

February 10, 2025

Debi Durham
Director
Iowa Economic Development Authority
Iowa Finance Authority

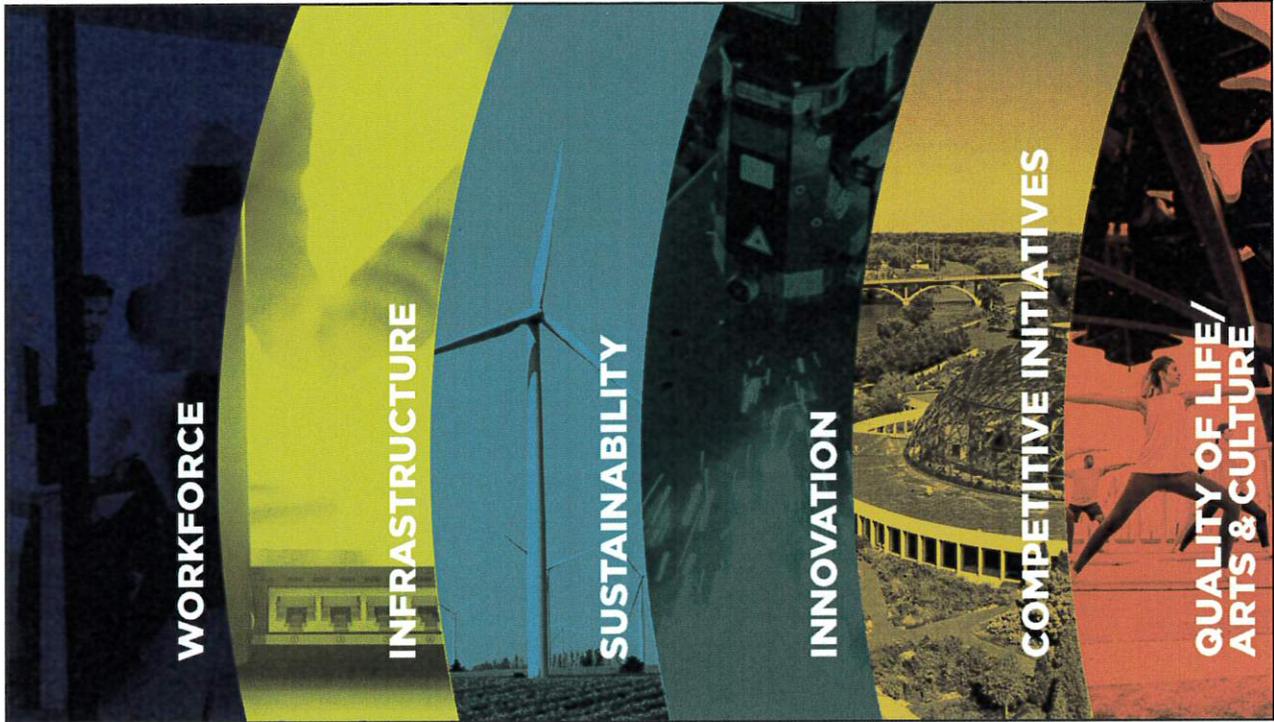
***Economic Development
Budget Subcommittee***

