



IOWA FINANCE
AUTHORITY

House Economic Development Budget Subcommittee
February 13, 2023

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



BUSINESS

COMMUNITY

PEOPLE



**ADVANCED
MANUFACTURING**



BIOSCIENCES



**FINANCE AND
INSURANCE**



INNOVATION/TECHNOLOGY



EDUCATIONAL TECHNOLOGY

A semi-transparent teal overlay on the left side of the image, featuring a background image of two men in business attire reviewing documents.

INNOVATION

A blue curved banner with a background image of a person working on a construction site.

COMMUNITY DEVELOPMENT

An orange curved banner with a background image of an industrial facility with large storage tanks and piping.

ENERGY

A red curved banner with a background image of a stack of shipping containers.

ECONOMY

A dark blue curved banner with a background image of a large industrial fan or turbine.

MARKETING

A lime green curved banner with a background image of a construction worker using a hammer.

COMPETITIVE INITIATIVES

A photograph of a male scientist with a beard and safety glasses, wearing a white lab coat, working in a laboratory. He is looking down at a piece of equipment. The image is overlaid with a teal color scheme and a circular cutout effect. The word "INNOVATION" is written in white, bold, uppercase letters on the left side of the teal overlay.

INNOVATION

**\$32.7 BILLION — OR 18.2%
OF IOWA'S GROSS STATE PRODUCT IS
GENERATED BY MANUFACTURING**

SOURCE: BUREAU OF ECONOMIC ANALYSIS, 2021

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

SOURCE: BUREAU OF LABOR STATISTICS, 2021

**58% OF IOWA'S EXPORTS COME FROM
THE MANUFACTURING INDUSTRY**

SOURCE: WISERTRADE, 2021

**MANUFACTURING JOBS PAY 21% MORE
THAN THE AVERAGE PRIVATE SECTOR JOBS**

SOURCE: BUREAU OF LABOR STATISTICS, 2021

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

- Supplier Connection Portal
- OEM Advisory Council
- Bonus depreciation
- Grants for small to medium size manufacturers that invest in smart technologies
 - Technology Investment Grants: 202 awards to 143 companies - totaling \$7,267,298 with total project cost of \$31,298,048
 - Workforce Innovations Grants: 69 awards to 48 companies totaling \$21,375,210 with total project cost of \$34,391,858

“The Manufacturing 4.0 grant allowed us to purchase much needed automation equipment sooner than we were planning on due to the current business environment. The robotic welder and hardware insertion press will speed processes and help offset some of the labor resource needs that we have been unable to fill. The grant money provided us the next step in our journey to find more ways to automate processes, increase quality and become more efficient.”

Jesse Smith, Vice President of Manufacturing
Percival Scientific, Perry



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
 - 15 companies awarded
 - In addition, Governor Reynolds allocated \$1,045,500 to 22 applications
 - \$1 million legislative appropriation in 2022
 - Applications were due December 2022 and under review
 - Expect board consideration for possible awards in February 2023

“ We built our locker pretty much from the ground up! We anticipated a 1200-head capacity and nearly hit that in our first 11 months of operation. We anticipate hiring additional employees and continuing to build capacity.”

Heather Moore, Owner -
Rockdale Locker, Maquoketa



**BIOSCIENCE JOBS PAY
85% MORE THAN THE AVERAGE
PRIVATE SECTOR JOBS**

SOURCE: BIOTECHNOLOGY INNOVATION ORGANIZATION, 2021

**IOWA'S BIOSCIENCE
R&D EXPENDITURES ARE 13% HIGHER
THAN THE NATIONAL FIGURE**

SOURCE: BIOTECHNOLOGY INNOVATION ORGANIZATION, 2021

**IOWA RANKS
FIRST IN BOTH ETHANOL AND
BIODIESEL PRODUCTION**

SOURCE: ENERGY INFORMATION ADMINISTRATION, 2022

**IN 2021, IOWA EXPORTED
\$398 MILLION IN PHARMACEUTICAL
PRODUCTS TO 77 COUNTRIES**

SOURCE: WISERTRADE, 2021

Building up our Biosciences

**BIOBASED
PRODUCTS**

**PRECISION
AND
DIGITAL
AGRICULTURE**

**VACCINES,
DIAGNOSTICS
AND
IMMUNOTHERAPEUTICS**

**MEDICAL
INNOVATIONS**

**RESILIENCY/
REGENERATIVE
TECH**

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

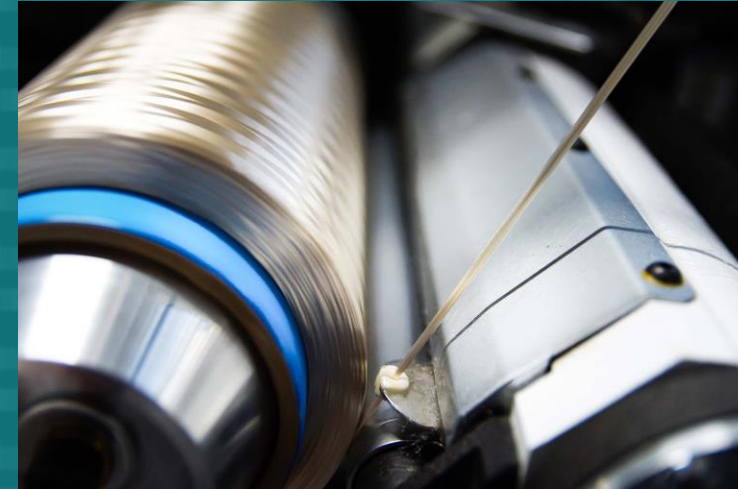
- University of Iowa – Medical Devices – Increase of \$125,506 to reach \$1 million
- Iowa State University – three platforms (Digital and Precision Ag, Vaccines and Immunotherapeutics and Biobased Products) - Increase of \$376,519 to reach \$3 million

“Iowa has established a strong position to build upon in an advanced industry that generates high-wage jobs and produces significant wealth and GDP expansion. Notably, the bioscience platforms are also supportive of large sectors that underpin much of the Iowa economy in terms of agriculture, healthcare, and manufacturing—a position that should make bioscience development and platform advancement an especially high economic priority for the State.”

