RENEWABLE CHEMICAL PRODUCTION TAX CREDIT PROGRAM

IOWA economic development

TURNING BIOMASS INTO BUSINESS

Iowa is already known as a leader in the biofuels industry, thanks in large part to the abundant natural resources available and the support provided by the state to encourage development. Iowa is also a world leader in the production of both corn and soybeans, the principal feedstocks for the biofuels industry. Another great asset – Iowa produces the nation's second largest supply of biomass with the ability to harvest 14.4 million dry tons of biomass annually (total cellulosic and crop biomass). Additionally, Iowa can boast one of the most robust industrial biotechnology infrastructures available in the United States.

All of that presents a unique opportunity to advance Iowa's economy by focusing on the use of biomass as feedstocks for the production of building block chemicals.

On April 6, 2016, Iowa Governor Terry E. Branstad signed into law, the Renewable Chemicals Production Tax Credit program, the first of its kind in the nation. The program addresses the unique opportunity to advance Iowa's economy by capitalizing on Iowa's strengths in the bioeconomy.

BY THE NUMBERS

IOWA RANKS

1st IN CORN PRODUCTION

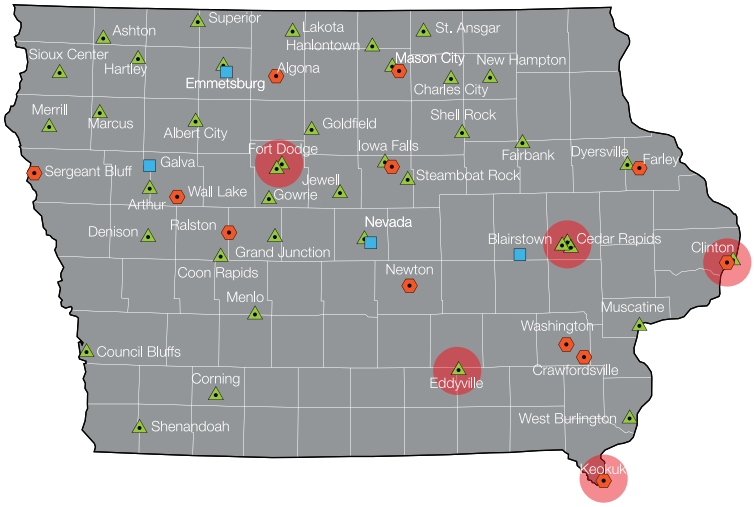
1st IN SOYBEAN PRODUCTION

IOWA HAS THE **2nd**

LARGEST SUPPLY OF AVAILABLE BIOMASS
14.4 MILLION DRY TONS PER YEAR

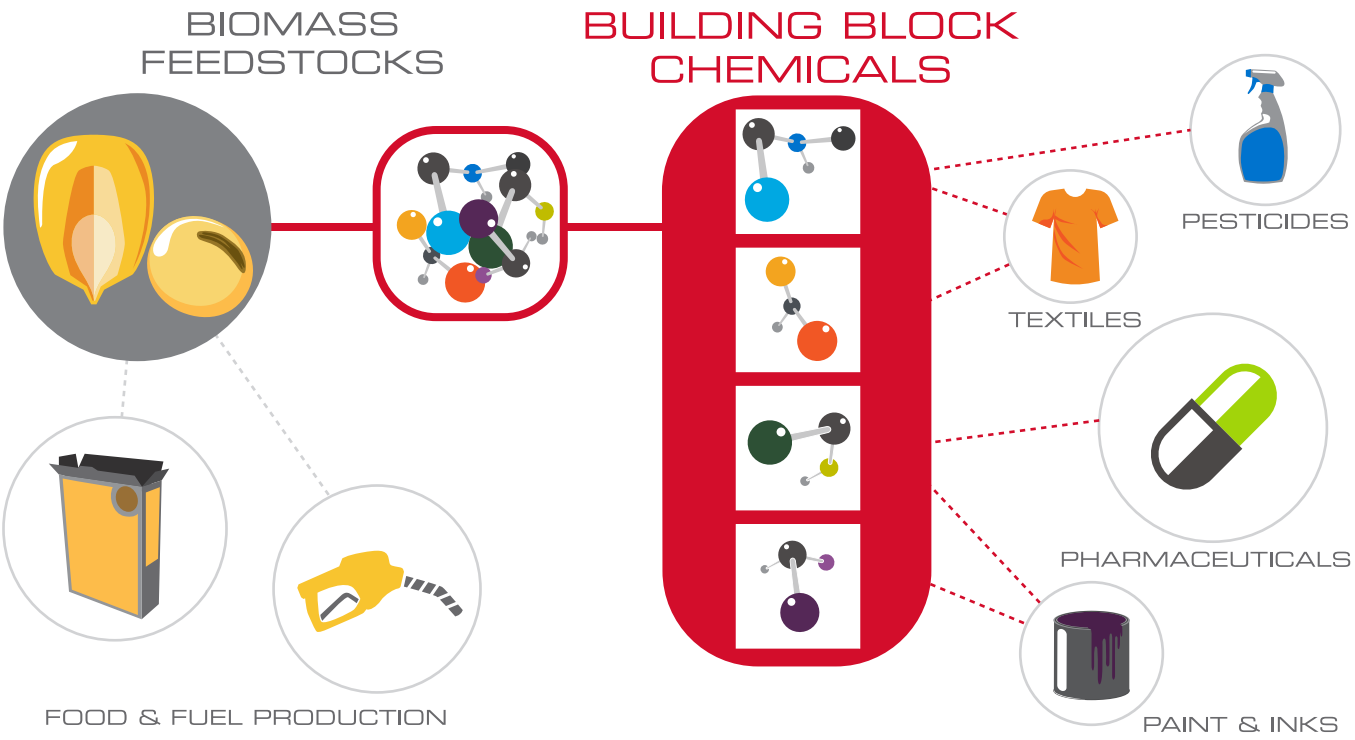
IOWA LEADS THE NATION
IN ETHANOL PRODUCTION WITH
43 FACILITIES
PRODUCING OVER 27%
OF THE TOTAL U.S. ETHANOL PRODUCTION

IOWA RANKS 3rd
IN BIODIESEL PRODUCTION WITH
12 REFINERIES PRODUCING OVER 16%
OF THE TOTAL U.S. BIODIESEL PRODUCTION



LEGEND

- Biodiesel Facility in Operation
- Ethanol Facility in Operation