IOWA

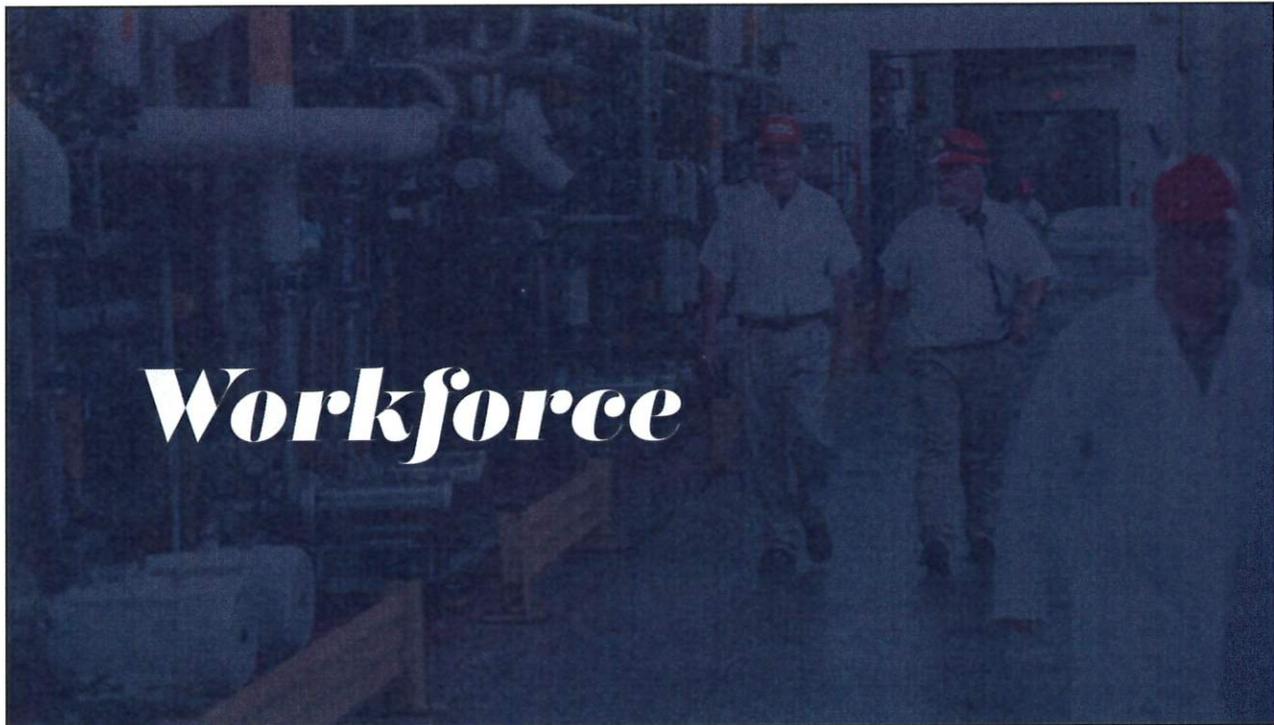
1



2



3



4



In November 2024, Iowa had **70,000 job openings** and just **51,000 unemployed people**

2024 WARN Notices

Overall: 6,899

Manufacturing: 4,940

Finance/Insurance: 452

Source: Iowa Workforce Development

5

State of the Workforce

66.4% LABOR FORCE PARTICIPATION <small>Source: Federal Reserve Economic Data, December 2024</small>	UNEMPLOYMENT RATE 3.2% <small>Source: Iowa Workforce Development, December 2024</small>
81% OF IOWA EMPLOYEES HAVE EDUCATION OR TRAINING BEYOND HIGH SCHOOL <small>Source: Iowa Workforce Development, 2024</small>	IOWA HAS THE 9th HIGHEST LABOR FORCE PARTICIPATION AMONG STATES IN THE U.S.
WAGE GROWTH +3.5% <small>(AVERAGE ANNUAL WAGE)</small> <small>Source: BLS, 2023</small>	

6



7

Consumers Are Open to Relocating

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."

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

Likelihood is highest among
30-somethings

Top quality of life factors for considering a move:

- **Cost of living**
- **Safety**
- **Culture**

8



What Is Talent Attraction?

Workforce Development

- > Developing *future* workforce.

Talent Attraction

- > Building *immediate* workforce.

9



Targeted Industries Study

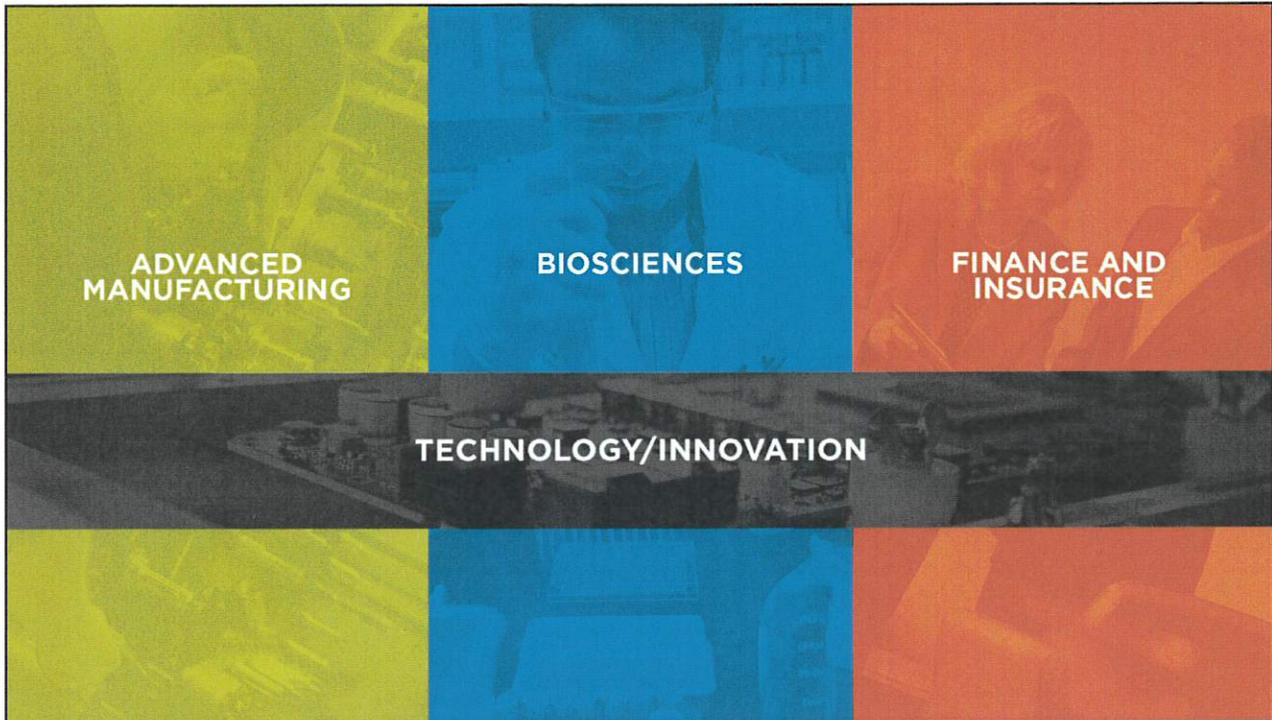
What

Deeper dive into workforce audiences in key industries: advanced manufacturing, biosciences, and insurance/financial services

How

Compare Iowa to competitor states and the nation; project occupational supply and demand year by year

10



11

Projected Jobs Growth for Iowa's Targeted Industries

Industry Cluster	Empl. Change, 2017-22	Proj. Empl. Change, 2022-32
Advanced Manufacturing	3.7%	14.6%
Finance & Insurance	-0.7%	6.7%
Biosciences	10.3%	15.1%
Technology	3.5%	13.7%
Total, All Clusters	3.0%	12.5%
Total Private Sector	-0.4%	10.8%

Source: TEconomy Partners analysis of QCEW data from Lightcast

Key Takeaways

- Iowa's targeted industries are projected to grow over the next decade.
- Projected growth in new jobs far outpaces current growth.
- The gap between job openings and available job seekers will widen if we don't fill the talent pipeline.

