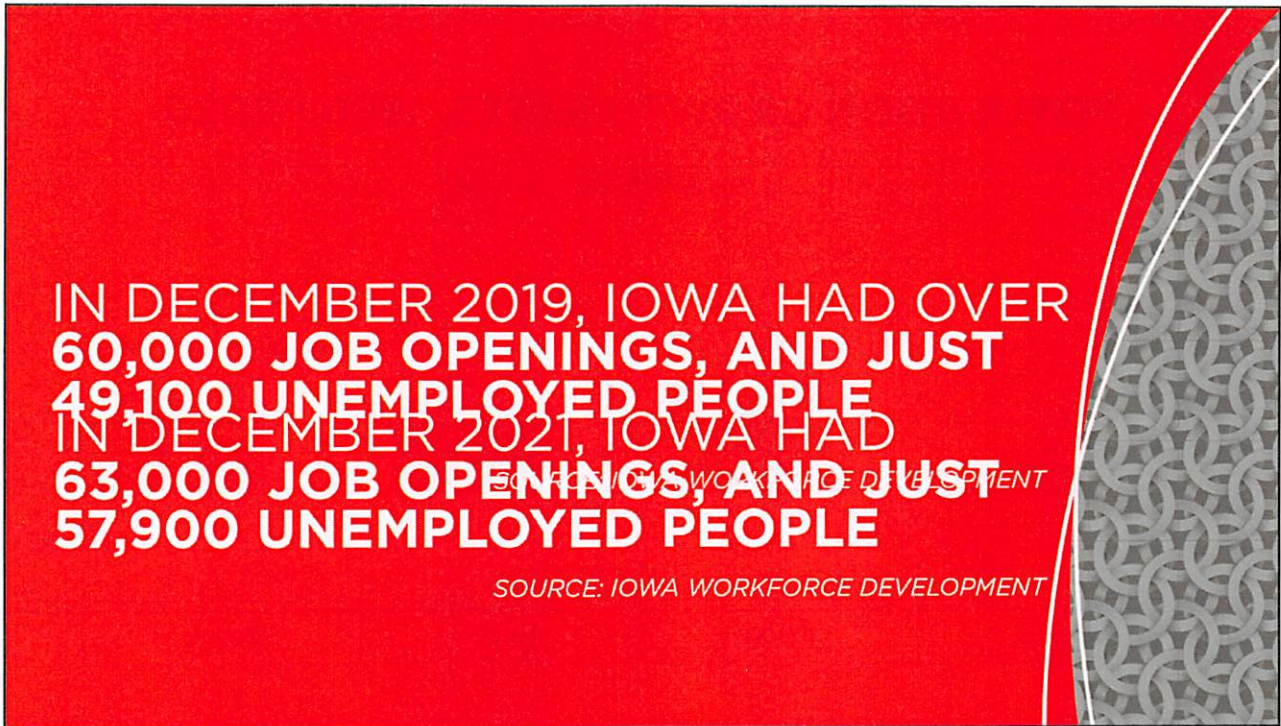


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**STATE COMPETITIVE INITIATIVES**

