

Iowa Values Fund

It's Here! The \$500 million Grow Iowa Values Fund (GIVF) legislation enacted in 2003 enables Audubon County communities to better serve the business development needs of growing companies.

The Iowa Values Fund is comprised of five main components: Business Development and Assistance, University Research and Development, Workforce Training, Quality of Life, and School Infrastructure. The goals of this fund are to help move and grow Iowa's economy, create jobs, and help generate wealth for Iowans.

New and existing assistance programs will utilize GIVF to focus on business start-ups, business expansions, business modernization, business attraction, business retention, and marketing.

In addition, GIVF will also be used to provide loan guarantees for business growth and build robust telecommunications infrastructure capacity across the state, including Audubon County.

Audubon County Economic Development can assist your company in obtaining the financial assistance needed to start and grow your business in Audubon County. Listed below are the more frequently used programs. Contact the ACED office to discuss the most appropriate programs for the needs of your project.

IDED PROGRAMS

Community Economic Betterment Account (CEBA)

The CEBA program provides financial assistance to companies that create new employment opportunities and/or retain existing jobs, and make new capital investment in Iowa. The amount of funding is based, in part, on the number of jobs to be created/retained. Funds are provided in the form of loans and forgivable loans. Projects eligible for CEBA funding include, but are not limited to, the following:

- Building construction or reconstruction
- Land or building acquisition
- Equipment purchases
- Operating and maintenance expenses
- Site development - clearance, demolition and building removal
- Working capital

CEBA investments should not be considered a sole funding source. The program leverages other financial support such as bank financing and private investment. The CEBA program also contains a "Venture Project" component specifically designed for early-stage and start-up businesses. Financial assistance is provided in forms conducive to the company's stage of maturity. The "Venture Project" component allows for longer-term job creation and investment performance periods than otherwise offered through CEBA.

The CEBA program can provide assistance up to \$1 million. As an alternative, non-traditional, short-term float loans or interim loans greater than \$1 million may be available. The funding level for start-up companies varies depending upon employee wage rates. Assistance through CEBA's "Venture Project" component is provided as an "equity-like" investment, with a maximum award of \$250,000.

Economic Development Set-Aside (EDSA)

The EDSA program provides financial assistance to companies that create new

employment opportunities and/or retain existing jobs, and make new capital investment in Iowa. The amount of funding is based, in part, on the number of jobs to be created/retained. Funds are provided in the form of loans and forgivable loans. Projects eligible for EDSA funding include, but are not limited to, the following:

- Building construction or reconstruction
- Land or building acquisition
- Equipment purchases
- Operating and maintenance expenses
- Site development - clearance, demolition and building removal

Working Capital

EDSA investments should not be considered a sole funding source. The program leverages other financial support such as bank financing and private investment. The EDSA program assistance is targeted toward business projects located in communities of under 50,000 population. At least 51 percent of the created/retained employment opportunities must be made available to individuals presently earning wages defined as low-and-moderate income.

The EDSA program can provide assistance up to \$500,000.

Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP)

The Value-Added Agricultural Products and Processes Financial Assistance Program seeks to increase the innovative utilization of Iowa's agricultural commodities. It accomplishes this by investing in the development of new agri-products and new processing technologies.

VAAPFAP may assist projects in two primary categories and a third secondary category:

- Innovative Products and Processes encourages the processing of agricultural commodities into higher-value products not commonly produced in Iowa, or utilizing a process not commonly used in Iowa to produce new and innovative products from agricultural commodities.
- Renewable Fuels and Co-Products encourage the production of renewable fuels, such as soy diesel and ethanol, and co-products for livestock feed.
- A third category, Project Creation Assistance, is also available for projects that may be ineligible under the regular program due to their "pre-commercial" status. Project Creation Assistance is limited to projects within certain designated Strategic Initiatives.
Program Eligibility Requirements:
 - The proposed project must be located in Iowa.
 - The business must have a business plan demonstrating a viable market, and managerial and technical experience.
 - The business should also have completed a feasibility study documenting the viability of the proposed start-up business.Projects are also evaluated according to the following criteria:
 - The degree to which the facility will increase the utilization of agricultural commodities produced in the state.
 - New and innovative
 - Feasibility
 - The proportion of local match to be contributed to the project.
 - The level of need of the region where the existing facility is, or the proposed facility is to be located.
 - The degree to which the facility produces a co-product that is marketed in the same locality as the facility.

