

## HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 679/Senate File 575	House Econ. Growth:	<b>PASSED</b> on 3/14/23 (25-0)
Committee:	Ways and Means	House Ways & Means:	<b>PASSED</b> on 3/21/23 (24-0)
Floor Manager:	Rep. Latham	House Floor:	
Date:	May 1, 2023	Senate Floor:	
Staff:	Kristi Kious (2-5290)	Governor:	

### Iowa Economic Development Authority Bill

- Extends and updates the Renewable Chemical Production Tax Credit Program.
- Eliminates wait lists for several tax credits.
- Adds native spirits to the promotion board.

- **Fiscal Note:**

#### Summary of Fiscal Impact

Table 3 summarizes the estimated fiscal impact to the General Fund.

		Table 3 — Estimated Total Fiscal Impact (\$ in Millions)				
Division	General Fund Impact	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
I	Renewable Chemical Production Tax Credit	\$ 0.0	\$ 0.0	\$ 0.0	\$ -0.4	\$ -1.1
II	Wine and Beer Promotion Board	-0.1	-0.1	-0.1	-0.1	-0.1
<b>Total Revenue Reduction</b>		<b>\$ -0.1</b>	<b>\$ -0.1</b>	<b>\$ -0.1</b>	<b>\$ -0.5</b>	<b>\$ -1.2</b>

## Section by Section Analysis

### Division I—Tax Credits

#### Section 1 – Aggregate tax credit limit for certain economic development programs (15.119)

This section extends the future repeal of the renewable chemical program from 2030 to 2036.

#### Section 2 – Definitions (15.316)

This section removes certain chemicals from the definition of *building block chemical* for purposes of the renewable chemical program.

#### Section 3 – Eligible business application and agreement — maximum tax credits (15.318)

[New paragraph] This section provides that all completed applications submitted for the renewable chemical program shall be reviewed and scored on a competitive basis by the IEDA pursuant to rules.

#### Section 4 – Eligible business application and agreement — maximum tax credits (15.318)

This section makes technical, conforming changes.

#### Section 5 – Eligible business application and agreement — maximum tax credits (15.318)

Under current law, if a business eligible for a renewable chemical production tax credit has been in operation in Iowa for five years or less at the time of application, the maximum credit is \$1.0 million per calendar year. If more than five years, \$500,000. This section makes the maximum tax credit any business can receive per year \$1.0 million regardless of years in operation.

This section also eliminates the waitlist that existed for this tax credit and provides that IEDA can only award the program cap (\$5.0 million) per calendar year.

*Section 6 – Renewable chemical production tax credit (15.319)*

This section extends the tax credit to chemicals produced before 2036 (was set to expire in 2026).

*Section 7 – Reports to general assembly (15.320)*

This section makes technical, conforming changes.

*Section 8 – Reports to general assembly (15.320)*

This section changes information regarding the renewable chemical program that must be submitted to the GA and Governor by January 31<sup>st</sup> of every year.

*Section 9 – Reports to general assembly (15.320)*

This section provides that information reported shall be in the aggregate for confidentiality purposes.

*Section 10 – Future repeal (15.322)*

This section extends the future repeal of the renewable chemical production tax credit from July 1, 2030 to July 1, 2039.

*Section 11 – Innovation fund investment tax credits (15E.52)*

This section adds *educational technology* to the definition of *innovative business* for purposes of the innovation fund investment credits.

*Section 12 – Innovation fund investment tax credits (15E.52)*

This section makes technical, conforming changes.

*Section 13 – Innovation fund investment tax credits (15E.52)*

This section eliminates the wait list for the innovation fund tax credit.

*Section 14 – Innovation fund investment tax credits (15E.52)*

This section extends the time the IEDA board may certify an innovation fund from June 30, 2023 to June 30, 2028.

*Section 15 – Innovation fund investment tax credits (15E.52)*

This section makes technical, conforming changes.

*Section 16 – Renewable chemical production tax credit (422.10B)*

This section extends the future repeal of the renewable chemical production tax credit from January 1, 2033 to January 1, 2041.

*Section 17 – Corporate tax imposed — credit (422.33)*

This section makes technical, conforming changes.

Section 18 – Applicability

This section makes technical, conforming changes as well as provides for the transition away from a wait list system.

**Division II—Iowa Wine, Beer, and Spirits Promotion Board**

Section 19 – Iowa wine and beer promotion board (15E.116)

This section adds *spirits* to under the promotion board and increases membership to four (from three). One of those members is to represent Iowa distilleries.

Section 20 – Promotion of Iowa wine, beer, and spirits (15E.117)

This section makes technical, conforming changes.

Section 21 – Beer and liquor control fund — allocations to substance abuse programs — use of civil penalties (123.17)

This section requires the Department of Commerce to transfer the lesser of \$250,000 or one percent of gross sales of native distilled spirits by Class A licensees to IEDA. IEDA is to use the money to promote wine, beer, and spirits made in Iowa.

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**Amendment Analysis**

**Amendments H-1157 & 1160 to HF 679**—will be deferred on (contained within the conforming amendment)

**Amendment H-XXX to HF 679 by Latham (conforming amendment)**

This is a conforming amendment to SF 575. It makes a few conforming changes as well as adds *construction of new dwelling units* to allow urban areas to build on greenfields.

**Amendment H-XXX to SF 575 by Latham**

This amendment is a technical correction requested by IEDA.