12

Talent Attraction Strategies



#1

Workforce Research
Study workforce supply and demand within Iowa's key industries

#2

Marketing
Refine target audience and message, generate more leads

#3

Alumni Partnerships
Partner with Iowa universities to target out-of-state alumni

#4

Lead Nurturing
Launch pilot program with RoleCall, a talent recruitment agency, to connect leads with employers and communities across Iowa, making it easier to move

13

THIS IS IOWA
LIVE WORK PLAY MOVE
CONNECT WITH AN IOWAN

CALCULATE YOUR MOVE TO IOWA

You'll save \$18,209.00
or 27% in Cedar Rapids!

 Groceries 6% <small>LESS</small>	 Housing 51% <small>LESS</small>	 Healthcare 4% <small>LESS</small>	 Transportation 8% <small>LESS</small>
---	--	--	--

thisisiowa.com

14

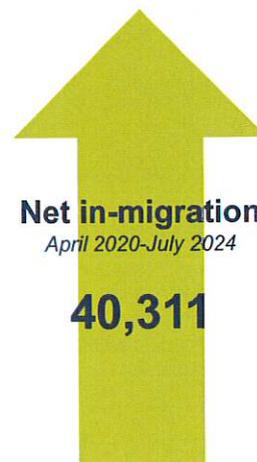
Iowa's Population Growth

Iowa has seen growth while neighboring states have lost or grown slower (IL and MN)

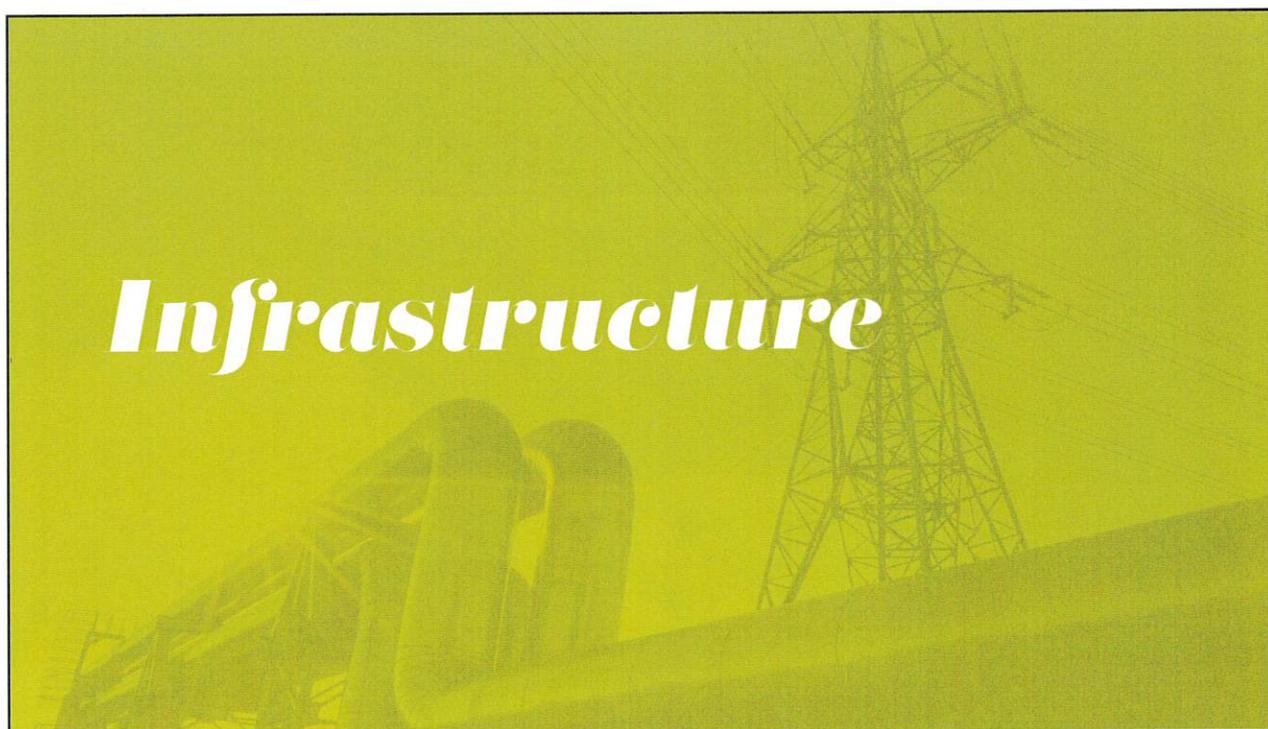
▪ Where people are moving from:

