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BY CONNOLLY

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act establishing an Iowa cultural trust, an endowment, and an  
2 Iowa cultural trust fund, making appropriations, and providing  
3 for related matters.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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EDUCATION

1 Section 1. Section 303.1A, Code 2001, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 6. Administer the Iowa cultural trust as  
4 provided in chapter 303A and do all of the following:

5 a. Develop and implement, in accordance with chapter 303A,  
6 a grant application process for grants issued to qualified  
7 organizations as defined in section 303A.3.

8 b. Develop and adopt by rule criteria for the approval of  
9 Iowa cultural trust grants. The criteria shall include, but  
10 shall not be limited to, a commitment of at least a one-  
11 dollar-per-dollar match of grant assistance, assurance of the  
12 qualified organization's future stability and sustainability,  
13 and a requirement that the qualified organization employ at  
14 least one full-time, paid staff member.

15 c. Compile a prioritized list of approved grant  
16 applications, which shall be submitted to the Iowa cultural  
17 trust board of trustees for approval.

18 d. Monitor the allocation and use of grant moneys by  
19 qualified organizations to determine whether moneys are held  
20 and used in accordance with the provisions of this subsection  
21 and chapter 303A. A qualified organization receiving grant  
22 moneys that does not submit to the department a report  
23 describing its grant activities, financial status, and use of  
24 the grant moneys it received shall be ineligible for grant  
25 moneys in succeeding years. The director shall annually  
26 compile and submit a summary of the reports to the Iowa  
27 cultural trust board of trustees prior to final board action  
28 in issuing grants for the next succeeding fiscal year.

29 Sec. 2. NEW SECTION. 303A.1 SHORT TITLE.

30 This chapter shall be known and may be cited as the "Iowa  
31 Cultural Trust Act".

32 Sec. 3. NEW SECTION. 303A.2 LEGISLATIVE INTENT.

33 The general assembly finds and declares that cultural  
34 organizations generate billions of dollars nationwide in  
35 economic activity; attract people to live and work in Iowa's

1 communities, leading to a revitalization of those communities;  
2 are a magnet for tourists; train minds for the creative  
3 economy jobs of the future; and build social capital.  
4 However, in Iowa these organizations are often  
5 undercapitalized. Therefore, to bring financial stability to  
6 these organizations through fluctuating economic conditions,  
7 it is necessary that a public trust be established in which  
8 moneys may be invested for future cultural use. It is also  
9 necessary to establish an endowment, to be funded with public  
10 funds, the income from which will be made available to  
11 nonprofit arts and history organizations in this state. It is  
12 the purpose of the trust to supplement the operating budgets  
13 of nonprofit arts and history organizations that demonstrate  
14 work on strategies to secure long-term financial stability and  
15 sustainability.

16 Sec. 4. NEW SECTION. 303A.3 DEFINITIONS.

17 For purposes of this chapter, unless the context otherwise  
18 requires:

- 19 1. "Board" means the board of trustees of the Iowa  
20 cultural trust created in section 303A.5.
- 21 2. "Department" means the department of cultural affairs  
22 created in section 303.1.
- 23 3. "Director" means the director of the department of  
24 cultural affairs.
- 25 4. "Qualified organization" means a tax-exempt, nonprofit  
26 organization whose primary mission is to promote the  
27 performing, visual, or creative arts in Iowa or to promote or  
28 preserve history and humanities in Iowa. "Qualified  
29 organization" does not include private, state, or community  
30 colleges or universities, or state, county, or local  
31 governmental units, authorities, or corporations created by  
32 such units.

33 Sec. 5. NEW SECTION. 303A.4 IOWA CULTURAL TRUST AND  
34 ENDOWMENT FUND -- APPROPRIATION.

- 35 1. The Iowa cultural trust is created as a public body

1 corporate organized for the purposes, with the powers, and  
2 subject to the restrictions set forth in this chapter.

3 2. An endowment fund is created in the office of the  
4 treasurer of state to assist in the financing of the  
5 activities of the Iowa cultural trust. The treasurer of state  
6 shall invest moneys in the endowment fund and shall transfer  
7 the interest attributable to investment of the endowment fund  
8 moneys to the trust fund created pursuant to section 303A.7.

9 3. There is appropriated from the general fund of the  
10 state to the Iowa cultural trust for each fiscal year of the  
11 fiscal period beginning July 1, 2002, and ending June 30,  
12 2012, the sum of one million dollars for deposit in the  
13 endowment fund created pursuant to this section.