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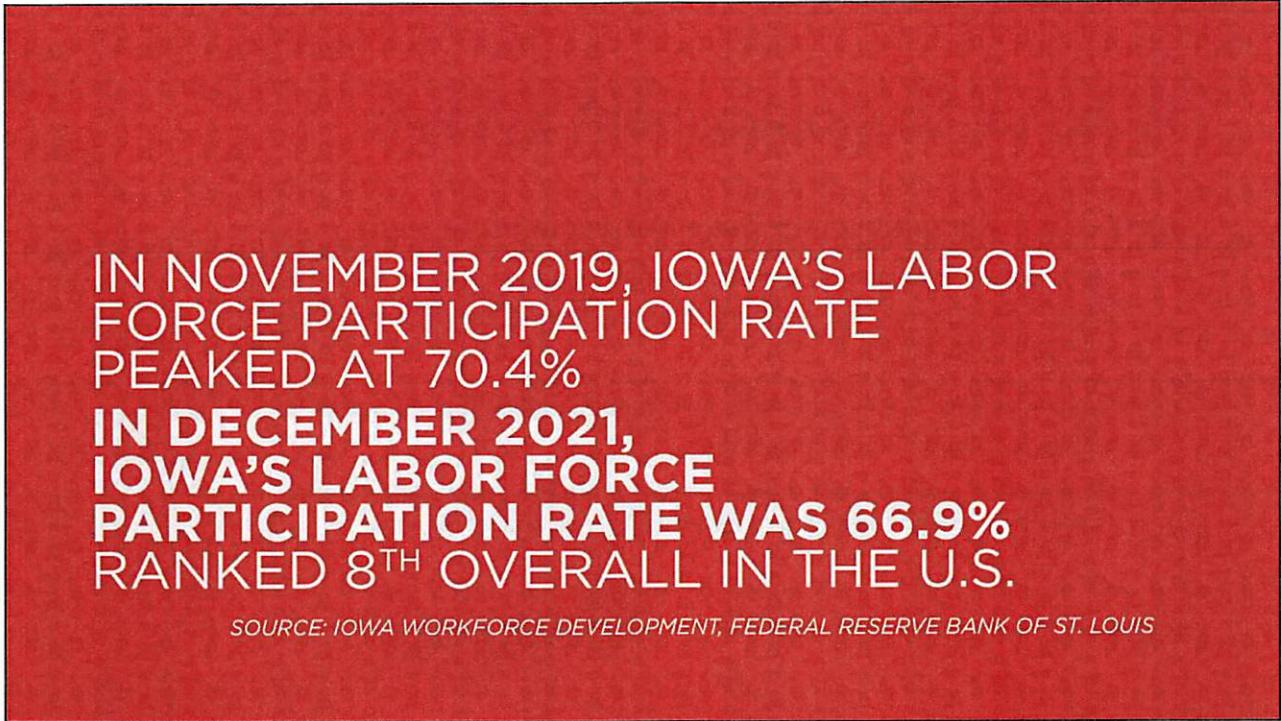




IN DECEMBER 2019, IOWA HAD OVER **60,000 JOB OPENINGS, AND JUST 49,100 UNEMPLOYED PEOPLE**  
IN DECEMBER 2021, IOWA HAD **63,000 JOB OPENINGS, AND JUST 57,900 UNEMPLOYED PEOPLE**