- California
- Nevada
- Illinois
- Hawaii
- Nebraska

Source: IRS, 2022; U.S. Census Bureau, 2024



15



16

#1
FOR LOWEST HOUSING COSTS
WalletHub, 2023

SINCE 2023,
\$858 MILLION
IN HOUSING INVESTMENTS
AND A RECORD OF NEARLY
16,000
HOUSING UNITS
IN THE PIPELINE

#1
FOR LOWEST WEEKLY CHILD CARE COSTS FOR FAMILIES
HelpAdvisor.com, 2023

IOWA IS THE **#1** STATE FOR MILLENNIAL HOMEOWNERSHIP
U.S. Census Bureau, 2023

IOWA IS THE **#1** STATE FOR A POSITIVE COMMUTE
Walker & Co., 2024

17

Community Development

- **Workforce Housing Tax Credits**
 - Tax benefits to developers to provide housing in Iowa's communities

Contact: Nick Sorensen at nick.sorensen@iowaeda.com or 515.348.6212
- **Historic Preservation Tax Credits**
 - Encourages the sensitive rehabilitation and reuse of historic structures (e.g., schools, factories, hotels)

Contact: Nick Sorensen at nick.sorensen@iowaeda.com or 515.348.6212
- **Redevelopment Tax Credits**
 - Tax credits to redevelop underused industrial and commercial property on brownfield or grayfield sites

Contact: Bernadette Beck at bernadette.beck@iowafinance.com or 515.452.0427
- **Community Catalyst Building Remediation**
 - Grants for redevelopment projects that stimulate economic growth and reinvestment in the community

Contact: Jim Thompson at jim.thompson@iowaeda.com or 515.348.6182
- **Main Street Challenge Grants**
 - Grants to redevelop or rehabilitate underused buildings as a way to stimulate economic growth and further investment in Iowa's historic main streets

Contact: Sarah Lembke at sarah.lembke@iowaeda.com or 515.348.6181

McKee Button Company, Muscatine
Historic Preservation | Redevelopment

E Monroe, Mount Pleasant
WHTC

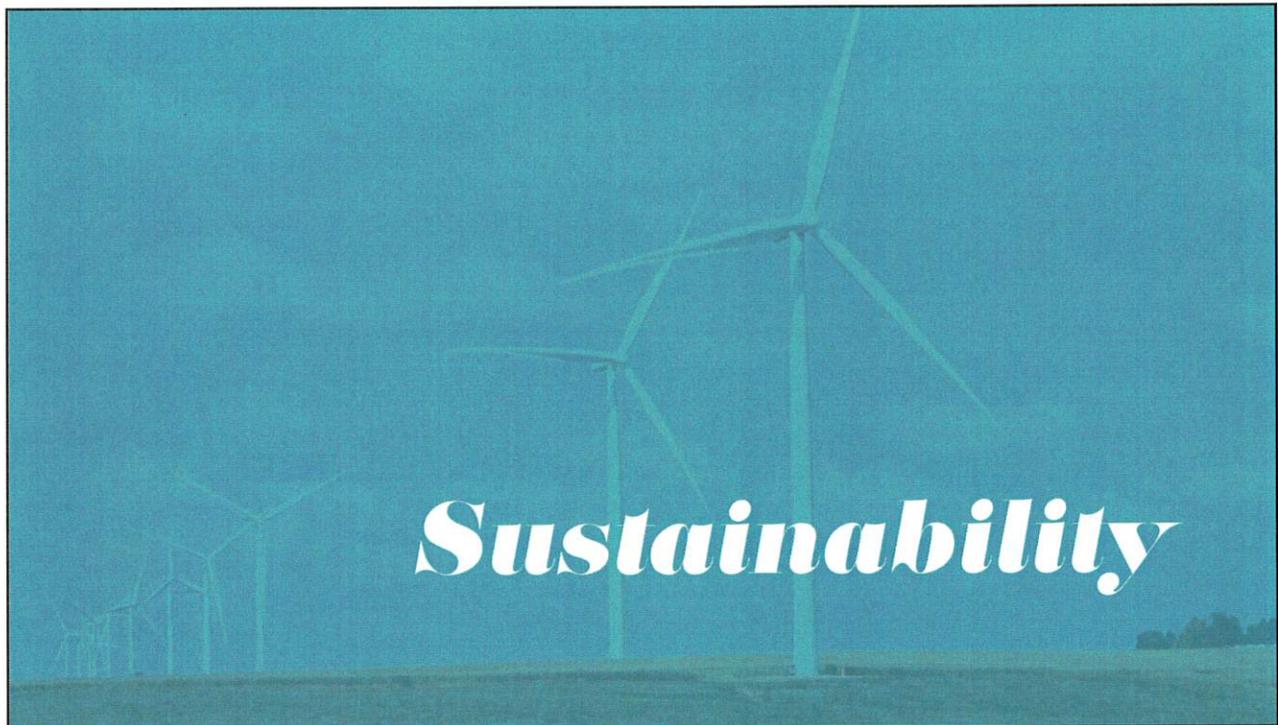
State Street, Cedar Falls
WHTC

18

Community Development Budget

CURRENT		PROPOSED		FISCAL IMPACT
PROGRAM	ALLOCATION	PROGRAM	ALLOCATION	
Workforce Housing Tax Credit (WHTC)	\$35 million		\$43 million	\$8 million
Redevelopment Tax Credit (Brownfield/Grayfield)	\$15 million		\$15 million	Status Quo
Historic Preservation Tax Credit	\$45 million		\$45 million	Status Quo
Endow Iowa	\$6 million	Repeal	\$6 million	(\$6 million)
Employer Childcare Tax Credit	\$2 million	Repeal	\$2 million	(\$2 million)
State Housing Trust Fund	\$3 million		\$3 million	Status Quo
Military Homeownership Assistance Program (HHS)	\$2.2 million		\$2.7 million	\$500,000
TOTAL			\$108.7 million	

