

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS IOWA

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

IOWA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Weiler	\$6.6	106	\$0.6
Hy-Vee	\$70.0	102	\$7.5
McKesson	\$65.0	164	\$12.9
Cambrex Charles City	\$52.5	32	\$1.5
Barilla America	\$26.5	23	\$0.8
Employers Mutual Casualty	\$22.8	35	\$2.0
Boehringer Ingelheim Vetmedica	\$94.8	0	\$1.9
Ag Processing	\$89.0	20	\$3.1
XTL	\$62.0	50	\$1.2
Swiss Valley Farms Cooperative	\$20.6	99	\$1.0
Monsanto	\$74.0	51	\$4.2
TrinityRail Maintenance Services	\$29.5	250	\$2.0

OVERVIEW OF MAJOR IOWA INCENTIVE PROGRAMS

HIGH QUALITY JOBS PROGRAM

The High Quality Jobs program provides qualifying businesses tax benefits and direct financial assistance to off-set some of the costs incurred to locate, expand, or modernize an Iowa facility. The following tax incentives may be available:

- A local property tax exemption of the value added to the property.
- An investment tax credit equal to a percentage of the qualifying investment, amortized over five (5) years. This tax credit is earned when the corresponding asset is placed in service and can be carried forward for up to seven (7) additional years or until depleted, whichever occurs first.
- A refund of state sales, service or use taxes paid to contractors or subcontractors during construction.
- For distribution center projects, a refund of sales and use taxes paid on racks, shelving and conveyor equipment.
- The state's refundable research activities credit may be increased while the business is participating in the program.

Actual award amounts will be based on the business' level of need, quality of jobs, the percentage of created/retained jobs defined as "high quality," and the economic impact of the project. There is a maximum tax incentive award available to a business based on qualifying jobs, wages, and investment.

To qualify for the High Quality Jobs program, a business must be a non-retail or non-service business, and:

- Created jobs must pay at least one-hundred (100%) percent of the qualifying wage threshold at the start of the project and one-hundred and twenty (120%) percent of the qualifying wage threshold by project completion and through the project maintenance period.
- Retained jobs must pay at least one-hundred and twenty (120%) percent of the qualifying wage threshold throughout the project completion and maintenance periods.
- A business located in an economically distressed area must pay at least one-hundred (100%) percent wage threshold throughout the applicable contract period.
- The business must provide a sufficient benefits package to all full time employees that includes at least one of the following:
 - Business pays eighty (80%) percent of medical premiums for single coverage plans, OR
 - Business pays fifty (50%) percent of medical premiums for family coverage plans, OR
 - Business pays for some level of medical coverage and provides the monetary equivalent value through other employee benefits.

Iowa shows an average deal value of \$4.4 million with 49 new jobs created per deal

NEW JOBS TAX CREDIT

The Iowa New Jobs Tax Credit is an Iowa corporate income tax credit and is available to companies who have entered into a New Jobs Training Agreement (260E) and expand their Iowa employment base by ten (10%) percent or more.

The amount of this one-time tax credit will depend upon the wages a company pays and the year in which the tax credit is first claimed. The maximum tax credit in 2013 was \$1,560 per new employee. Unused tax credits may be carried forward for up to ten (10) years.

RESEARCH AND DEVELOPMENT TAX CREDIT

The Research and Development Tax Credit program provides tax credits equal to six and a half (6.5%) percent of a businesses' allotted share of qualifying research expenditures in Iowa for increasing research activities within the state. Qualified research expenditures include:

- Wages paid to an employee for performing or supporting a research activity conducted at an Iowa facility or for an employee in Iowa who directly supervises or directly supports research activities.
- Supplies, including tangible property other than land, improvements to land and depreciable property.
- Sixty-five (65%) percent of expenses related to contract research.

Unused credits may either be refunded or carried over to the following tax year.

IOWA INDUSTRIAL NEW JOBS TRAINING

The Industrial New Jobs Training Program provides businesses, which are expanding their Iowa workforce, with new employee training. Administered by Iowa's 15 community colleges, the program is financed through bonds sold by the colleges. Depending on wages paid, the business then diverts 1.5% or 3% of the Iowa state withholding taxes generated by the new positions to the community college to retire the bonds. Businesses participating in the Iowa Industrial New Jobs Training Program may also be eligible for reimbursement up to fifty (50%) percent of the annual gross payroll costs expended for on-the-job training, as well as a corporate tax credit if Iowa employment is increased by at least ten (10%) percent. Eligible businesses must:

- Be located in, or relocating to Iowa.
- Be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development.
- Have customers outside of Iowa for service-providing businesses.
- Not have closed or substantially reduced its employment base at any of its other business sites in Iowa in order to relocate substantially the same operation to another area of the state.

For more information, contact:

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OTHER IOWA INCENTIVE PROGRAMS

- Demonstration Fund
- Export Trade Assistance
- Iowa Capital Access Program (ICAP)
- Angel Investor Tax Credit
- Enterprise Zones
- Innovation Fund Tax Credit
- Targeted Jobs Withholding Tax Credit Pilot Program
- Assistive Device Tax Credit
- Brownfield/Grayfield Tax Credit Program
- Endow Iowa
- Iowa Community Based Seed Funds
- Tax Increment Financing
- Accelerated Career Education Program (260G)
- Community College Business Network Training Program
- Community College Consortium
- Iowa Jobs Training Program (260F)
- Iowa Student Internship Program