14 Sec. 6. NEW SECTION. 303A.5 BOARD OF TRUSTEES.

15 1. A board of trustees of the Iowa cultural trust is  
16 created. The general responsibility for the proper operation  
17 of the trust is vested in the board of trustees, which shall  
18 consist of thirteen members as follows:

19 a. Nine public members, five of whom shall be appointed by  
20 the governor, subject to confirmation by the senate. The  
21 majority leader of the senate, the minority leader of the  
22 senate, the speaker of the house, and the minority leader of  
23 the house of representatives shall each appoint one public  
24 member. A public member of the board appointed in accordance  
25 with this section shall not also serve concurrently as a  
26 member of the state historical society board of trustees or  
27 the Iowa state arts council.

28 b. Four ex officio, nonvoting members, consisting of the  
29 treasurer of state or the treasurer's designee, the director  
30 of the department of cultural affairs or the director's  
31 designee, the chairperson of the state historical society  
32 board of trustees elected pursuant to section 303.6, and the  
33 chairperson of the Iowa state arts council designated pursuant  
34 to section 303.86.

35 2. Members appointed by the senate leaders shall be

1 appointed to four-year terms. Members appointed by the house  
2 of representatives leaders shall be appointed to two-year  
3 terms. The public members appointed by the governor shall  
4 serve five-year staggered terms beginning and ending as  
5 provided by section 69.19. Vacancies on the board shall be  
6 filled for the unexpired portion of the term in the same  
7 manner as the original appointments.

8 3. Members appointed by the governor are subject to the  
9 requirements of sections 69.16, 69.16A, and 69.19.

10 4. Public members shall serve without compensation, but  
11 shall be reimbursed for all actual and necessary expenses they  
12 incur through service on the board.

13 5. The board shall elect a chairperson and vice  
14 chairperson from among its membership. The board shall meet  
15 at the call of its chairperson or upon written request of a  
16 majority of its voting members. Five voting members  
17 constitute a quorum. The concurrence of a majority of the  
18 voting members of a board is required to determine any matter  
19 relating to its duties.

20 6. The board shall be located for administrative purposes  
21 within the department. The department, subject to approval by  
22 the board, shall adopt administrative rules pursuant to  
23 chapter 17A necessary to administer the Iowa cultural trust.  
24 The director of the department shall provide office space,  
25 staff assistance, and necessary supplies and equipment for the  
26 board. The director shall budget funds to pay the expenses of  
27 the board and administer this chapter. The director shall  
28 keep in convenient form the data necessary for actuarial  
29 valuation of the Iowa cultural trust fund, created pursuant to  
30 section 303A.7, and for monitoring the expenses of the Iowa  
31 cultural trust.

32 **Sec. 7. NEW SECTION. 303A.6 BOARD OF TRUSTEES -- POWERS**  
33 **AND DUTIES.**

34 The board shall do any or all of the following:

- 35 1. Enter into agreements with any qualified organization,

1 the state, or any federal or other state agency, or other  
2 entity as required to administer this chapter.

3 2. Evaluate applications for financial grants of  
4 assistance from the Iowa cultural trust submitted by qualified  
5 organizations. Upon approving an application, the board shall  
6 certify to the treasurer of state the amount of financial  
7 assistance payable from the trust fund to the qualified  
8 organization whose application is approved.

9 3. Approve any recommendation on a grantee list submitted  
10 by the director and prepared in consultation with the Iowa  
11 arts council and the state historical society. However, the  
12 board shall not add to or otherwise amend the list. Approval  
13 shall be consistent with the intent of this chapter to  
14 encourage endowments and otherwise contribute to the  
15 institutional and financial stability of qualified  
16 organizations.

17 4. Determine, in consultation with the treasurer of state,  
18 the amount of the interest generated by moneys in the  
19 endowment fund that will be available for distribution from  
20 the Iowa cultural trust fund, created pursuant to section  
21 303A.7, to qualified organizations.

22 5. Accept any grants, gifts, legislative appropriations,  
23 and other moneys from the state, any unit of federal, state,  
24 or local government, or any other person, firm, partnership,  
25 or corporation which the treasurer of state shall deposit into  
26 the endowment fund, created pursuant to section 303A.4, or the  
27 Iowa cultural trust fund, created pursuant to section 303A.7.

28 6. Administer the interest generated by moneys in the  
29 endowment fund and any moneys other than appropriations made  
30 to the endowment fund in accordance with section 303A.4.