19



20

Renewable Energy Portfolio

IOWA RANKS 1st
IN ELECTRICITY GENERATED FROM CLEAN POWER SOURCES
American Clean Power, 2024

62% OF IOWA'S TOTAL POWER OUTPUT COMES FROM RENEWABLE RESOURCES
(60% WIND, 1% SOLAR, 1% OTHER)
Energy Information Administration, 2023

IOWA HAS THE CAPACITY TO GENERATE
13,442
MEGAWATTS OF CLEAN ELECTRICITY
American Clean Power, 2024

21

Biofuels

IOWA RANKS 1st
IN ETHANOL AND BIODIESEL PRODUCTION

IOWA RANKS 2nd
IN BIOMASS CAPACITY
U.S. Department of Energy

IOWA'S BIOFUELS PRODUCTION IMPACTS OVER 57,000 JOBS

27% OF TOTAL U.S. ETHANOL IS PRODUCED IN IOWA

5th IN THE U.S. FOR **BIOGAS PRODUCTION POTENTIAL**
American Biogas Council, 2023

22

Renewable Energy Opportunities

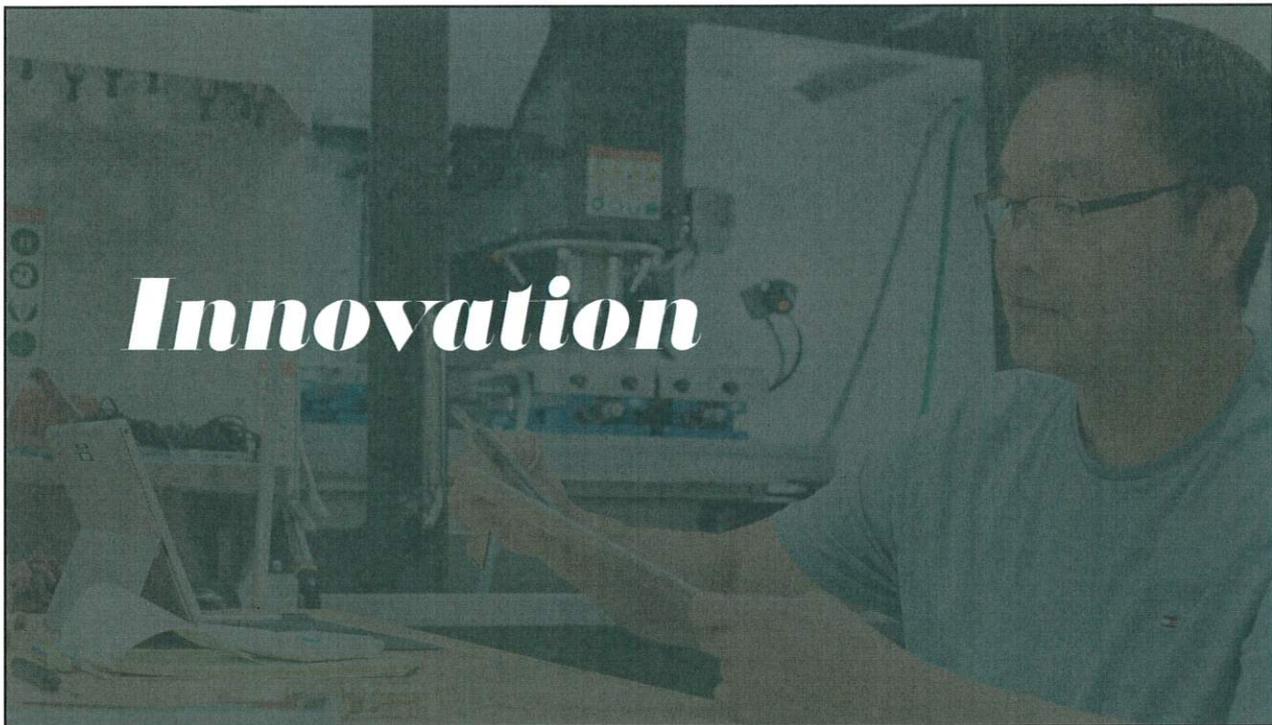
- Renewable Chemical Production
 - Incenting the production of high-value block chemicals
- Sustainable Aviation Fuels
 - The economics favor the Midwest/Iowa for the development at scale that will use 400-500 million gallons of ethanol for each SAF plant



Legislative Proposal

CURRENT		PROPOSED		
PROGRAM	ALLOCATION	PROGRAM	ALLOCATION	FISCAL IMPACT
Renewable Chemical Production Tax Credit (RCPTC)	\$5 million	RCPTC (existing) + Sustainable Aviation Fuel Production Tax Credit (SAFPTC) (new)	\$10 million	\$5 million

23



24

Iowa Manufacturing

\$35.0
BILLION, OR 17% OF IOWA'S GROSS STATE PRODUCT IS GENERATED BY MANUFACTURING
Source: Bureau Of Economic Analysis, 2023

60% OF IOWA'S EXPORTS COME FROM THE MANUFACTURING INDUSTRY
Source: WISERTrade, 2023

MANUFACTURING EMPLOYS **14.6%** OF IOWA'S TOTAL WORKFORCE
Source: Bureau of Labor Statistics, 2023

