



## **FY16 Budget Hearing**

**Debi Durham**  
Director  
Iowa Economic Development Authority

# Governor's Growth Agenda



**200,000**  
**PRIVATE SECTOR JOBS**

**INCREASE FAMILY  
INCOME 25%**



**CUT THE COST OF  
STATE GOVERNMENT BY**

**15%**



**MAKE IOWA THE  
"HEALTHIEST STATE"**

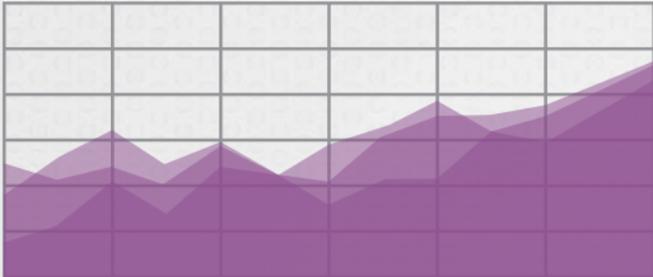
**RE-ESTABLISH  
IOWA'S WORLD CLASS  
EDUCATIONAL SYSTEM**



# New Economic Development Model



# Iowa Rankings



IOWA HAS THE

# 5th

**BEST ECONOMY IN THE NATION**

CNBC - TOP STATES FOR BUSINESS, 2013

**IOWA'S GDP GROWTH**  
FROM 2012 TO 2013



RANKED

# 8th

**HIGHEST**

IN THE NATION



2012 2013

IOWA HAD THE  
**9th**  
HIGHEST GROWTH RATE  
IN OVERALL PERSONAL INCOME

# 4th

HIGHEST GROWTH RATE IN  
PER CAPITA PERSONAL INCOME

# Iowa Rankings

IOWA IS THE  
**9th**  
MOST BUSINESS FREINDLY  
STATE IN THE NATION



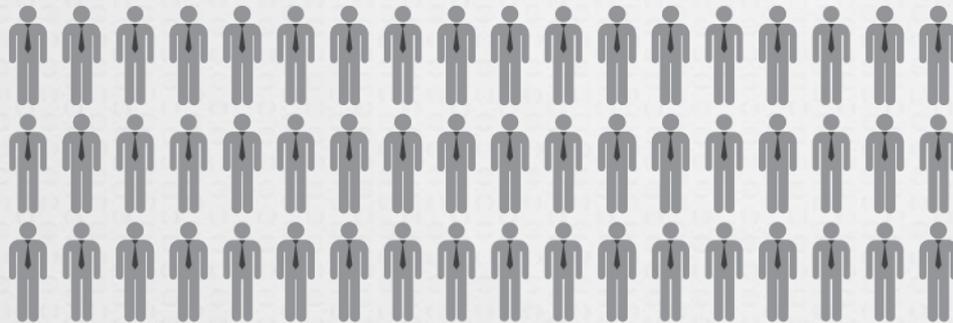
IOWA RANKS AS THE  
**4th**  
BEST RUN STATE  
[247wallst.com](http://247wallst.com)

IASOURCELINK MARKETING STRATEGY CERTIFIED SITES  
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INNOVATION INSURANCE ENERGY  
SMALL BUSINESS  
INFORMATION TECHNOLOGY **EDUCATION**  
HOME BASE IOWA SUSTAINABILITY INGREDIENTS  
INTERNATIONAL PRESENCE DEVELOPMENT READY  
TOURISM **BIOSCIENCES**  
**RESULTS** TRANSPORTATION BIOFUELS FOOD  
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# Results