Any single project may apply for up to \$525,000 in assistance. Financial assistance is provided in the form of loans and forgivable loans. Generally, assistance of \$20,000 or more is usually awarded as a combination of loans and forgivable loans, with the forgivable portion decreasing as the award size increases.

New Jobs and Income Program (NJIP)

The Iowa New Jobs and Income Program provides a package of tax credits and exemptions to businesses making a capital investment of at least \$11,414,000 and creating 50 or more jobs meeting wage and benefit targets within five years.

Qualifying businesses participating in NJIP receive substantial benefits, including:

- Local property tax exemptions for up to 20 years on the value added to the property.
- Additional funding for training new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- Refunds of sales, services, or use taxes paid to contractors or subcontractors during construction.
- An investment tax credit of up to 10% of the capital investment in machinery and equipment, land, buildings, and improvements to existing buildings. This Iowa tax credit may be carried forward for up to seven years until depleted.
- An additional research and development tax credit of up to 6.5%, which may be refundable. This Iowa tax credit is based on increasing research activities within the state and is available while the business is participating in the program for up to 10 years.

A business is eligible for NJIP benefits if it:

- Makes a capital investment of at least \$11,414,000.
- Create 50 new non-management, production jobs and maintain them for at least five years.
- Pay a median starting wage of at least \$11.96 per hour or 130% of the average county wage, whichever is higher. (Check with the IDED for the community's current wage requirement.)
- Provide and pay at least 80% of the costs of a standard employee medical and dental insurance plan for all full-time employees.
- Not close or significantly reduce operations elsewhere in Iowa in order to relocate the operation to the proposed community.
- Not be a retail establishment.

Additionally, a participating company must meet at least three of the following criteria:

- Offer a pension or profit-sharing plan.
- Produce/manufacture value-added goods or services or belong to one of Iowa's "target" business segments:
 - Value-added agricultural products
 - Insurance, financial services or telecommunications
 - Plastics
 - Metals
 - Printing, paper or packaging products
 - Pharmaceuticals
 - Software development
 - Instruments, measuring devices and medical instruments
 - Recycling and waste management
- Make daycare services available.

- Annually invest no less than one percent of the Iowa facility's pretax profits in research and development.
- Have a productivity and safety improvement program in place.
- Annually invest not less than one percent of Iowa facility's pretax profits in worker training and skills enhancement.
- Occupy an existing vacant facility of at least 20,000 sq. ft.

In order to receive benefits, the business' application for benefits must receive final approval from the IDED Board before project initiation.

LOCAL AND REGIONAL ASSISTANCE PROGRAMS

Tax Increment Financing (TIF)

City councils or the Audubon County Board of Supervisors may use the property taxes resulting from the increase in taxable valuation caused by the construction of new industrial or commercial facilities to provide economic development incentives to a business or industry. Tax Increment Financing may be used to offset the cost of public improvements and utilities that will serve the new private development, to finance direct grants or loans to a company, or to provide the local match for federal or state economic development assistance programs.

Revolving Loan Fund (RLF)

The Region XII Development Corporation Revolving Loan Fund is used to encourage the development of new businesses and expansion of existing businesses in Audubon County. Priority consideration is given to businesses that employ or will employ less than 25 individuals.

Manufacturing, service and retail businesses that plan to locate or expand in Audubon County are eligible to apply for a low-interest loan. Projects involving retention of jobs are also eligible for assistance. The maximum term is ten years, with a portfolio average of five years. The minimum size of a RLF loan is \$5,000. The maximum award is \$187,000.