

| | CURRENT | | PROPOSED | | FISCAL IMPACT | EXPLANATION |
|---|---|---|---|--------------|--|--|
| | PROGRAM | ALLOCATION | PROGRAM | ALLOCATION | | |
| BUSINESS DEVELOPMENT INCENTIVES (create \$110 million cap) | High Quality Jobs (HQJ) | \$68 million | Business Incentives for Growth (new) | \$50 million | (\$18 million) | Sunset the HQJ program and replace it with Business Incentives for Growth that better addresses industry needs and helps them compete. In addition, sunset the supplemental RAC credit available through HQJ. |
| | HQJ Supplemental RAC | No Cap | | | Approx. savings of (\$1 million) | |
| | 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 | Sunset the Angel Investor program. Create a new Seed Investor program. The combined cap for the new program and the existing Innovation Fund Tax Credit program would be \$10 million. Reduce the Innovation Fund certification criteria to \$3 million from \$15 million. Both updates will provide an added benefit for rural Iowa. The Angel Investor program will need a \$320,000 allocation to complete the waiting list for applications received before April 1, 2022. |
| | Renewable Chemical Production Tax Credit (RCPTC) | \$5 million | RCPTC (existing) + Sustainable Aviation Fuel Production Tax Credit (SAFPTC) (new) | \$10 million | \$5 million | The existing RCPTC and new SAFPTC would be under a combined cap of \$10 million. The establishment of the SAFPTC program conveys that Iowa is a key contender for SAF projects. |
| | 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 | Sunset the RAC program administered by IDR and replace it with an R&D credit administered by IEDA. The new program would be limited to specific key industries, require an application process and capped at \$40 million per fiscal year. |
| | Major Economic Growth Attraction (MEGA) | N/A | | Status Quo | N/A | Clean up sales and use tax refund on construction materials to allow quarterly claims. |
| | Targeted Jobs Withholding Tax Credit (TJ) | No Cap | Sunset – 2027 | N/A | Approx. savings of (\$2.2 million) | The TJ program is set to sunset in 2027. Limit the amount of withholding tax credit to 1.5% until then with no agreements longer than the sunset. |
| | Assistive Device Tax Credit | No Cap | Repeal | N/A | N/A | The incentive is not utilized. |

* average amount \$56 million per fiscal year

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| COMMUNITY DEVELOPMENT | Workforce Housing Tax Credit (WHTC) | \$35 million | | \$43 million | \$8 million | Short-term cap increase – FY 26: \$43 million, FY 27: \$40 million, FY 28: back to \$35 million. Replace combined IEDA business development and community development cap of \$170 million with a separate business development incentive cap (\$110 million). Each community development tax credit program would maintain a specific program cap. Replace existing audit/verification process with an exam in accordance with AICPA standards, consistent with WHTC and Historic. Update program language, including ineligibility for owner-occupied residential projects. |
| | Redevelopment Tax Credit (Brownfield/ Grayfield) | \$15 million | | \$15 million | Status Quo | |
| | Historic Preservation Tax Credit | \$45 million | | \$45 million | Status Quo | |
| PROGRAM UPDATES | N/A | N/A | Iowa Film Production Incentive Program (HF2662) | \$10 million | \$10 million | Establish two-year pilot program under IEDA to encourage and better compete for in-state film production. |
| | Endow Iowa | \$6 million | Repeal | \$6 million | (\$6 million) | Transfer the Endow Iowa program allocation to supplement the WHTC program. |
| | Employer Childcare Tax Credit | \$2 million | Repeal | \$2 million | (\$2 million) | Enacted in 2022 and no applications have been received. The allocation would transfer to supplement the WHTC program. |

FOR MORE INFORMATION

Deanna Triplett

Iowa Economic Development Authority

Chief Legislative Policy Strategist

515.360.2209 | deanna.triplett@iowaeda.com