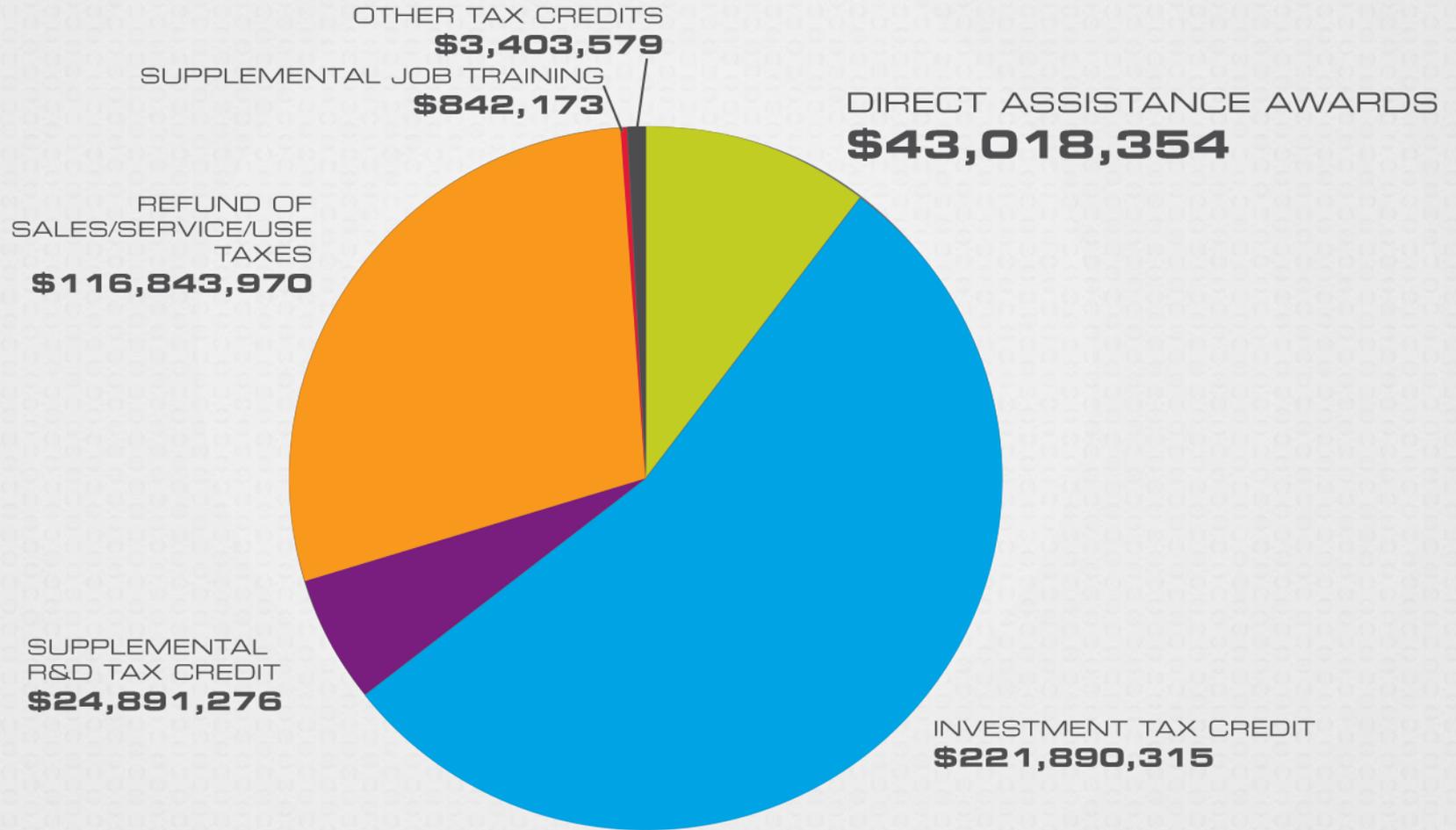
Total Capital Investment:

# \$9,561,906,389



**32,491**  
DIRECT AND INDIRECT  
JOBS EXPECTED  
IN IOWA ECONOMY

# Awarded Projects

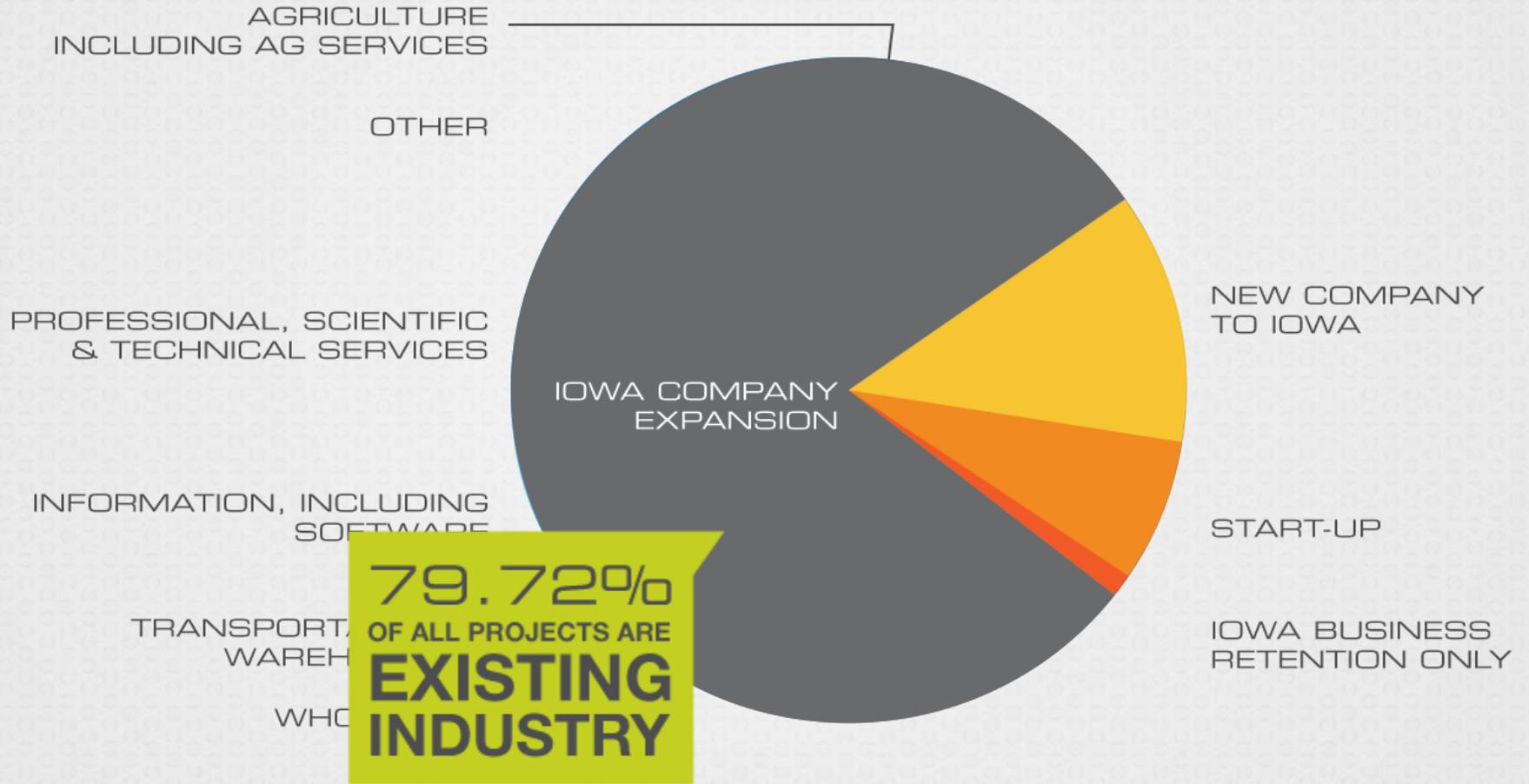


TOTAL IEDA TAX CREDIT AWARDS  
**\$367,871,313**

# Fiscal Impact



# Project Industry Sectors and Breakdown



# Projects Awarded by

## COMPANY SIZE

72

46



EMPLOYEES  
1 - 50

EMPLOYEES  
51 - 250

50

67



EMPLOYEES  
251 - 1,000

EMPLOYEES  
Over 1,000

## COMMUNITY SIZE

56

59



POPULATION  
1 - 4,999

POPULATION  
5,000 - 24,999

72

51



POPULATION  
25,000 - 74,999

POPULATION  
75,000 +



# Rethink Iowa: Creating a Culture Shift

- **Support Innovation**
- **Think Globally**
- **Workforce Growth and Cultivation**
- **Create Communities people want to live in**
- **Tell our Story – branding our diversified, well-performing, innovative economy**

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# Iowa's Public Entrepreneurial Funding Continuum