TEconomy 2022 Report

Biosciences Opportunity

- Renewable Chemical Production Tax Credit program developed to capitalize on Iowa's resources and infrastructure and foster the development of the renewable chemical manufacturing industry
 - Unique opportunity to advance Iowa's economy by focusing on the development of biomass as feedstocks to produce renewable chemicals
- Neighboring states are implementing a renewable chemical tax credit program to surpass Iowa's credit.



*Brewed Protein fibers
Spiber North America - Clinton*

Legislative Request

Renewable Chemical Tax Credit

- Extend sunset to 2035
- Remove first-come, first-served and waiting list
- Have one cap for all businesses
- Remove four building block chemicals



Innovation Fund Tax Credits

Legislative Request

- **Innovation Fund Tax Credits and Tax Credits for Investments in Qualifying Businesses Fund**
 - **Extend Innovation Fund sunset to 2028**
 - **Remove waitlist for Innovation Fund**
 - **Allow IEDA to allocate an aggregate amount of credits between the two funds that is not more than \$10 million for both programs**
 - **Align the eligibility for the investment tax credits**

“ Since we started investing in mid-2020, we have invested in 38 companies. Collectively, they’ve raised \$142 million from both Iowa and non-Iowa investors to grow their operations. Our fund wouldn’t exist – and many of our investments wouldn’t have happened – without [the Innovation Fund] tax credit program in place. The tax credits are a major factor in our investors’ decision to invest their capital here, and the design of the credits ensures that our investments are focused entirely on Iowa-based companies. For a modest cost to taxpayers, the benefits are exceptional and clearly worth the investment.”

Eric Engelmann, General Partner
ISA Ventures, Cedar Rapids

“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
President & CEO - VIDA Diagnostics, Inc.
Coralville



An aerial photograph of a residential neighborhood is shown on the left side of the image. The houses have various roof colors and styles, and there are trees and lawns visible. A large, semi-transparent blue circle covers the right half of the image, creating a background for the text. The text is centered within this blue area.

COMMUNITY DEVELOPMENT

**HOUSING DEMAND IS EXPECTED TO
GROW BY 42,000 HOUSEHOLDS BY 2030.**

SOURCE: 2022 WESTERN ECONOMIC SERVICES STUDY

“IOWA FAMILIES SHOULD HAVE THE ABILITY TO LIVE NEAR THEIR WORK AND BE ENGRAINED IN THEIR LOCAL COMMUNITIES. **WE SEE HOUSING SUPPLY AS A KEY ELEMENT TO ATTRACTING AND RETAINING OUR WORKFORCE, BOTH IN RURAL AND URBAN AREAS.**”

Reynolds W. Cramer
CEO - Fareway



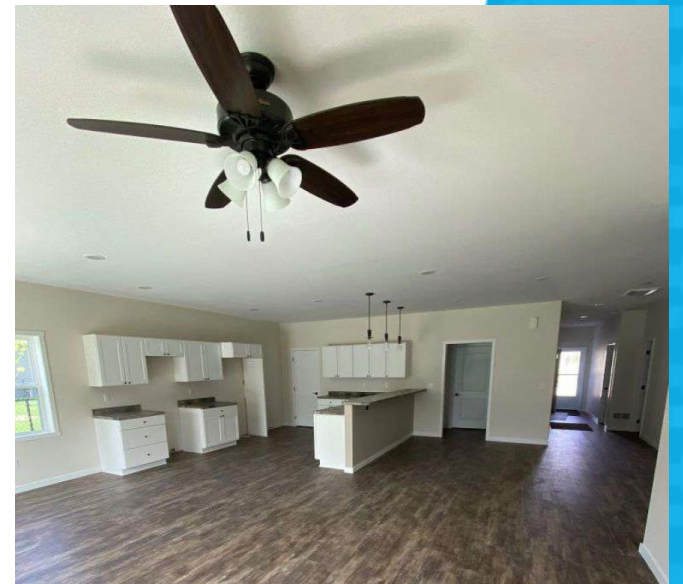
Workforce Housing Tax Credits

- Provides tax benefits to developers to build in Iowa communities, focusing on projects using abandoned, empty or dilapidated properties
- FY23 application round: \$35 million appropriated - half for large counties and half for Small Cities
 - 57 Awards (28 large and 29 Small)

Contact: Richard Bell at richard.bell@iowaeda.com or 515.348.6212



Theiss Farm Housing, Fort Dodge



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
 - For every \$1 of the State Housing Trust Fund, \$1.57 in other financing has been leveraged, totaling \$176.3 million in other investments.
 - Approximately 2,400 families will be assisted through more than \$11.5 million in investments in FY23, a 22% increase over the previous year.
 - \$112 million has been invested into local housing priorities through the SHTF since its inception.



Pocket Neighborhood, Maquoketa

Contact: Terri Rosonke at terri.rosonke@iowafinance.com or 515.452.0440



ITG PARTNERS WITH MORE THAN
**1,200 IOWA ATTORNEYS, ABSTRACTORS
AND CLOSERS**

ITG KEEPS MONEY IN IOWA,
**PAYING LOCAL PARTNERS NEARLY
\$7 MILLION IN 2022 ALONE**



ITG REINVESTS PROFITS TO HELP IOWANS
PURCHASE HOMES, SUPPORTING AN
**AVERAGE OF 2,300 HOMEBUYERS A YEAR,
TOTALING \$68 MILLION AND COUNTING**

**IF THE SALE OF TITLE INSURANCE
WERE TO BE LEGALIZED IN IOWA, IOWANS
WOULD PAY A TOTAL OF \$45 MILLION MORE
A YEAR. AND THE PROFITS WOULD GO TO
OUT OF STATE TITLE INSURANCE COMPANIES***

**Based upon publicly available statutory financial information filed by title underwriters and compiled by Demotech, Inc.*

**ITG MAKES BUYING A HOME MORE AFFORDABLE FOR ALL IOWANS.
OUT OF STATE TITLE INSURANCE PREMIUMS COST HOMEOWNERS:**



TEXAS
\$1,808



NEW YORK
\$1,125



OKLAHOMA
\$850



IOWA
\$175*



The national average premium is \$911

*ITG offers a flat rate of \$175 residential coverage up to \$750,000

BUSINESS INSIDER



THE ORANGE COUNTY REGISTER

“I started looking at what title insurance would have cost me if I were buying the same house in another state. The ideal place would have been Iowa, where I would've paid no more than \$750 in premiums and related fees. That's because Iowa handles all title insurance through a state-run company, Iowa Title Guaranty, which charges 90% less than its private-sector counterparts in Texas, New York, and Pennsylvania.”