SOURCE: IOWA WORKFORCE DEVELOPMENT

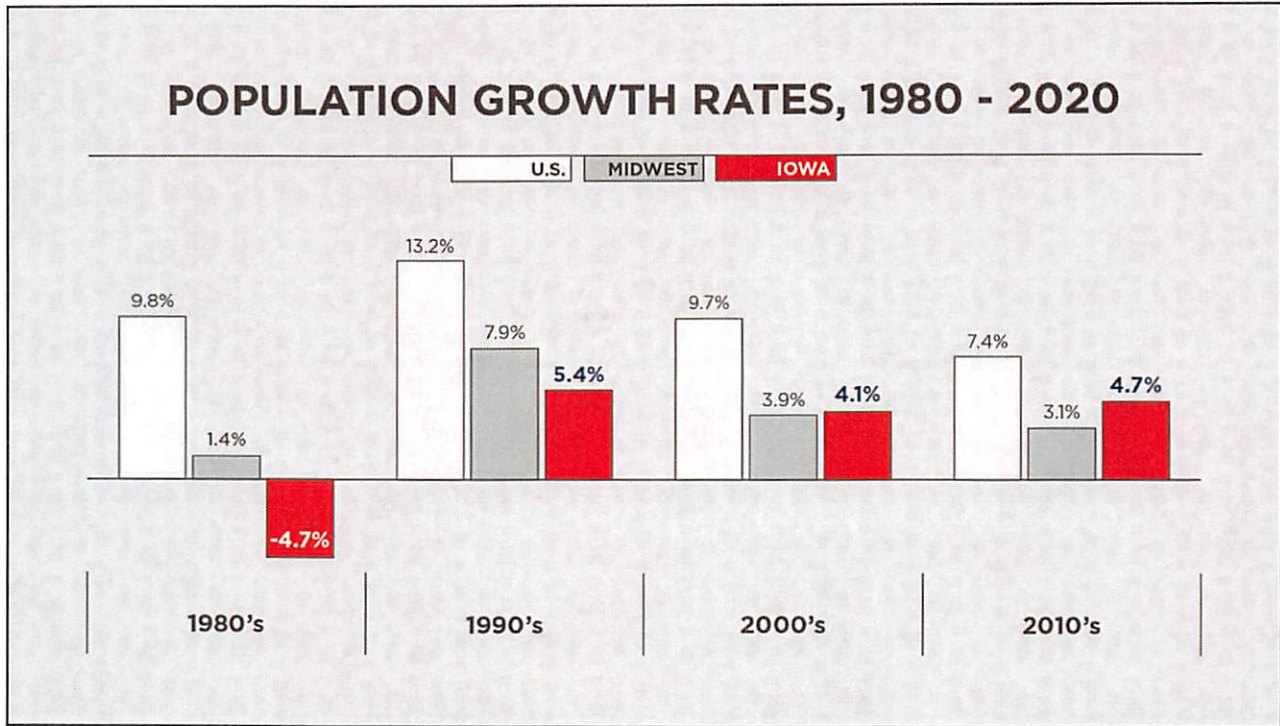
33



IN NOVEMBER 2019, IOWA'S LABOR FORCE PARTICIPATION RATE PEAKED AT 70.4%  
**IN DECEMBER 2021, IOWA'S LABOR FORCE PARTICIPATION RATE WAS 66.9% RANKED 8<sup>TH</sup> OVERALL IN THE U.S.**

SOURCE: IOWA WORKFORCE DEVELOPMENT, FEDERAL RESERVE BANK OF ST. LOUIS

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## Refocus Unemployment System

**NEW – IWD Reemployment Case Management System**

- Provides one-on-one career coaching at week one and will audit the recipient's work-search requirements on a weekly basis for those receiving unemployment benefits
- Proposal to reduce the length of unemployment benefits from 26 weeks to 16 weeks (exception for plant closings)
  - Must accept a job offer if it pays a certain percentage of their previous salary - lowering these thresholds would be a means of getting unemployed Iowans to work sooner

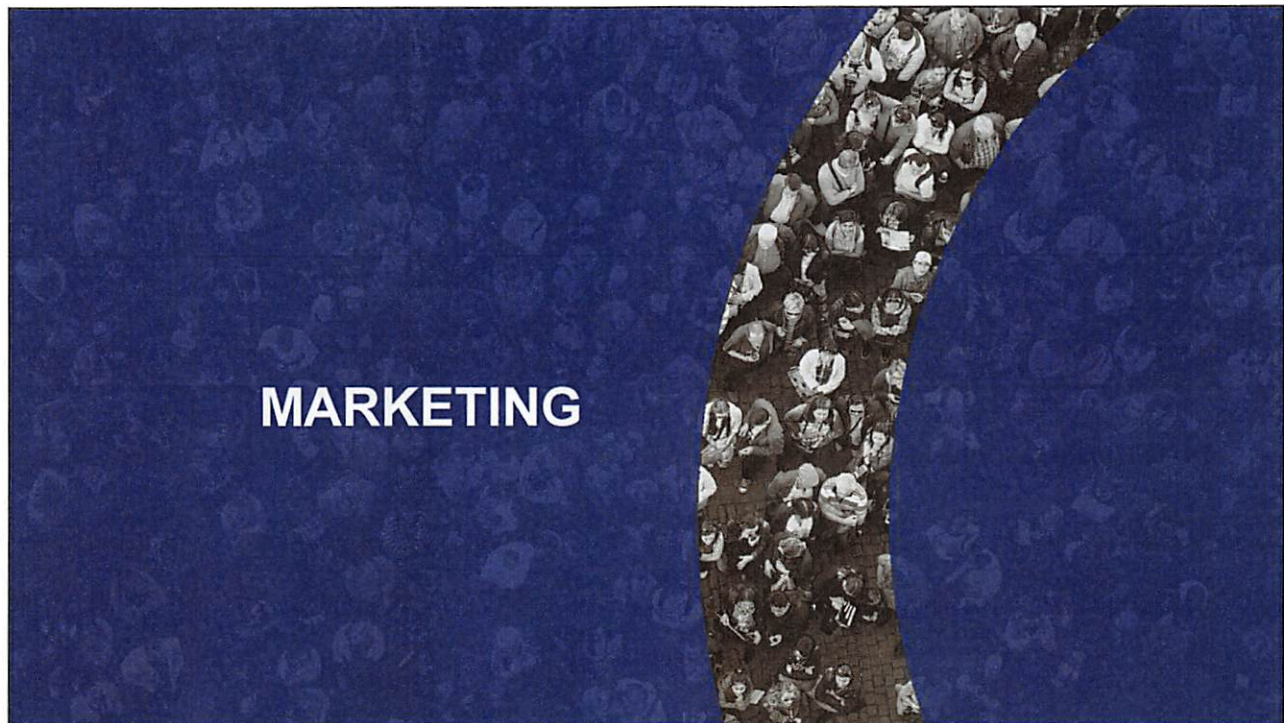
[iowaworkforcedevelopment.com](http://iowaworkforcedevelopment.com)


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# Transformational Tax Reform