INVESTIGATION &  
FEASIBILITY



DEVELOPMENT



INTRODUCTION



GROWTH  
STAGE I



GROWTH  
STAGE II



MATURITY

PROOF OF  
COMMERCIAL  
RELEVANCE

DEMONSTRATION  
FUND

INNOVATION  
ACCELERATION  
LAUNCH

INNOVATION  
ACCELERATION  
PROPEL

INNOVATION  
ACCELERATION  
EXPANSION

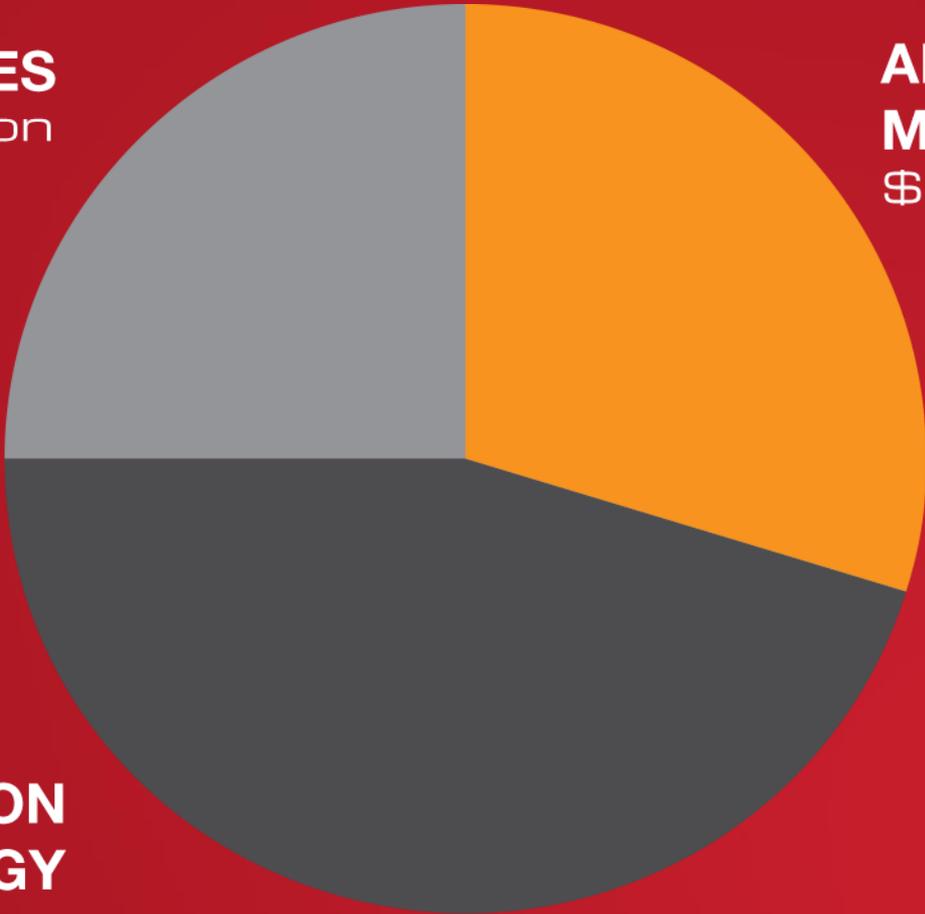
ANGEL  
INVESTOR &  
INNOVATION FUND  
TAX CREDITS

# Innovation Funding

**BIOSCIENCES**  
\$3.89 Million

**ADVANCED  
MANUFACTURING**  
\$4.69 Million

**INFORMATION  
TECHNOLOGY**  
\$7.07 Million



# Iowa Innovation Corporation

- In 2014, the Iowa Innovation Corp. hit its stride
- Worked to better prepare Iowa companies to apply for SBIR/STTR research grants
- Completed the i6 Green Challenge Grant
- Established a monitoring program
- Working to create a statewide mentoring program



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# International Initiatives

**GOAL: Increase exports by 20%**

- **Marketing Assistance, Training and Consultation**
- **Expand export trade assistance programs (ETAP)**
- **In-bound delegations**
- **Trade Missions and FDI**
- **EB-5 program**

**Federal Efforts:**

- **Continue to open access to global markets**
- **Reduce barriers to trade**
  - **TransPacific Partnership Pact**



GROWING IOWA'S  
**GLOBAL**  
PARTNERSHIPS

*Request: \$250,000 increase over last FY*

# International Trade

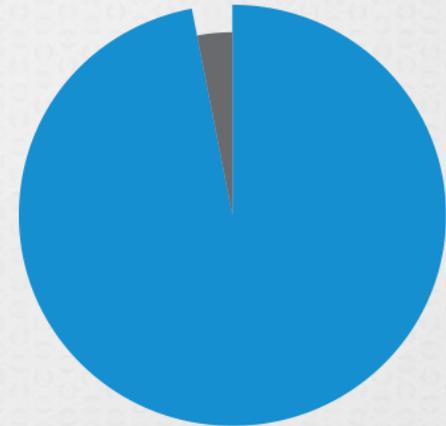


SINCE 2011,  
THE IOWA INTERNATIONAL TRADE OFFICE  
HAS ASSISTED

**390**  
COMPANIES

**97%**

ARE SMALL TO  
**MEDIUM SIZED  
COMPANIES**



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### ■ IASourceLink.com

- A statewide resource and economic development tool for entrepreneurs and small businesses across Iowa and for those considering Iowa for a business location
- Partnership between IEDA and University of Northern Iowa's MyEntre.Net

### ■ What is it?

- **Resource Navigator** – connects entrepreneurs and small businesses with resource providers across Iowa
- **Statewide Events Calendar** – comprehensive listing of networking, educational and training opportunities taking place across Iowa
- **Business Concierge** – personalized assistance with marketing demographics, trends and resources
- **Business Licensing** – customized help with identifying necessary business registrations and licenses
- **Information Source** – webinars, e-newsletter, blogs and resources offered on timely topics