“When it comes to protecting consumers, Iowa is the one state that stands out. They outlawed title insurance companies decades ago. Instead, the state offers coverage at a low cost and essentially guarantees a clean title.”

“How to reduce the high cost of title insurance? California leaders should end price controls and copy Iowa's state-run model.”



“Iowa's state-run system is by far **the cheapest in the nation—and the most effective.**”



IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

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

Contact: Matt Rasmussen at matt.rasmussen@iowaeda.com or 515.348.6196



Catalyzing Growth

■ Challenge Grants

- 10 projects awarded in FY23 leveraging over \$1.8 million in local funding
- Since 2002, 216 projects have been awarded with over \$65 million in private investment
- Funding also supports small business expansion program (Main Street Open 4 Business)

Contact: Michael Wagler at michael.wagler@iowaeda.com or 515.348.6184

■ Community Catalyst

- Approaching 200 funded projects
- 40% of funds must be allocated to cities with populations under 1,500

Contact: Jim Thompson at jim.thompson@iowaeda.com or 515.348.6183



The Forge, Jefferson

Catalyzing Growth

- Historic Preservation Tax Credits
 - \$45 million in tax credits allocated
 - 5% set aside for small projects (projects with less than \$750,000 of qualified costs)
 - 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: Richard Bell at richard.bell@iowaeda.com or 515.348.6212



Fat Hill Brewing, Mason City



Blaul Lofts
in Downtown Burlington

“PLACEMAKING IS ABOUT TURNING
A NEIGHBORHOOD, TOWN,
OR CITY FROM A PLACE YOU
CAN'T WAIT TO GET THROUGH
**INTO ONE YOU NEVER WANT
TO LEAVE.**”

- *Fred Kent*
Project for Public Spaces



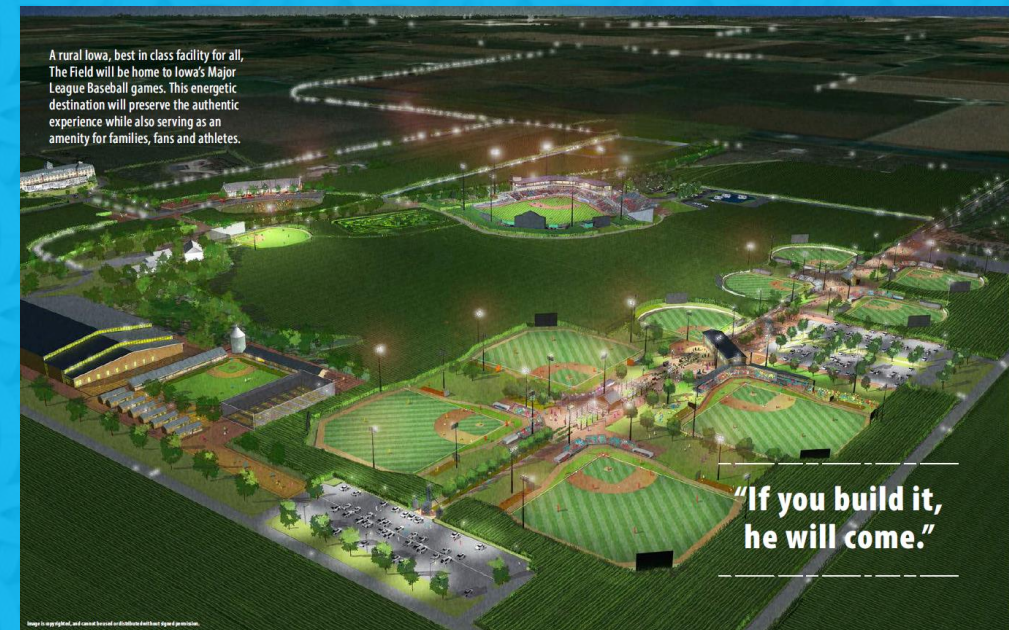
Destination Iowa/CAT

■ Destination Iowa

- \$100 million investment in quality of life and tourism
- Provides grants to help communities move forward on transformational, shovel-ready attractions
 - Four separate funds:
 - Economically Significant Development (\$30 million)
 - Outdoor Recreation (\$40 million)
 - Tourism Attraction (\$10 million)
 - Creative Placemaking – competitive (\$20 million)

■ Enhance Iowa - CAT

- \$10 million appropriated in FY 23
 - Received an unprecedented 33 applications requesting \$14.5 million
 - \$1.9 million appropriated to date



Field of Dreams



Fort Madison Marina Revitalization

ENERGY



Renewable Energy Portfolio



**IOWA RANKS 1ST
IN ETHANOL AND BIODIESEL PRODUCTION**

IOWA RANKS 2ND IN BIOMASS CAPACITY



**IOWA RANKS 1ST IN ELECTRICITY GENERATED
FROM CLEAN POWER SOURCES**
(WIND, SOLAR AND ENERGY STORAGE)

**62.0% OF IOWA'S TOTAL POWER OUTPUT
COMES FROM RENEWABLE SOURCES**



Carbon and Renewable Hydrogen Opportunities

■ Governor's Carbon Sequestration Task Force

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

■ Innovative Rates

- IEDA convened stakeholder meetings to explore this strategy of the carbon sequestration task force
- Presents an opportunity to empower rate-regulated utilities to develop innovative rate structures & programs which meet customer demand for decarbonization
- Voluntary participation & subject to review of the Iowa Utilities Board
- Intent is to ensure this would not negatively impact nonparticipating customers

■ Positioning for Growth in Hydrogen

- Iowa is a great fit for development of renewable hydrogen (H₂) & can further maximize our energy and agricultural resources and industry partnerships
- \$8 billion available in federal funding to establish regional clean hydrogen hubs
 - U.S. Dept. of Energy to select & provide funding to establish 6-12 regional H₂ hubs
 - Iowa, Nebraska & Missouri jointly formed the proposed Midcontinent Clean Energy Hydrogen Hub (MCH₂) in pursuit of federal funding



“ The value of our investment decision in Nevada as represented by the operation of our biorefinery continues to deliver dividends, for the future... The decision to integrate the production of green hydrogen production reflects the natural evolution of our vision to position Nevada as advance renewable energy center. To be successful, this vision is supported by Iowa’s leadership to secure a hydrogen hub for the state and its regional state partners – the time is right, and this is the place to be.”