31 Sec. 8. NEW SECTION. 303A.7 IOWA CULTURAL TRUST FUND.

32 1. An Iowa cultural trust fund is created in the office of  
33 the treasurer under the control of the board. The moneys in  
34 the trust fund are appropriated to the board for purposes of  
35 the Iowa cultural trust created in section 303A.4. Moneys in

1 the trust fund shall not be subject to appropriation for any  
2 other purpose by the general assembly, but shall be used only  
3 for the purposes of the Iowa cultural trust. The treasurer of  
4 state shall act as custodian of the trust fund and disburse  
5 moneys contained in the trust fund as directed by the board.  
6 The trust fund shall be administered by the board, which shall  
7 make expenditures from the trust fund consistent with the  
8 purposes of the Iowa cultural trust without further  
9 appropriation.

10 2. Revenue for the trust fund shall include, but is not  
11 limited to, the following:

12 a. Interest attributable to investment of money in the  
13 endowment fund created pursuant to section 303A.4.

14 b. Moneys in the form of a devise, gift, bequest,  
15 donation, federal or other grant.

16 3. Moneys in the trust fund are not subject to section  
17 8.33. Notwithstanding section 12C.7, subsection 2, interest  
18 or earnings on moneys in the trust fund shall be credited to  
19 the trust fund.

20 4. For the fiscal period beginning July 1, 2003, and  
21 ending June 30, 2005, the board shall use moneys in the trust  
22 fund only for a statewide educational program to promote  
23 support of the endowment and encourage continuing financial  
24 support for qualified organizations.

25 Sec. 9. INITIAL APPOINTMENTS. The governor's initial  
26 public appointments to the board of trustees of the Iowa  
27 cultural trust created in section 303A.5, as enacted in this  
28 Act, shall be made as follows:

29 1. One member to a one-year term.

30 2. Two members to a two-year term.

31 3. Two members to a three-year term.

32 EXPLANATION

33 This bill creates an Iowa cultural trust and fund, and  
34 appropriates moneys from the general fund of the state to an  
35 endowment fund, the interest from which will be used for an

1 educational program to promote support of the endowment and  
2 encourage continuing financial support for qualified  
3 organizations in the first two years of the trust's existence,  
4 and which thereafter must be used to issue grant moneys to  
5 qualified cultural organizations in the state.

6 As provided in the bill, the general assembly finds that a  
7 public trust and an endowment must be established to provide  
8 cultural organizations with financial stability. The intent  
9 language provides that organizations must demonstrate  
10 strategies to secure long-term financial stability and  
11 sustainability.

12 The bill establishes the Iowa cultural trust as a public  
13 body corporate and directs its board of trustees to establish  
14 an endowment fund in the office of the state treasurer. The  
15 bill appropriates a total of \$10 million from the general fund  
16 of the state over the next 10 years for deposit in the  
17 endowment fund. Moneys in the endowment fund cannot be  
18 accessed by the board, but the bill directs the treasurer of  
19 state to transfer the interest accrued on moneys in the fund  
20 to the Iowa cultural trust fund, which is under the control of  
21 the board of trustees of the Iowa cultural trust.

22 The bill creates the board of trustees of the Iowa cultural  
23 trust and gives it general responsibility for the proper  
24 operation of the trust. The board consists of nine voting and  
25 four ex officio, nonvoting members. Five of the voting  
26 members are public members appointed by the governor, subject  
27 to confirmation by the senate. The remaining four public  
28 members shall be appointed by senate and house of  
29 representatives leaders. Public members will be reimbursed  
30 for their expenses, but they must serve without compensation.  
31 The bill provides for their initial, staggered appointments.

32 The bill directs the board to enter into any necessary  
33 agreements and to evaluate grant applications. The bill  
34 permits the board to approve any recommendation on a grantee  
35 list submitted by the director of the department of cultural

1 affairs, but prohibits the board from adding to or otherwise  
2 amending the list.

3 The board shall be located for administrative purposes  
4 within the department of cultural affairs. The director of  
5 the department must budget funds to pay the expenses of the  
6 board and to administer the trust. The director is also  
7 required to develop and implement a grant application process;  
8 develop and adopt by rule criteria for grant approval; compile  
9 a prioritized list of approved grant applications to be  
10 submitted to the Iowa cultural trust board of trustees for  
11 approval; and monitor the allocation and use of grant moneys  
12 by qualified organizations. The organizations are directed to  
13 submit a report to the department describing their grant  
14 activities, financial status, and use of the grant moneys.

15 During the first two years, the board is restricted to  
16 using interest moneys in the cultural trust fund only for a  
17 statewide educational program to promote support of the  
18 endowment and encourage continuing financial support for  
19 qualified organizations.

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