# ESOPs

## ■ Benefits

- Economic benefits to businesses and to the state
- Many owners are facing retirement and need a succession plan
- ESOPs can be a valuable retention tool
- Incentives can equalize an ESOP against a strategic buyer during an ownership transition by reducing the owner's risk

## ■ Incentives

- Formation Assistance
  - \$500,000 available to establish a program to encourage the formation of ESOPs in Iowa
  - Funding will be used to help businesses interested in ESOPs defray the upfront costs of feasibility studies
  - Approved assistance to four Iowa companies to date
- Capital Gains Deduction
  - Iowa taxpayers can deduct 50% of the net capital gain from the sale of stock to a qualified Iowa ESOP that owns at least 30% of the company stock



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# Workforce Challenges



# Education & Workforce Training Initiatives

- **New Apprenticeship Programs**
- **Internship Programs**
  - STEM fields
  - Targeted industries
- **Skilled Iowa**
- **NGA Grant**
- **Center for Human Capital Enrichment**
- **Home Base Iowa Military Recruitment Effort**



# Home Base Iowa

- **A non-profit, private-public partnership that recruits veterans and active duty service members for private-sector job opportunities in Iowa**
- **Broad-based support:**
  - 8 HBI Counties
  - 8 HBI Champs (educational partners)
  - 300 Home Base Iowa businesses, pledging 5,000 jobs for veterans
- **Veterans Hired: 800+**
- **Marketing outreach:**
  - National advertising began in January
  - In-person outreach to military bases around the country
  - Coverage in Military publications



*Request: \$500,000 (new for 2015)*

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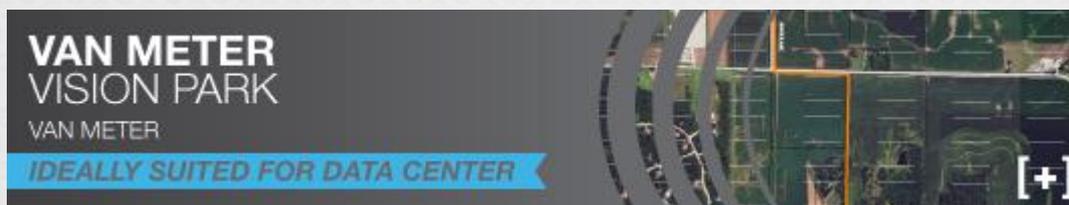
# Development Ready Communities

- Freight Network Optimization
- Certified building sites
- Quality of life initiatives
- Arts and Culture
- Rural Development Programs
- Energy/Sustainability
- **Connect Every Acre**
- IDRC/Main Street
- Workforce Housing
- Brownfield/Grayfield



# Certified Site Program

- **Announced the first-round certifications**
  - Dexter, Fort Dodge, Iowa Falls and Van Meter
- **Nine more sites working towards certification in 2015**



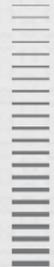
# Energy/Sustainability Initiatives

## ■ **Community Initiatives**

- Net-zero energy development in Charles City
- District geothermal system in West Union
- Energy independence feasibility study for Bloomfield and Algona
- Sustainability plan for Perry
- Energy load study for Breda
- Water planning in Storm Lake

## ■ **CDBG Assistance**

- Green Streets Criteria Guidelines
- Energy retrofits
- City Energy Management Plan (19 communities)
- Building Design consultations



