



# MEGA PROJECTS



## BILL MEMO 2023

Proposed title: An act establishing a “Major Economic Growth Attraction Program” or “MEGA Program” under the purview of the Economic Development Authority.

### Major Economic Growth Attraction Program or “MEGA Program”

#### BACKGROUND

Iowa cannot compete for large scale economic development projects with its current incentive program and limitations. To position Iowa for new industries, IEDA proposes a new incentive structure that is available on an extremely limited basis/narrow set of circumstances. Iowa Code chapter 9I limits the amount of agricultural land a foreign corporation may own to 320 acres and requires that such land must be converted to a nonagricultural use within 5 years. Iowa has two certified mega sites (1000+ acres) that are development ready. To maximize the economic potential of the mega sites, IEDA proposes establishing an exemption to Iowa Code chapter 9I to allow projects that would be placed on mega sites to be foreign-owned and exceed 320 acres. The general assembly previously approved a similar exemption from chapter 9I for projects that participated in the New Jobs and Income Program (IPSCO steel).



#### PROPOSAL

IEDA proposes to create the “Major Economic Growth Attraction Program” or “MEGA Program”

Create a new incentive structure for “mega projects” meeting the following criteria:

- More than \$1 billion in capital investment
- Advanced manufacturing, biosciences, research businesses only
- Created jobs must pay at least 140 percent 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) – certified pursuant to 15E.18/261 IAC 77.

Benefits: IEDA may authorize any combination of benefits below:

- Refund of sales, service, and use taxes paid to contractors or subcontractors during construction (not subject to an aggregate tax credit limitation)
- Refundable investment tax credit up to 5 percent of the capital investment (not subject to an aggregate tax credit limitation)
- Withholding tax credit
- Amounts of incentives awarded are subject to negotiation

Foreign-ownership of land restrictions in chapter 9I are removed for projects meeting the criteria and located at a mega site only.

The award/administration process is expected to be consistent with High Quality Jobs Program to the extent possible.