

Professional Developers of Iowa  
2016 Legislative Agenda Talking Points

Small Business & Entrepreneurship Support – Direct technical assistance to entrepreneurs and start-up companies is a key component to growing Iowa's economy. The Legislature should provide adequate funding for small business development and economic gardening programs to foster entrepreneurial endeavors.

- Fostering entrepreneurship encourages the formation and growth of small businesses and scalable startups that are locally owned, supportive of their communities, and a source of diversity in the economy
- Iowa Economic Development Authority programs that support entrepreneurship and innovation, in particular the Iowa Demonstration Fund, Iowa Launch, Iowa Propel and Iowa Innovation Expansion are critical tools that validate the quality of entrepreneurial ventures, decrease risk to and improve return for investors, and shine a spotlight on our state's entrepreneurial successes.
- Angel Investor Tax Credit makes Iowa more attractive to entrepreneurs and investors by improving access to equity capital, and improving results for investors.
- Business Accelerators improve outcomes by connecting entrepreneurs with peers, mentors and business team members, providing educational programming, and monitoring and assisting entrepreneurs throughout their business life cycle.

Renewable Chemical Tax Credit – PDI joins partners in agriculture, biosciences and manufacturing in supporting passage of the Renewable Chemical Production Tax Credit, legislation aimed at creating opportunities for wealth and job growth in areas of critical need while enhancing necessary efforts to reduce our nation's dependence on petrochemicals.

- Iowa boasts 43 ethanol plants and 12 biodiesel plants in the state, which makes our state a net exporter of fuel
- Next generation high-value biochemical production in Iowa will, in turn, engender a new industry in the state creating products based these chemicals
- Tax credit will provide value-add for farmers, ag processors, chemical companies, and research and development in the state

Tax Increment Financing – PDI supports TIF and opposes efforts to weaken this important and flexible local economic development tool. New TIF reporting requirements adopted by the legislature in 2012 provide the public access to information on local use of TIF. Any further changes to TIF would be unwise prior to in-depth analyses of a multi-year sampling of that data and also of the effects of 2013 property tax reform on local government revenues. Rather, the Legislature and Governor should encourage expanded use of TIF to address critical needs throughout Iowa, such as workforce housing in rural areas.

- TIF has been an exceptionally useful tool to help communities grow and prosper.
- Without TIF, many communities would have been unable to help existing businesses grow, attract new business development, provide new housing stock, and revitalize neighborhoods, main streets, and downtowns.
- It is essential that TIF remains in place.

Brownfield/Grayfield Tax Credit Program - PDI supports increasing the tax credit allocation for this program to accommodate strong demand. Brownfield/Grayfield redevelopment promotes economic health in Iowa communities by reducing environmental hazards, eliminating blight and restoring beauty to neighborhoods and communities.

- Program is frequently used for underdeveloped or environmentally contaminated property
- In FY 2016, 99 applications for projects totaling \$1.2 billion were submitted for just \$10M in tax credits

Workforce –PDI members statewide identify workforce availability and quality as the greatest obstacle to growth. Continued access to innovative training programs and practices that are responsive to a rapidly changing workforce is essential. Iowa's ability to address our workforce challenge requires adequate funding and proper alignment of services to strengthen our knowledge based economy.

- The productivity of the Iowa workforce has traditionally been a competitive advantage in business retention, attraction and growth
- CNBC now ranks Iowa 44<sup>th</sup> in the nation for workforce. Forbes places our state 35<sup>th</sup> for labor supply.
- The perceived shortage of available workers in the state in recent years has become an impediment to economic growth, as in-state companies struggle to fill vacant positions and out-of-state companies hesitate to locate operations in Iowa due to workforce concerns
- State job training programs administered through community colleges and IowaWorks provide a means of addressing workforce concerns for both current and prospect businesses. In 2015, community colleges assisted in the up-skilling of over 7,500 current Iowa employees and supported 998 small businesses directly in meeting their workforce needs as reported by the Department of Education in the Workforce Training & Economic Development Fund 2015 Progress Report.

State Economic Development Resources – Iowa's ability to attract or induce economic growth is directly related to the reliability and sustainability of resources for use by the Iowa Economic Development Authority (IEDA) and other relevant departments. PDI supports full funding of the Authority's appropriate requests for business incentives and administration. The State can enhance its economic development efforts by reducing regulatory impediments to business growth.

- Incentives are critical tools in supporting existing industry and drawing new industry to Iowa
- Credits support a variety of activities from the IEDA, including business development and housing activities
- Tools developed by the IEDA are important for bringing high paying jobs with good benefits

Income Tax Reform – Improve Iowa's competitiveness by creating a simpler income tax structure for both corporate and personal income taxes. Corporate and personal income taxes should be uniformly adjusted downward. The Governor and the Legislature should also end federal deductibility and accomplish this without shifting the tax burden between brackets.

- Tax reform is a key factor to make Iowa more competitive for business attraction and retention.
- Iowa currently has a low “tax friendly” ranking in the United States.

Housing – PDI recommends that the tax credit allocation for the Workforce Housing Tax Credit program be raised to \$40 million and that the credits no longer be counted against the state’s business tax credit limit. Workforce housing is in critically short supply across Iowa and the housing tax credit program is an aggressive step toward addressing the problem.

- The availability of quality, affordable housing directly affects the Iowa workforce.
- Employers across industries have voiced concern about the lack of housing in rural communities
- The Workforce Housing Tax Credit, coupled with recent property tax reductions for multifamily residential property, is sparking development. Demand for the credits exceeded supply in the programs first year.
- Iowa’s business tax credit allocation was already severely limited in comparison to some competing states before the workforce housing tax credit further impeded supply. By separating the two, we can continue the housing momentum while still ensuring sufficient financial incentives are available to make Iowa an attractive business destination.

Broadband – Building upon positive action last year, the Governor and Legislature should continue to push for broadband deployment to every corner of Iowa.

- Broadband is a key factor to business growth and expansion.
- Broadband allows companies to locate and grow in rural areas due to a robust communication link to the rest of the world.
- Much of the state of Iowa has very limited broadband connections, if any, which can be a threat to the retention, growth, and attraction of businesses.
- Broadband expansion is vital to the economic advancement of the state.