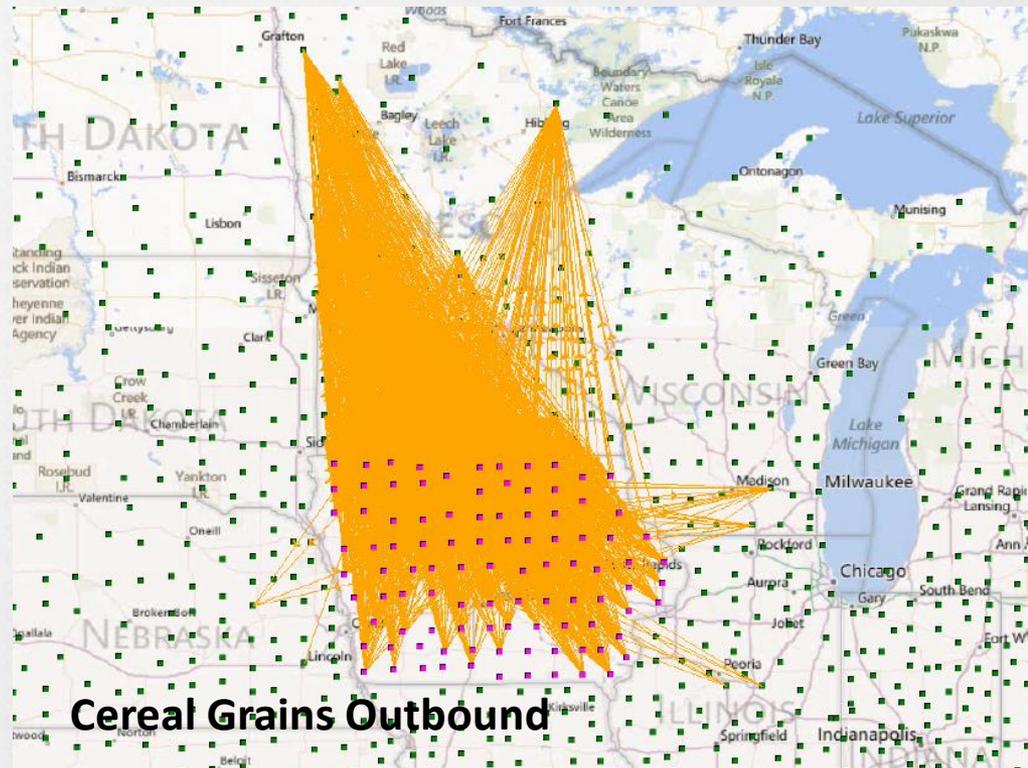
# Energy/Sustainability Initiatives

- **Building Façade Improvements**
- **Clean Cities Program**
- **Combined Heat and Power Workshops**
- **Public Buildings Benchmarking Project (2,000 buildings)**
- **Energy Conservation Code adopted**
- **Low interest Energy Efficiency Financing (via IADG)**
- **The Green Corps**



# IDOT: Freight Optimization Study

- To transform transportation network, supply chain cost and socio-economic data in a centralized data warehouse
- Combine quantitative information and knowledge together with easy-to-use information access tools
- Assist state government agencies and their customers to make informed operational and investment decisions



# Iowa Downtown Resource Center

- Assists communities around the state in revitalizing their downtowns or commercial districts
- Fee-based, technical assistance services including:
  - Design assistance
  - Business improvement planning
  - Organizational and board building
  - Promotion
- Information exchange offered:
  - Access to examples of revitalization projects and activities
  - Sample contracts
  - Qualified consultants in landscape architecture, structural engineering, and much more
- Extend MSI results to other communities
  - Since 1984, Main Street Iowa has documented successes including 4,289 business starts, 10,337 jobs, \$1 billion private investment dedicated to building rehabilitation and 2.6 million volunteer hours



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# Media Strategy and Creative

- Utilize industry-specific (vertical) media to efficiently reach each target audiences
- Boost awareness of Iowa among company CEOs across industries by using rich media and native advertising on high-profile websites and by using high-impact print ads
- Flight advertising focused around trade shows for each industry and take advantage of bonus distribution at shows to further reach these audiences



# Direct Marketing to Prospects



# Direct Marketing to Prospects

**Forbes**<sup>®</sup>

**IOWA IS HELPING STARTUPS GET OFF THE GROUND**

The state strikes the right balance of infrastructure support and funding to boost innovation.

Dawn Ainger, CEO  
Genova Technologies

**IOWA**  
economic development

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**es**<sup>®</sup> **Forbes**<sup>®</sup>

**MOVING IT'S A SMALL WORLD AFTER ALL.**

How Iowa turned itself into a magnet for international business and global investment.

J.T. Nam, President/CEO  
BioAmenos, Fort Dodge, IA

**Forbes**<sup>®</sup>

Alan Hagle, President and CEO,  
Hegle Manufacturing

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Dr. Chris Nelson, CEO  
Kamin Industries

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Dr. Chris Nelson, CEO  
Kamin Industries

# www.iowaeconomicdevelopment.com

- Audience-focused and data-driven
  - Reflects how site selectors search for information
- New features – translation of international investment section
  - 6 languages
- Quality of Life section



# Tourism's Role

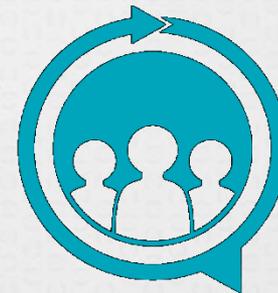
- Showcasing Iowa to the world
- Highlighting our events and places that make us special
- Emphasizing our small businesses
- Sharing Iowa-made products
- Introducing the unexpected