MANUFACTURING JOBS PAY **21%** MORE THAN THE AVERAGE PRIVATE SECTOR JOBS
Source: Bureau of Labor Statistics, 2023

IOWA HAS THE **3rd** HIGHEST CONCENTRATION OF MANUFACTURING WORKERS OF ANY STATE
Source: Bureau of Labor Statistics, 2023

25

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 Technology Investment

- Grant program aimed at helping small- and mid-sized enterprises increase productivity, efficiency and competitiveness
- Eligible projects include the purchase of equipment and specialized hardware or software
- Latest application round opened on January 21

Budget: \$2,016,675

Contact: Anna Lensing at anna.lensing@iowaeda.com or 515.348.6199

Manufacturing 4.0 FY24

\$32 million in grants resulted in over \$67 million private capital investment – \$97 million invested in Industry 4.0 technology

Percentage of reported projects that experienced:	FY24
Increased number of units produced	52%
Increased annual revenue	67%
Increase in acquired customers	64%
Increase in acquired product lines	41%
Reduction in labor and time per unit	53%
Reduction in cost of goods	31%

*Data is based on 83 project completion reports received July 1 2023 - May 31 2024. Data is self-reported by the awarded companies.

26

Iowa Biosciences

OVER **1,800** BIOSCIENCE ENTITIES OPERATE IN IOWA
Source: Biotechnology Innovation Organization, 2023

IOWA RANKS **2nd** IN BIOMASS CAPACITY
Source: U.S. Department of Energy

IN 2023, IOWA EXPORTED **\$593 MILLION** OF PHARMACEUTICAL PRODUCTS TO 72 COUNTRIES
Source: IHSER, 2023

27

Bioscience Opportunities

- MEDICAL INNOVATIONS**
- BIOBASED PRODUCTS**
- AGTECH**
- VACCINES, DIAGNOSTICS, IMMUNOTHERAPEUTICS & PHARMACEUTICALS**

28



Iowa Insurance and Financial Services

#1 STATE FOR **INSURANCE**
AS A PERCENTAGE OF **GDP**
IEA, 2023

IOWA IS HOME TO NEARLY **2,400** FINANCE AND **INSURANCE** COMPANIES
BLS, 2023

IOWA HAS THE **2nd** HIGHEST CONCENTRATION OF **INSURANCE EMPLOYEES** IN THE NATION
BLS, 2023

29



Competitive Initiatives

“THE [STATE’S TAX] TRANSFORMATION IS THE TRIUMPH OF **SIMPLICITY OVER COMPLEXITY, GROWTH OVER SPENDING AND BOTTOM-UP ENERGY OVER TOP-DOWN MANAGEMENT.**”

- Governor Kim Reynolds

30



#1
STATE FOR
FISCAL
RESPONSIBILITY
Cato Institute, 2024

IOWA RANKS IN THE
Top 10
STATES FOR
BUSINESS FRIENDLINESS
CRBC, 2024

THE STATEWIDE
CERTIFIED SITE PROGRAM
MADE IOWA A **Top 10**
STATE FOR SITE READINESS

IOWANS STARTED OVER
32,000
NEW BUSINESSES IN 2024
Iowa Secretary of State

IOWA IS A
RIGHT-TO-WORK
STATE

IOWA IS THE **2nd** BEST STATE IN THE U.S.
TO START A BUSINESS

31

Historic Tax Reform

- Tax Foundation ranking - improvement of 31 places with full phase implementation of reforms
- Lowered corporate tax from 9.8% to 7.1% in 2024, with ultimate target of 5.5%
- Eliminated retirement income tax in 2023
- Reduced personal income tax rate to flat 3.8% in 2025
- Eliminated inheritance tax in 2025

United States | Cur chemists

A tax-cutting wave is sweeping over America's states

"...Iowa has emerged as America's tax-cutting champion, a paragon of fiscal responsibility."

Governor's Proposal – Unemployment Insurance Reform

- Lower the maximum tax rate to the lowest allowed by federal law (5.4%)
- Cut the taxable wage base by half
- Simplify the unemployment insurance system by reducing the number of tax tables
- Matching premiums with benefit

32

Business Development

Iowa's tax climate is now more competitive

- Need to update incentives amid Industry 4.0 investments and reshoring
- **Business Incentives for Growth**
 - Sunset High Quality Jobs program
 - Cap - \$50M
 - Refundable tax credit
 - Based on Capital Investment/Quality of Jobs
 - Limited to Iowa's targeted industries
 - Projects should increase efficiency, productivity and competitiveness



Photo: Pella Corporation

33

Business Development

Seed Investor and Innovation Fund Tax Credits

- Sunset Angel Investor Tax Credits
- Update existing Innovation Fund and create new Seed Investor Tax Credit program
- Cap - \$10M
- Limited to Iowa's targeted industries
- Must meet certain criteria (principal operation in Iowa, net worth equal or less than \$10M, etc.)
- Investments in rural businesses receive enhanced incentives. Individual Seed Investors tax credits:
 - Up to 20% for urban
 - Up to 35% for rural (pop. 15,000 or less)
- Allow innovation funds to be certified if they commit to receiving \$3M in investments