- Iowa ranks 38th in Tax Climate by the Tax Foundation
- Pro-growth tax reform
  - Top state income tax rate would be eliminated each year over the next four years until resting at 4% in 2026
  - Reduce the corporate tax to 5.5% - create an environment where businesses want to grow
  - Exempt net capital gains on sale of employee-awarded capital stock
    - Allow one lifetime election to exclude the net capital gains from one stock of one qualified corporate or ESOP from state income tax.
    - Qualified corporations must have done business in Iowa for a minimum of 10 years. Employee owners must have acquired capital stock while employed by the corporation for at least 10 years.
    - Under current law, 50% of net capital gains from an ESOP is allowed for deduction. The proposal would allow 100% of the net capital gains to be deducted.
  - Eliminate retirement income tax
- Addresses the imperative that Iowa needs a competitive tax system

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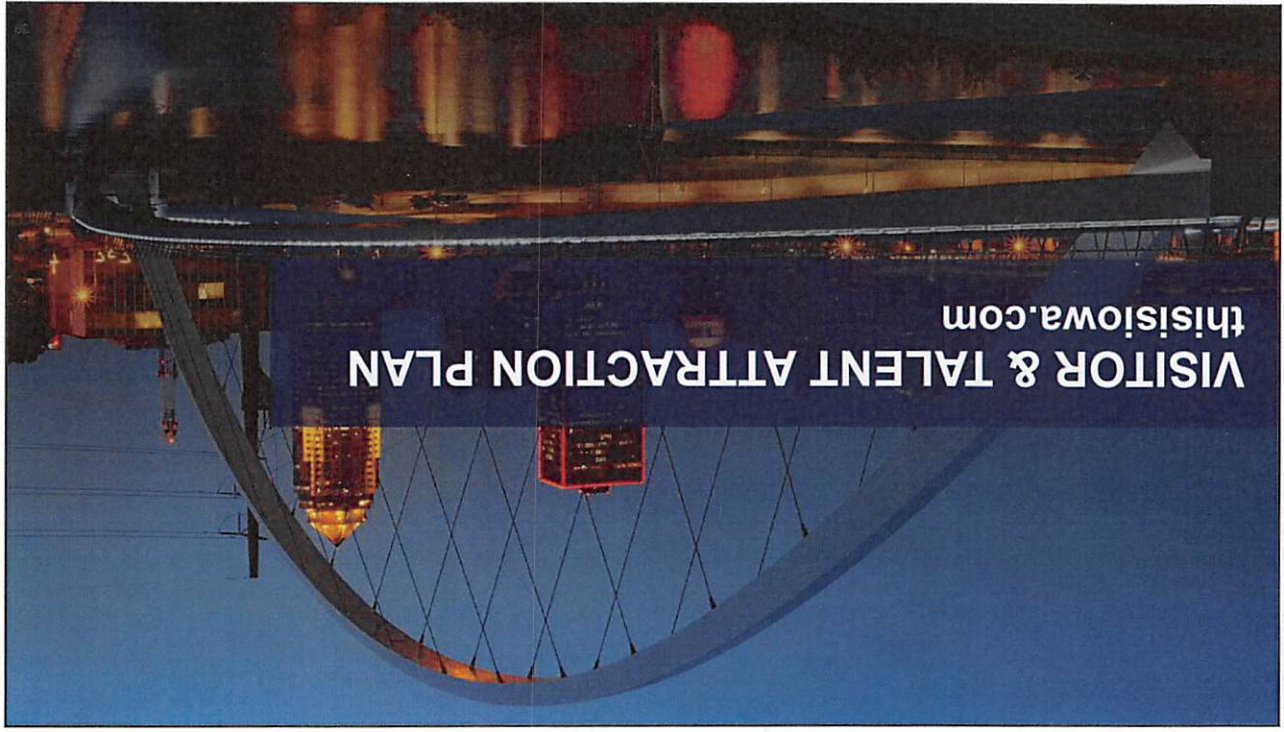
64% of U.S. adults seriously considered moving to a new place as a result of visiting.

TRAVEL FEEDS WORKFORCE



If we can get them to our location, we have a much better sell. They have to see the place to be convinced."

