

APR 1 1 2005
APPROPRIATIONS

HOUSE FILE 850
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HF 794)
(SUCCESSOR TO HSB 137)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development, business, workforce, and
2 regulatory assistance and tax credits, and to state
3 developmental, research, and regulatory oversight, making
4 appropriations, and including effective date and retroactive
5 applicability provisions.

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

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HF 850

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DIVISION I

GROW IOWA VALUES FUND

Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

A grow Iowa values fund is created in the state treasury under the control of the department of economic development consisting of moneys appropriated to the department. Moneys in the fund are not subject to section 8.33. Notwithstanding section 12C.7, interest or earnings on moneys in the fund shall be credited to the fund. The fund shall be administered by the department, which shall make expenditures from the fund consistent with this chapter and pertinent Acts of the general assembly. Any financial assistance provided using moneys from the fund may be provided over a period of time of more than one year. Payments of interest, repayments of moneys loaned pursuant to this chapter, and recaptures of grants or loans shall be deposited in the fund.

DIVISION II

APPROPRIATIONS

Sec. 2. NEW SECTION. 15G.111 APPROPRIATIONS.

1. a. For the fiscal period beginning July 1, 2005, and ending June 30, 2015, there is appropriated each fiscal year from the grow Iowa values fund created in section 15G.108 to the department of economic development thirty-five million dollars for programs administered by the department of economic development.
- b. Each year that moneys are appropriated under this subsection, the department shall allocate a percentage of the moneys for each of the following types of activities:
- (1) Business start-ups.
 - (2) Business expansion.
 - (3) Business modernization.
 - (4) Business attraction.
 - (5) Business retention.
 - (6) Marketing.
 - (7) Research and development.

1 c. The department shall require an applicant for moneys
2 appropriated under this subsection to include in the
3 application a statement regarding the intended return on
4 investment. A recipient of moneys appropriated under this
5 subsection shall annually submit a statement to the department
6 regarding the progress achieved on the intended return on
7 investment stated in the application. The department, in
8 cooperation with the department of revenue, shall develop a
9 method of identifying and tracking each new job created and
10 the leveraging of moneys through financial assistance from
11 moneys appropriated under this subsection. The department of
12 economic development shall identify research and development
13 activities funded through financial assistance from not more
14 than ten percent of the moneys appropriated under this
15 subsection, and, instead of determining return on investment
16 and job creation for the identified funding, determine the
17 potential impact on the state's economy.

18 d. The department may use moneys appropriated under this
19 subsection to procure technical assistance from either the
20 public or private sector, for information technology purposes,
21 for a statewide labor shed study, and for rail, air, or river
22 port transportation-related purposes. The use of moneys
23 appropriated for rail, air, or river port
24 transportation-related purposes must be directly related to an
25 economic development project and the moneys must be used to
26 leverage other financial assistance moneys.

27 e. Of the moneys appropriated under this subsection, the
28 department may use up to one and one-half percent for
29 administrative purposes.

30 f. The Iowa economic development board shall approve or
31 deny applications for financial assistance provided with
32 moneys appropriated under this subsection. In providing such
33 financial assistance, the board shall, whenever possible,
34 coordinate the assistance with other programs administered by
35 the department of economic development, including the

1 community economic betterment program established in section
2 15.317 and the value-added agricultural products and processes
3 financial assistance program established in section 15E.111.

4 g. It is the policy of this state to expand and stimulate
5 the state economy by advancing, promoting, and expanding
6 biotechnology industries in this state. To implement this
7 policy, the Iowa economic development board shall consider
8 providing assistance to projects that increase value-added
9 income to individuals or organizations involved in
10 agricultural business or biotechnology projects. Such a
11 project need not create jobs specific to the project site;
12 however, such a project must foster the knowledge and
13 creativity necessary to promote the state's agricultural
14 economy and to increase employment in urban and rural areas as
15 a result.