Greg Northrup
President & CEO
VERBIO North America

An aerial photograph of a busy port terminal, showing numerous stacks of shipping containers and several large gantry cranes. A large, semi-transparent red circle is overlaid on the right side of the image, partially obscuring the port scene. The word "ECONOMY" is written in white, bold, uppercase letters across the center of the red circle.

ECONOMY

“THE U.S. ECONOMY CURRENTLY REMAINS STRONG WITH CONSUMERS STILL SPENDING EXCESS CASH AND BUSINESSES HEALTHY. **HOWEVER, WE STILL DO NOT KNOW THE ULTIMATE EFFECT OF THE HEADWINDS COMING FROM GEOPOLITICAL TENSIONS INCLUDING THE WAR IN UKRAINE, THE VULNERABLE STATE OF ENERGY AND FOOD SUPPLIES, PERSISTENT INFLATION THAT IS ERODING PURCHASING POWER AND HAS PUSHED INTEREST RATES HIGHER, AND THE UNPRECEDENTED QUANTITATIVE TIGHTENING.**”

*- Jamie Dimon
CEO, JPMorgan Chase & Co.*



**CONSUMER PRICE INFLATION FELL
IN DECEMBER TO 6.5%, FROM THE
HIGHEST RATE IN 41 YEARS OF 9.1%**

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

SOURCE: WASHINGTON POST

SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS

COMMODITIES

December 2021 - December 2022



INDUSTRIAL
NATURAL GAS
19.7%



MACHINERY
AND
EQUIPMENT
8.9%



STEEL MILL
PRODUCTS
28.7%

GOODS

December 2021 - December 2022



↓
GASOLINE
1.5%



↑
FOOD
10.4%



↑
OTHER FUELS
32.3%



↑
RENT
8.3%

IN NOVEMBER 2019, IOWA'S LABOR
FORCE PARTICIPATION RATE
PEAKED AT 70.4%

**IN DECEMBER 2022, IOWA'S LABOR
FORCE PARTICIPATION RATE WAS 67.6%
RANKED 8TH OVERALL IN THE U.S.**

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

Implementing Workforce Solutions

Iowa Workforce Development – Business Engagement Division

- Share information about available resources – one-stop shop for employers
- Provide specific points of contact to assist employers with workforce needs

IWD Reemployment Case Management System

- Provide 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
- Length of unemployment benefits reduced from 26 weeks to 16 weeks (exception for plant closings)
 - Getting unemployed Iowans to work sooner