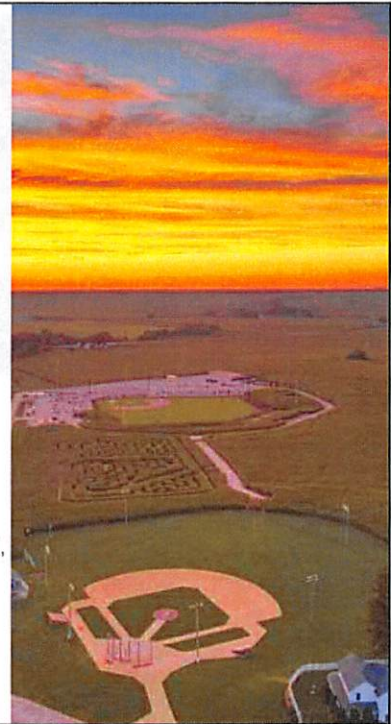
Travel is the First Step in Thinking About Moving to a New City



# Tourism Marketing

- Tourism in Iowa generated \$1.5 billion in tax revenues in 2020
- Governor Reynolds has invested \$9.95 million in federal funds
- Tourism Industry Strategic Plan
  - Partnering with Coraggio Group to develop a five-year plan to further strengthen and grow Iowa's tourism economy
  - Plan will be unveiled at the Tourism Conference in April
- Marketing Initiatives
  - Year of the Road Trip campaign - targeting major metro drive markets
  - New website with a refreshed look and content - Summer 2022
- Sports Tourism Marketing
  - \$1.5 million appropriated by the legislature in 2021
  - Provide financial assistance for projects that market or promote professional, collegiate and amateur level sporting events in Iowa
  - Enhance Iowa Board began accepting applications on February 1

Contact: Amy Zeigler at amy.zeigler@iowaeda.com or 515.348.6259



- Iowa State Park Passport
  - Launched in June 2020
  - Currently 22,467 participants
- Iowa Scenic Byway Passport
  - Launched January 2021
  - Currently 6,839 participants
- Iowa Wine Passport
  - Launched February 2021
  - Currently 2,800+ participants
- Iowa Beer Passport
  - Launched May 2021
  - Currently 3,200+ participants
- Iowa Farm & Fun Passport
  - Launched in September 2021
  - Currently 565 participants
- Iowa Distillery Passport
  - Launched in November 2021
  - Currently 454 participants

traveliowa.com

Contact: Amy Zeigler at amy.zeigler@iowaeda.com or 515.348.6259

## Digital Passports



## Consumers Are Open to Relocating



Likelihood to consider moving for the right opportunity  
Scale of 0 (not likely at all) to 10 (very likely)



Age Group	Likelihood (%)
20's	71%
30's	82%
40's	64%
Total	71%

**MARKETING**

**7 in 10** are likely to consider moving for the right opportunity.

Likelihood is highest among **30-somethings**. This is up since we last tested it.

43

43

“It was by the grace of God that everything worked out the way it did. We were very fortunate to have people rally around us and have an eatery in the community. Iowa nice is real and that’s a huge factor for why we chose to move out here.”

**Ilee and Michael Muller**  
Grace on Main, Elk Horn

Read more Iowa Stories at [thisisiowa.com/stories](https://thisisiowa.com/stories)

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# THIS IS IOWA – A Secret Worth Sharing

**Media Goal:** Leverage broad reaching and targeted channels to effectively build awareness and drive consideration to visit, live or work in Iowa.

**Campaign Plan:**

- National:** Build mass awareness and reach with select premium National Cable networks to extend messaging with high visibility.
- Regional:** Focus on specific markets, targeting top DMAs within the surrounding states (MN, NE, MI, SD, WI) as well as states that extend further in the Midwest.
- Digital:** Focus on premium high impact online video, and CTV placements that provide integrated content and social extensions.
- Paid Social:** Connect with targeted key audience(s) using brand-owned creative assets that mirror best-in-class practices across social channels.
- Influencers:** Pitch influencers to highlight lifestyle and feature stories aligned with messaging pillars.

# A Secret Worth Sharing Results

 **7,124** national and regional cable placements


    

 **155+ Million** impressions in just 7 weeks

 Consumers exposed to campaign were **634% more likely** to engage on ThisIowa.com

 **335,711 minutes** spent viewing the ad on Facebook and Instagram

A whopping  **171% increase** in visits to ThisIowa.com (versus same period in 2020)

 **Renee Rozniak**  
Wow...I did not know this! Passed through the state and admired all the lovely farms and fields (oceans really!) of crops. Must go back and explore more in depth! 😊

Like Reply 9w 1

## FY 2023 Budget

Line Item	Governor's Recommendation	Net Change from FY 2022	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	\$760,000	Status Quo	Economic Development Budget Bill (to be transferred to IWD)
Butchery Innovation and Revitalization	\$750,000	Status Quo	Economic Development Budget Bill
Regional Sports Authorities	\$500,000	Status Quo	Economic Development Budget Bill

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 kristin.hanks-bents@iowafinance.com

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