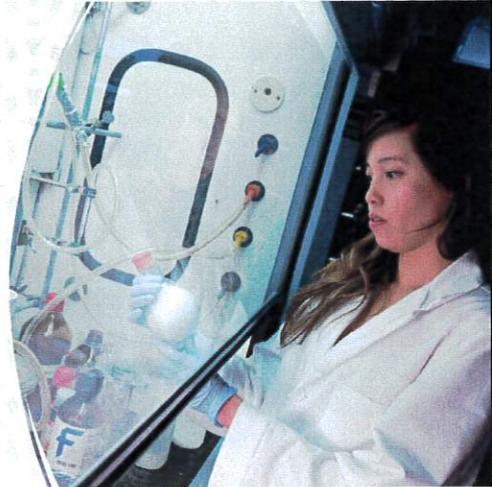


34

Business Development

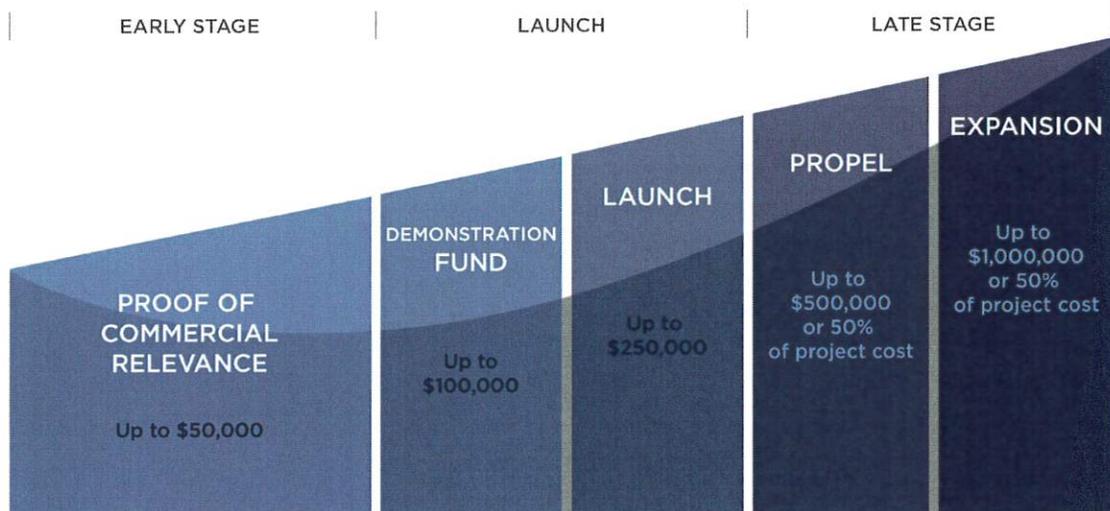
Research & Development Tax Credits

- Sunset Research Activities Tax Credit
- Sunset High Quality Jobs Supplemental RAC
- IEDA to manage new R&D program
- Effective January 1, 2026
- Cap - \$40M
- Refundable with no carry forward – 3.5%
- Calculated on percentage of investment in R&D (including supplies and labor)
- Limited to Iowa's targeted industries



35

Iowa's Innovation Continuum Funding



The continuum is supplemented by SSBCI Venture Capital Innovation Fund to address gaps

36

Business Development Budget

CURRENT		PROPOSED		
PROGRAM	ALLOCATION	PROGRAM	ALLOCATION	FISCAL IMPACT
High Quality Jobs (HQJ)	\$68 million	Business Incentives for Growth (new)	\$50 million	(\$18 million)
		15.335B	\$11.7 million	Status Quo
Angel Investor Tax Credit (tax credits for investments in qualifying businesses) + Innovation Fund Tax Credit	\$10 million total (\$2 million for Angel Investor + \$8 million for Innovation Fund)	Seed Investor Tax Credit (new) + Innovation Fund Tax Credit (existing)	\$10 million	Status Quo
Research Activities Credit (RAC)	No Cap*	Research & Development Tax Credit (R&D)	\$40 million	New Cap Approx. savings of (\$16 million, varies by fiscal year)
HQJ Supplemental RAC	No Cap	Sunset		Approx. savings of (\$1 million)
Targeted Jobs Withholding Tax Credit (TJ)	No Cap	Sunset - 2027	N/A	Approx. savings of (\$2.2 million)

*average amount \$56 million per fiscal year

37

MEGA Program

Major Economic Growth Attraction

- New incentive program aimed at securing projects that represent a capital investment of more than \$1 billion
- "MEGA projects" incentive criteria:
 - Advanced manufacturing, biosciences, research businesses only
 - Created jobs must pay at least 140% of the laborshed wage 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



Legislative Proposal
Clean up sales and use tax refund on construction materials to allow quarterly claims

38

Certified Sites



- Established in 2012 – A portfolio of development-ready sites to make Iowa more competitive in site selection projects
- *Area Development* recognized Iowa as a top 10 state for site readiness because of its Certified Sites program
- Program Enhancements
 - Reviewed numerous state certification programs, studied current market trends, evaluated demands of site selection clients, reviewed feedback from program participants to ensure we remain best in class