iowaworkforcedevelopment.com



IOWA RANKS #1 FOR FASTEST ECONOMIC RECOVERY FROM 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 2022

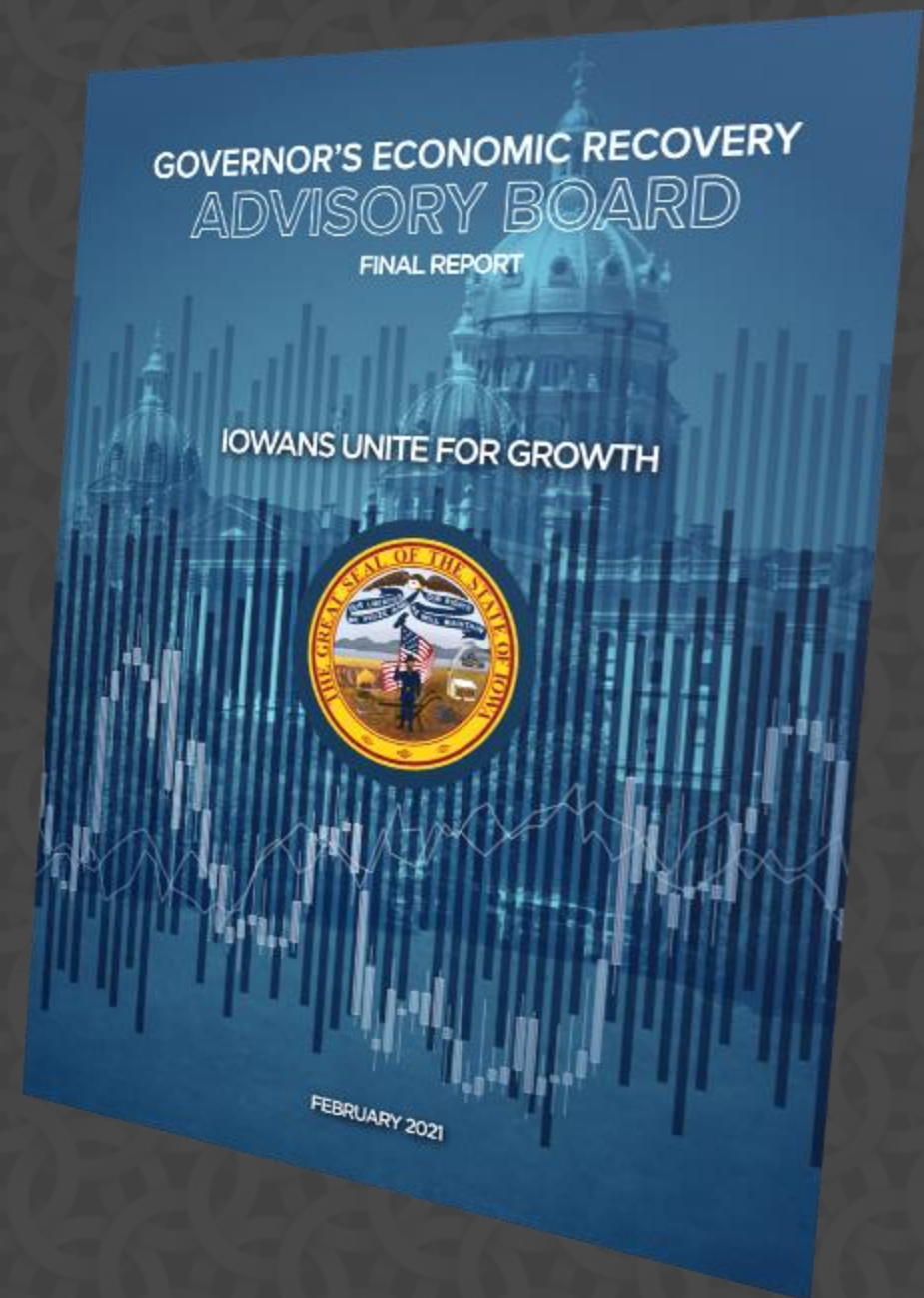
SOURCE: IOWA SECRETARY OF STATE

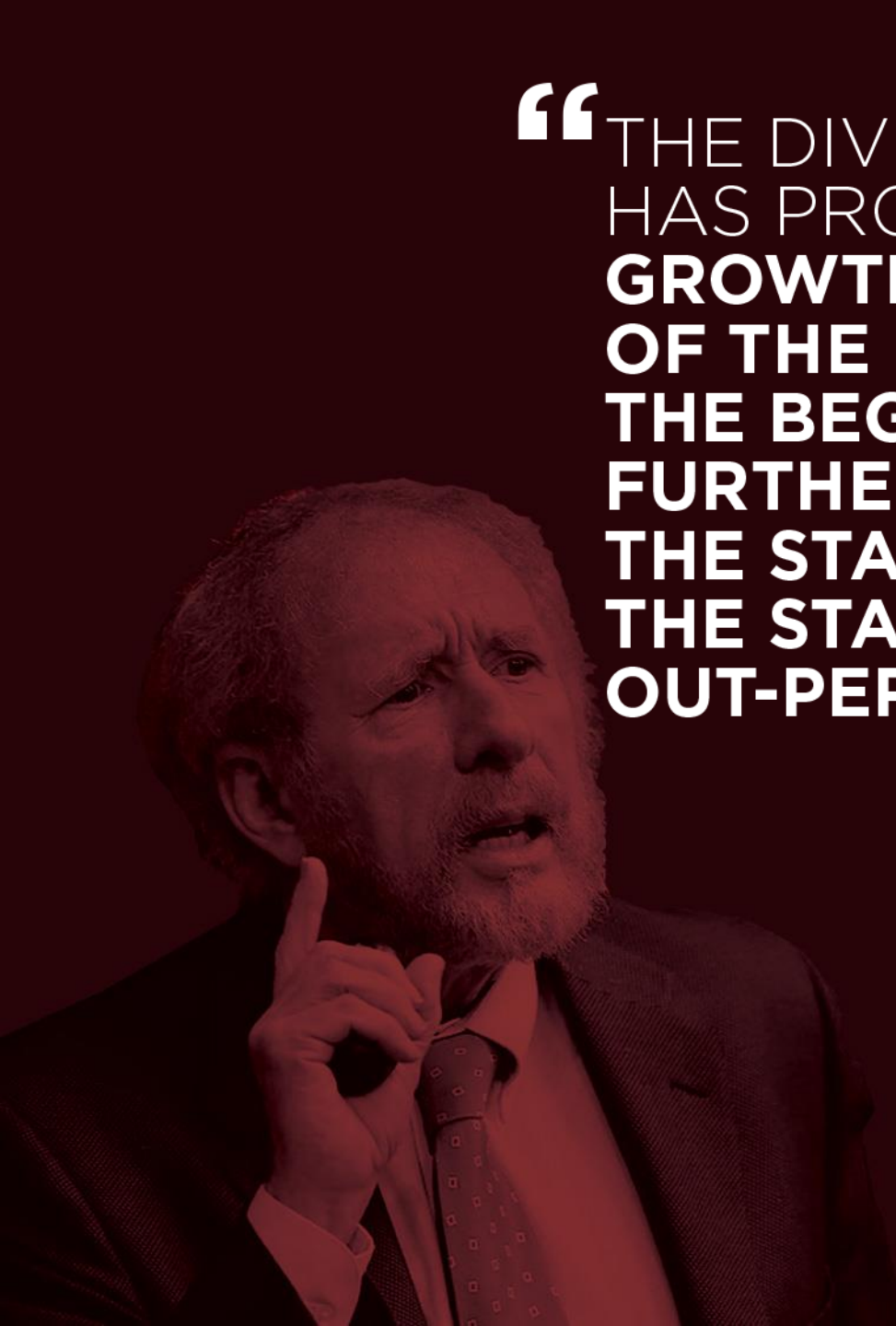
IOWA RANKS IN THE TOP 10 STATES TO LIVE

SOURCE: CNBC, 2022

IOWA RANKS #1 IN THE U.S. FOR HOUSING AFFORDABILITY

SOURCE: U.S. NEWS & WORLD REPORT, 2022





“THE DIVERSITY OF IOWA’S ECONOMY HAS PRODUCED BOTH URBAN AND RURAL GROWTH THAT HAS EXCEEDED THAT OF THE REGION AND NATION SINCE THE BEGINNING OF THE PANDEMIC. FURTHERMORE, RECENT STEPS, INCLUDING THE STATE’S 2022 TAX REFORM, POSITIONS THE STATE ECONOMY TO CONTINUE TO OUT-PERFORM THE REGION AND THE NATION.”

- Dr. Ernie Goss

Director of the Institute for Economic Inquiry,
Professor of Economics
Creighton University

MARKETING



A night photograph of a large, illuminated arch bridge over a river. The bridge's arch is a prominent feature, supported by a network of cables. In the background, several city buildings are lit up, including a tall building with a distinctive dome. The scene is reflected in the water below. A semi-transparent dark blue banner is overlaid across the middle of the image, containing white text.