- Cellulosic/and Traditional Ethanol Facility
- Industrial Bioprocessing Parks



HOW IT WORKS

Many of the industrial facilities around the state currently producing food and fuel products from corn, soybeans and other renewable products also produce certain co-products that can be further processed into higher-value basic chemical compounds. These compounds can be further processed into end-use consumer products such as plastics, textiles, paints or pharmaceuticals.

The production of such biochemicals is perhaps the fastest growing segment of the bioscience industry and represents one of Iowa's best opportunities for development of a high-density industry cluster such as Silicon Valley.

PROGRAM DETAILS

Renewable Chemical Production Tax Credit
In 2004, the federal Department of Energy studied the potential for high-value chemicals from biomass feedstocks and identified the 30 chemicals that hold the most market potential. This list of high-value renewable chemicals forms the foundation of the program that will be administered by the Iowa Economic Development Authority (IEDA).

This program aims to incentivize the production of high-value "building block" chemicals based on weight ($0.05 per pound produced) with annual limits of $1 million for start-ups and $500,000 for established businesses.

The IEDA is currently developing the administrative rules and application process. The first round of applications will be accepted beginning January 1, 2018, for the 2017 calendar production year.

To speak with a project manager regarding this program, contact the Iowa Economic Development Authority (IEDA)
+1.515.725.3100 **opportunities@iowa.gov** **iowaeconomicdevelopment.com**

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