# Tourism's Role

# Performance Metrics

- **Traveliowa.com – Visitation up 156% CY13 – YTD CY14**
  - 492,000 visitors in CY13
  - 771,000 visitors in YTD CY14
- **800,000 Twitter impressions in YTD CY14**
- **2 million Facebook impressions in YTD CY14**
- **283% increase in blog visitation from September 2013 – September 2014 (Goodblogs)**



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# Battelle: By the Numbers

- Iowa has made substantial economic progress over the last decade, resulting in positive trends:

FROM 2007 to 2013,  
IOWA'S ECONOMIC OUTPUT HAS  
**OUTPACED**  
THE NATIONAL GROWTH  
*(INFLATION-ADJUSTED)*



FROM 2007 to 2013, IOWA'S  
NONFARM PERSONAL INCOME  
HAS GROWN



FROM 2004 TO 2013 IOWA  
**OUTPERFORMED**  
THE NATION IN GROWTH OF  
MIDDLE AND HIGH-SKILLED JOBS



# Battelle: By the Numbers



FROM 2009 TO 2012,  
**IOWA HAD AN INCREASE**  
IN STEM-RELATED POST-SECONDARY DEGREES

**IOWA'S INCREASE IN  
INDUSTRIAL R&D**  
SUBSTANTIALLY OUTPACED THE NATIONAL GROWTH



# Battelle: By the Numbers

- Iowa's areas of weakness represent points of emphasis for stakeholders and opportunities for policymakers to effect positive changes

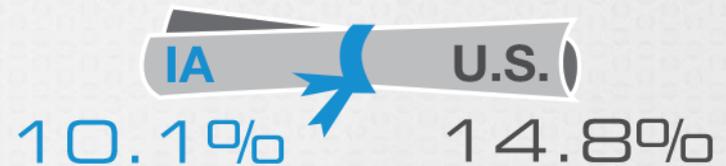
USING PROJECTED NATIONAL GROWTH RATES  
IOWA'S INDUSTRY CLUSTERS  
WOULD ONLY ADD

42,281

JOBS OVER THE NEXT

**DECADE**

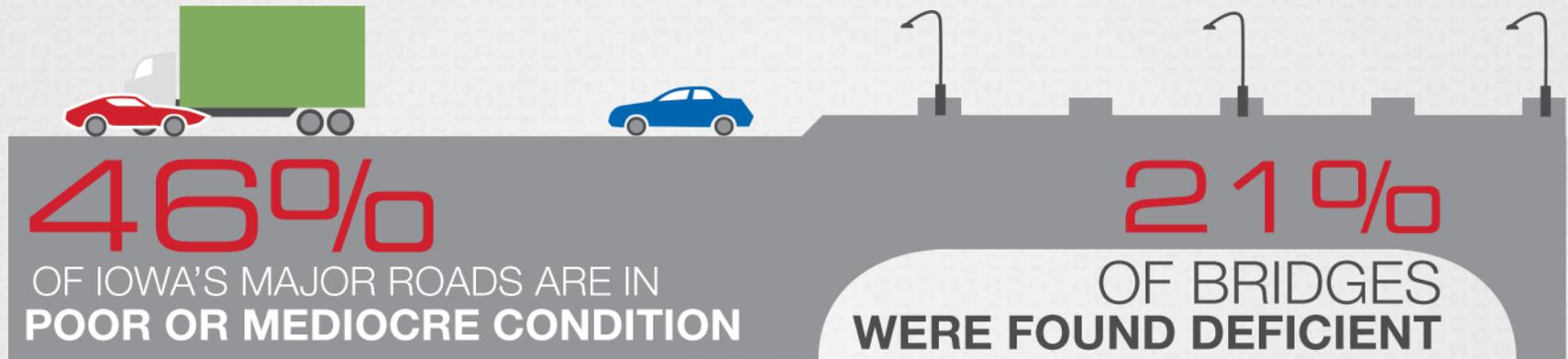
IOWA IS WELL BELOW  
THE NATIONAL AVERAGE  
IN TOTAL STEM-RELATED  
DEGREES AWARDED



IOWA REMAINS BEHIND THE  
**U.S. AVERAGE**  
IN OVERALL LEVEL OF  
**HIGH SKILLED JOBS**



# Battelle: By the Numbers



# 2014 Programs Implemented

- **Brownfield/Grayfield Tax Credits**
- **Workforce Housing Tax Credits**
- **Strategic Infrastructure Fund (via Innovation Council)**