VISITOR & TALENT ATTRACTION PLAN

thisisiowa.com

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

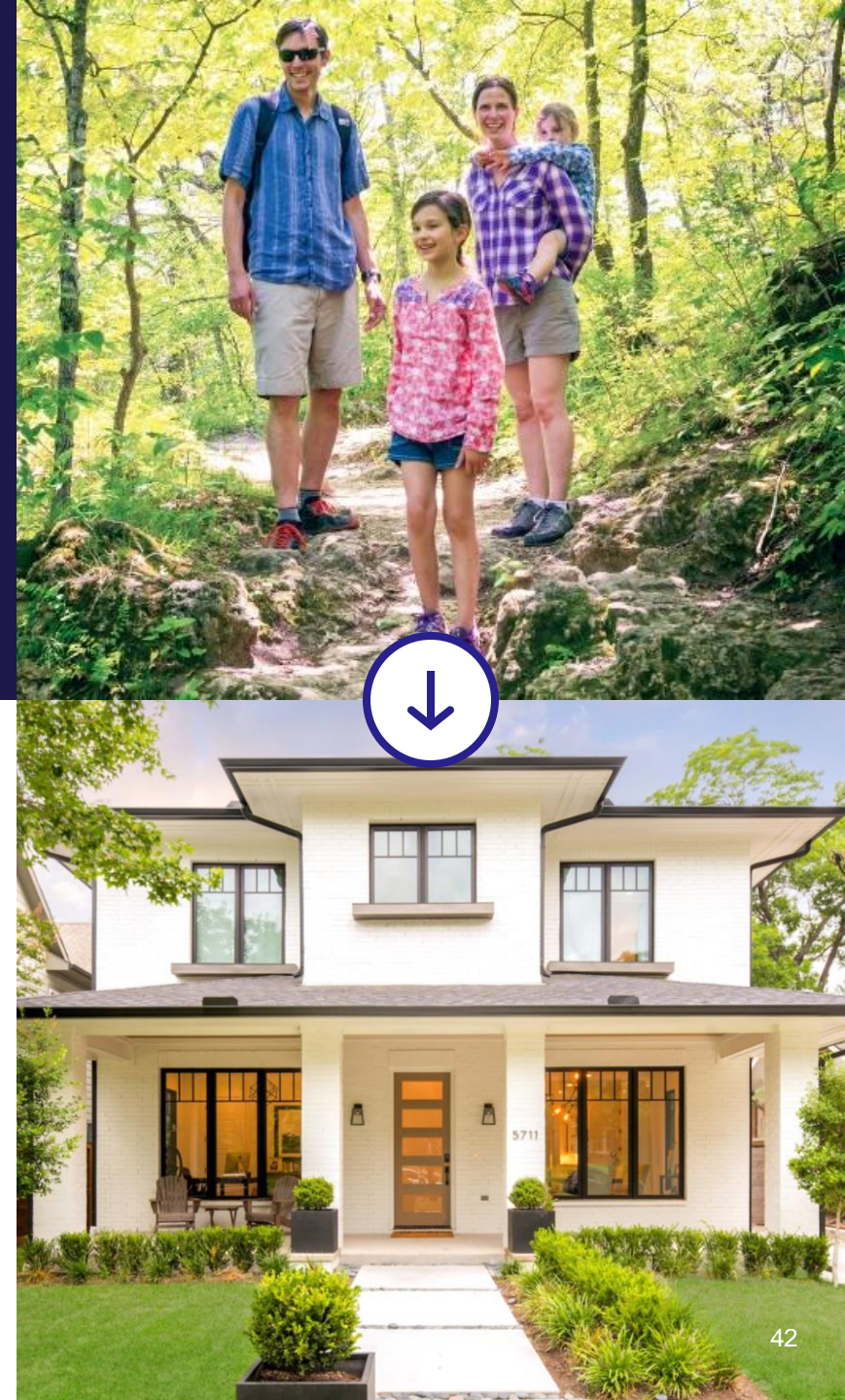
TRAVEL FEEDS WORKFORCE

64%

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

“

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



Tourism Marketing

- Tourism in Iowa generated \$6.1B in visitor spending in 2021, \$9.4B total economic impact
 - Tax impact - \$1B in state/local tax revenues
- 12M tracked visits from out-of-state visitors in 2022, 74.5% of which resulted in at least one overnight
- Tourism Strategic Plan announced in early 2022
 - Streamlining services and outreach with two new tourism liaisons
 - Five new travel areas used for marketing initiatives
 - Coming soon: Tourism Advisory Council, Visitor Profile Study, Destination Asset Inventory and more
- New website launched in Fall 2022
- Soul of Iowa campaign garnered 223.5M impressions and more than 21M video plays
 - Soul of Iowa 2.0 will include 36 more communities over the next two years

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

Legislative Request

Add native distillery to the wine and beer promotion board

- Transfers the lesser of \$250,000 or 1% of gross sales of native distilled spirits