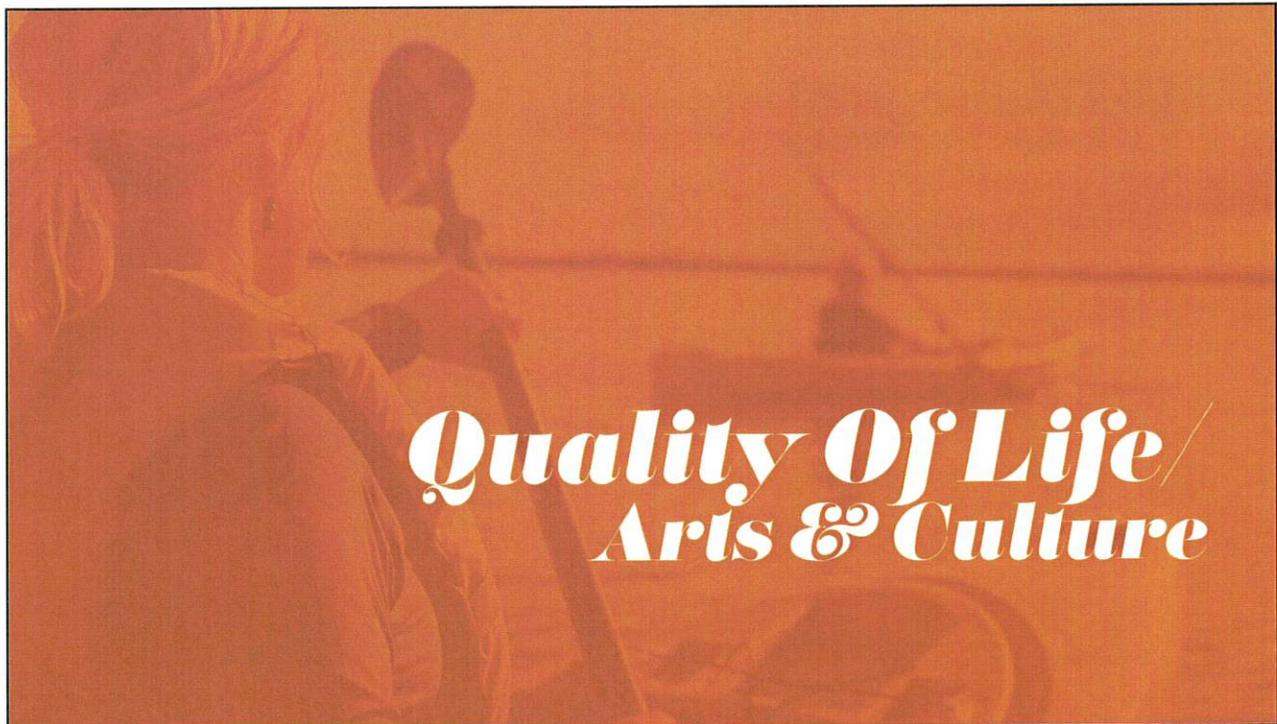
Rural Certified Sites Initiative

- Facilitate the development of additional certified industrial sites in rural Iowa
- Maximum of \$37,500 per applicant to help counties with a population under 50,000 with due diligence required for certification (at least 2 sites in each congressional district)
- Application now open

Contact: Amy Kuhlers at amy.kuhlers@iowaeda.com or 515.348.6250



South Waterloo Business Park
184 acres



#1
FOR LOWEST
COST OF LIVING
CHBC, 2023

IOWA RANKS IN THE **Top Ten**
BEST STATES TO LIVE
U.S. News & World Report, 2024

IOWA RANKS **#3** IN THE U.S.
FOR OPPORTUNITY
U.S. News & World Report, 2024

IOWA RANKS **#7** FOR JOBS
IN THE U.S.
U.S. News & World Report, 2021

Top Ten STATE FOR
MILLENNIALS
BASED ON QUALITY OF LIFE, AFFORDABILITY, SAFETY AND MORE
Real Simple, 2023

41

Unmatched Quality of Life

IOWA HAS MORE THAN
80 STATE
PARKS

2,300
MILES OF TRAILS

18,000 MILES
OF NAVIGABLE STREAMS

2,000
COUNTY PARKS, CITY PARKS
NATURAL AREAS AND TRAILS

NEARLY
53,000
ACRES OF IOWA'S LAND ARE FOR
RECREATIONAL ACTIVITIES

42



43



44

Iowa Arts Council

Cultivating creativity, learning and participation in the arts for Iowa's communities.

- Art Project Grants
- Creative Catalyst Grants
- Cultural Leadership Partners

Budget: \$2.2 million

Legislative Proposal

CURRENT		PROPOSED		
PROGRAM	ALLOCATION	PROGRAM	ALLOCATION	FISCAL IMPACT
N/A	N/A	Iowa Film Production Incentive Program (HF2662)	\$10 million	\$10 million

Contact: David Schmitz at david.schmitz@iowaeda.com or 515.348.6321

For a full list of grants and resources for arts and culture, visit culture.iowaeda.com.





45

Investing in Iowa's Communities

Destination Iowa

- Provides grants to help communities move forward on transformational, shovel-ready tourism and quality of life attractions

Budget: \$10 million

Community Attraction and Tourism

- Provides grants to assist projects that improve recreational, cultural, entertainment and educational attractions and enhance the vitality of the region and state

Budget: \$10 million

Contact: Alaina Santizo at alaina.santizo@iowaeda.com or 515.348.6162




46



Thank You

Debi Durham

Director
Iowa Economic Development Authority
Iowa Finance Authority
debi.durham@iowaeda.com

Deanna Triplett

Chief Legislative Policy Strategist
Iowa Economic Development Authority
deanna.triplett@iowaeda.com

IOWA™

Iowa Economic Development Authority
Iowa Finance Authority