# Proposed FY16 Tax Credit Programs

- **IEDA is currently authorized to issue up to \$2 million in investment tax credits per year for investments in “qualifying businesses and community based seed funds”**
- **Together, these two credits are sometimes referred to as “angel credits”**
- **Improve Angel Investor tax credit program**
  - Increase credit percentage from 20% to 25%
  - Make credits refundable
  - Focus the credits on individual angel investors, not institutions
  - Simplify eligibility and eliminate the “community-based seed fund” feature
  - Cap individual credit level at \$100,000 per year and simplify cap structure
  - Reduce carry-forward period from five years to three years



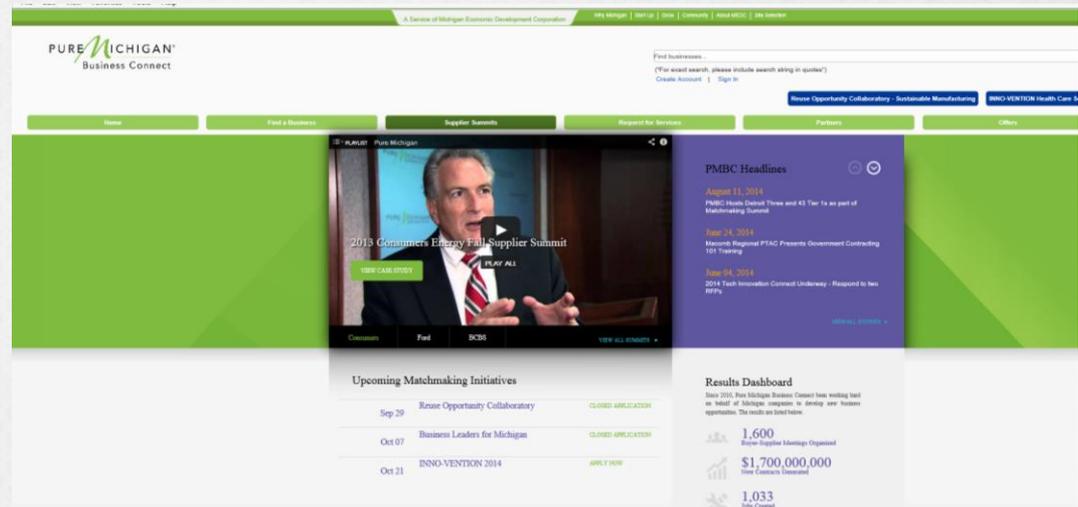
# Proposed FY16 Tax Credit Programs

- **IEDA is proposing the creation of a new incentive for the production of Renewable Chemicals from biomass feedstocks**
- **Proposed Structure:**
  - Incentivizes the production of high-value “building block” chemicals
  - Must be produced from “biomass feedstocks” such as starch, sugar, oil, lignin, etc
  - Must create higher value products from the feedstocks (not available for the production of ethanol, biodiesel, or animal feed)
- **Features:**
  - Part of IEDA’s business tax credit cap (no proposed increase)
  - Annual award amounts limited to \$1 million for start-ups and \$500,000 for established businesses
  - Credit would be refundable, but NOT transferrable
  - Only available to a company for five years



# B2B Connections

- Working to develop a B2B portal to connect businesses with Iowa suppliers and services
- Supply chain development



*Request: \$500,000 (new for 2015)*

# FY16 IEDA Budget

Line Item	Request	Net Change from 2014	Budget Bill
<b>Home Base Iowa Marketing</b> (including 5% of funds for administration)	\$500,000	NEW for 2015	Economic Development Budget Bill
<b>High Quality Jobs</b>	\$16,900,000	None	Economic Development Budget Bill
<b>Business to Business Portal Service</b>	\$500,000	NEW for 2015	TBD
<b>Operations</b>	\$15,766,372	+ \$250,000 Trade Office	Economic Development Budget Bill
<b>STEM Internships</b>	\$1,000,000	None	Economic Development Budget Bill
<b>World Food Prize</b>	\$1,000,000	None (but move all \$ to GF budget)	Economic Development Budget Bill & RIIF Bill
<b>COG Assistance</b>	\$200,000	None	Economic Development Budget Bill
<b>ICVS</b>	\$178,133	None	Economic Development Budget Bill
<b>Tourism AGRs</b>	\$1,124,000	None	
<b>Community Attraction and Tourism (CAT)</b>	\$5,000,000	None	RIIF Bill
<b>Regional Sports Authority Districts</b>	\$500,000	None	RIIF Bill
<b>Youth Shelter Services</b>	None	- \$200,000	RIIF Bill
<b>Camp Sunnyside</b>	None	- \$250,000	RIIF Bill
<b>Fort Des Moines</b>	None	- \$100,000	RIIF Bill

# IOWA<sup>®</sup>

economic development

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