Northwest Iowa



Southwest Iowa



Central Iowa

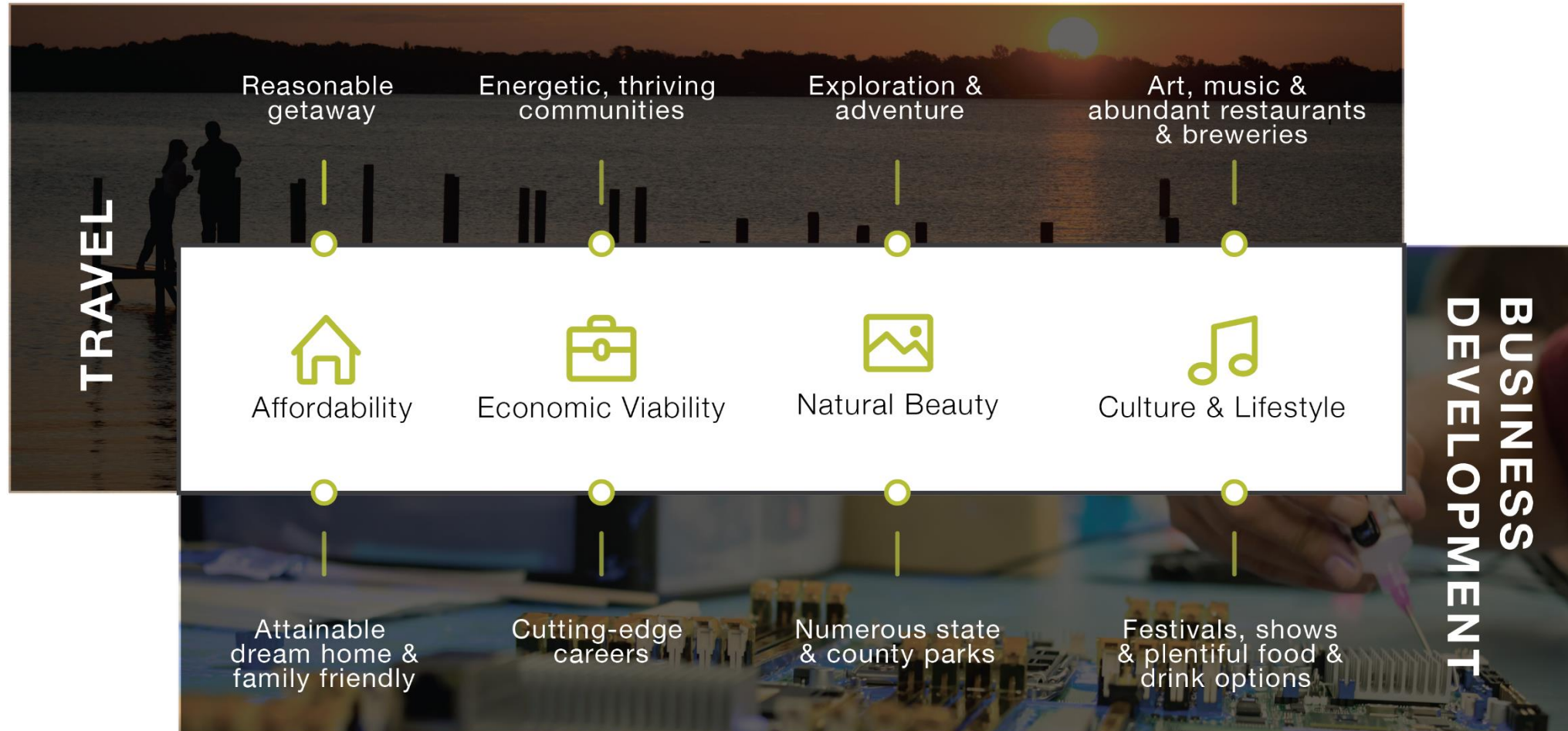


Northeast Iowa



Southeast Iowa

Key Message Pillars

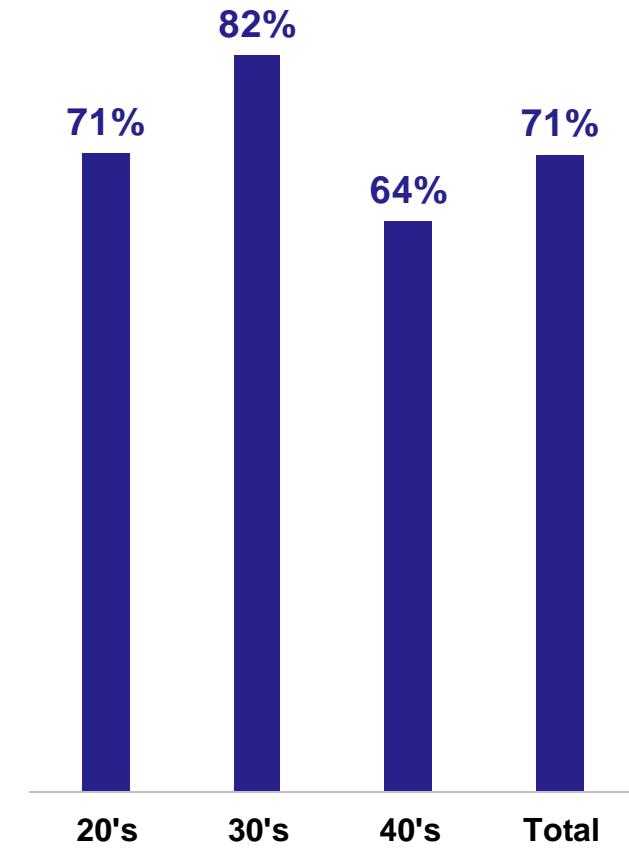


Consumers Are Open to Relocating



Likelihood to consider moving for the right opportunity

Scale of 0 (not likely at all) to 10 (very likely)



7 in 10

are likely to consider moving
for the right opportunity.

Likelihood is highest among

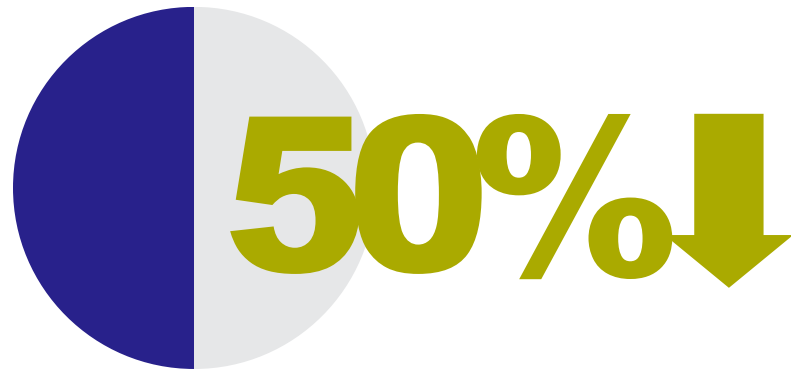
30-somethings.

This is up since we last tested it.

Moving the Needle!



The number of positive perceptions has **increased by 20%**



while the number of negative perceptions **has halved**

A Secret Worth Sharing - Results

 **13,775** national and regional cable placements

 **16,195+ hours** watched on social media




 **336 Million** impressions across whole campaign

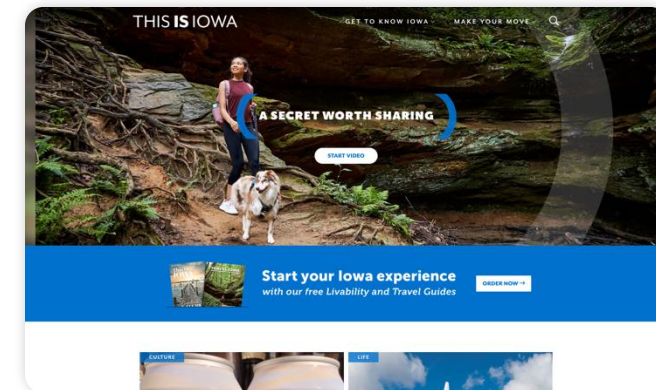


Website sessions on ThisIowa.com

236,739
Double over FY21

 Awareness and consideration of Iowa

+70% to +86%
due to the campaign.





“ I WAS RECENTLY TALKING WITH A COLLEAGUE WHO WAS ASTOUNDED BY HOW MOUNT AYR IS LIKE A REAL-LIFE HALLMARK MOVIE. THEY LIVE IN THE SAN JOSE AREA, AND A STUDIO APARTMENT COSTS MORE THAN A FOUR-BEDROOM HOME IN MOUNT AYR. **HERE, WE HAVE AFFORDABLE LIVING, LIVELY COMMUNITY EVENTS AND EXPERIENCES, AND MOST OF ALL, YOU ARE SURROUNDED BY PEOPLE WHO CARE. I THINK IT’S THAT BALANCE OF WHAT ARE YOUR LIFE PRIORITIES AND HOW CAN YOU ACHIEVE AS MANY AS POSSIBLE? I FOUND MY BALANCE IN MOUNT AYR.”**

*- Molly Lynch Murphy
Global Communicator &
Culture Ambassador - CISCO*

An aerial photograph of a grand state capitol building, featuring a prominent, ornate dome with a lantern on top. The building is surrounded by a cityscape. The image is overlaid with a large, semi-transparent green graphic that curves across the left and bottom portions of the frame. The text "STATE COMPETITIVE INITIATIVES" is centered in white, bold, sans-serif font over the green area.

STATE COMPETITIVE INITIATIVES

Historic Tax Reform

▪ Highlights

- Single income tax bracket for all Iowans – reach 3.9% by 2026 (CY 2022 top tax rate was 8.53%, in CY 2023 it is 6%)
 - Lowers corporate tax from 9.8% to 8.4% in 2023, with ultimate target of 5.5% - creates an attractive business environment
 - Corporate taxes would decrease only when the state exceeds \$700 million in corporate tax revenue
 - Makes changes to the Research and Activities Credit
 - Reduces the value of supplies that can qualify for the credit to zero over time
 - Reduces the refundability of the credit to 50% over time
 - Eliminates the capital gains tax on the sale of ESOP shares of qualified businesses to allow employee owners to receive this retirement benefit tax free
 - Eliminates retirement income tax in 2023
- **Addresses the imperative that Iowa needs a competitive tax system**

WSJ | OPINION

OPINION | REVIEW & OUTLOOK [Follow](#)

Iowa's Bold Tax Reform

“These moves will help the Hawkeye State keep up amid intensifying Midwest tax competition.”

Certified Sites



- Established in 2012
 - Create a portfolio of ready sites, to make Iowa more competitive in site selection projects
- Program Enhancements in 2023
 - No substantial changes to program since 2012, but a lot of change in site selection/site certification programs during the last 10 years
 - Reviewed numerous state certification programs, studied current market trends, evaluated demands of site selection clients, reviewed feedback from program participants from last few years to ensure we remain best in class
 - IEDA's program is unique and stands out compared to other programs across U.S. because of the focus on education/feedback and deliverables
- Program Updates
 - **Streamlined the process** by shortening timeframe to achieve certification and allowing smaller properties to participate
 - Added a **gold designation** for the properties that are most prepared to compete for projects
 - **Revised requirements** around availability, developability, and infrastructure to ensure properties are competitive
 - Reduced length of **certification validity** to 3 years
 - Continued focus on education and feedback so economic developers are better prepared for real-life projects
 - Enhanced deliverables to help communities better compete for projects
 - Increased focus on property marketing efforts

IEDA's Legislative Agenda

New incentive program:

- MEGA program (Major Economic Growth Attraction program) - more than \$1 billion in capital investment
 - Create a new incentive structure for “mega projects” meeting the following criteria:
 - Advanced manufacturing, biosciences, research businesses only
 - Created jobs must pay at least 140% of the laborshed wage (as defined in Code section 15.327 applicable to the High Quality Jobs program) at the time the project is completed
 - Must offer qualified benefits plan (consistent with HQJP)
 - Located at certified site (industrial or mega), minimum 250 acres

Negotiated incentives:

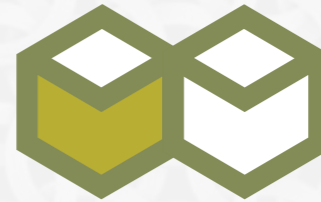
- Sales and use tax refund (construction)
- Qualifying business tax credit - up to 5% refundable
- Withholding tax credit

State Government – Efficiency and Alignment Efforts

- First comprehensive review of state government structure in 40 years found opportunities to better align resources, services and programs
- Iowa has more executive branch cabinet members than most states. Alignment effort will reduce agencies from 37 to 16, align agencies with similar missions, operations or constituents
- Three recommendations impacting IEDA|IFA:
 - Merge parts of the Department of Cultural Affairs within IEDA|IFA: Iowa Arts Council, Produce Iowa, State Historic Preservation Office
 - Transition Iowa's official Partner State program from nonprofit Iowa Sister States to IEDA's International Trade Office
 - Move the Iowa Commission on Volunteer Service to Iowa Department of Health and Human Services
- All IEDA workforce initiatives transitioned to Iowa Workforce Development

FY 2024 Budget

Line Item	Governor's Recommendation	Net Change from FY 2022	Budget Bill
Operations/Marketing	\$13,297,853	Status Quo	Economic Development Budget Bill
World Food Prize	\$375,000	Status Quo	Economic Development Budget Bill & RIIF Bill
COG Assistance	\$250,000	Status Quo	Economic Development Budget Bill
ICVS	\$168,201	Status Quo	Economic Development Budget Bill
Tourism AGRs	\$1,443,700	Status Quo	Economic Development Budget Bill
Tourism Mktg/Community Attraction	\$1,100,000	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	\$633,325	Status Quo	Economic Development Budget Bill



IOWA FINANCE
AUTHORITY

Debi Durham

515.897.9919

debi.durham@iowaeda.com

Nichole Hansen

515.348.6215

nichole.hansen@iowafinance.com

Deanna Triplett

515.348.6144

deanna.triplett@iowaeda.com