16 2. a. For the fiscal period beginning July 1, 2005, and
17 ending June 30, 2015, there is appropriated each fiscal year
18 from the grow Iowa values fund created in section 15G.108 to
19 the department of economic development five million dollars
20 for the following:

21 (1) For financial assistance to institutions of higher
22 learning under the control of the state board of regents and
23 to accredited private universities in this state for
24 infrastructure projects and programs needed to assist in the
25 implementation of activities under chapter 262B.

26 (2) For financial assistance to a single biosciences
27 development organization determined by the department to
28 possess expertise in promoting the area of bioscience
29 entrepreneurship. The organization must be composed of
30 representatives of both the public and the private sector and
31 shall be composed of subunits or subcommittees in the areas of
32 existing identified biosciences platforms, education and
33 workforce development, commercialization, communication,
34 policy and governance, and finance. Such financial assistance
35 shall be used for purposes of activities related to

1 biosciences and bioeconomy development under chapter 262B.

2 3. For the fiscal period beginning July 1, 2005, and
3 ending June 30, 2015, there is appropriated each fiscal year
4 from the grow Iowa values fund created in section 15G.108 to
5 the general fund of the state four million dollars for payment
6 of tax credits approved pursuant to section 404A.4 for
7 projects located in certified cultural and entertainment
8 districts.

9 4. For the fiscal period beginning July 1, 2005, and
10 ending June 30, 2015, there is appropriated each fiscal year
11 from the grow Iowa values fund created in section 15G.108 to
12 the department of economic development one million dollars for
13 purposes of providing financial assistance for projects in
14 targeted state parks and destination parks. The department of
15 natural resources shall submit a plan to the department of
16 economic development for the expenditure of moneys
17 appropriated under this subsection. The plan shall focus on
18 improving state parks, state banner parks, and destination
19 parks for economic development purposes. Based on the report
20 submitted, the department of economic development shall
21 provide financial assistance to the department of natural
22 resources for support of state parks, state banner parks, and
23 destination parks.

24 5. For the fiscal period beginning July 1, 2005, and
25 ending June 30, 2015, there is appropriated each fiscal year
26 from the grow Iowa values fund created in section 15G.108 to
27 the office of the treasurer of state one million dollars for
28 deposit in the Iowa cultural trust fund created in section
29 303A.4.

30 6. For the fiscal period beginning July 1, 2005, and
31 ending June 30, 2015, there is appropriated each fiscal year
32 from the grow Iowa values fund created in section 15G.108 to
33 the department of economic development seven million dollars
34 for deposit into the workforce training and economic
35 development funds of the community colleges created pursuant

1 to section 260C.18A.

2 7. a. For the fiscal period beginning July 1, 2005, and
3 ending June 30, 2015, there is appropriated each fiscal year
4 from the grow Iowa values fund created in section 15G.108 to
5 the general fund of the state four hundred thousand dollars
6 for payment of endow Iowa tax credits approved pursuant to
7 section 15E.305 and for new small business development center
8 assistance as provided in this subsection.

9 b. Of the moneys appropriated in this subsection, the
10 department shall allocate two hundred fifty thousand dollars
11 during the fiscal year beginning July 1, 2005, for purposes of
12 providing financial assistance to cities and counties for the
13 establishment of new small business development centers. A
14 city or county may apply to the department for such financial
15 assistance provided that the city or county demonstrates the
16 ability to obtain local matching moneys on a dollar-for-dollar
17 basis. An award of financial assistance under this paragraph
18 shall not exceed twenty thousand dollars.

19 8. For the fiscal period beginning July 1, 2005, and
20 ending June 30, 2015, there is appropriated each fiscal year
21 from the grow Iowa values fund created in section 15G.108 to
22 the department of economic development one million dollars for
23 providing economic development region financial assistance
24 under section 15E.232, subsections 3, 4, 5, and 6, and under
25 section 15E.233.

26 9. For the fiscal period beginning July 1, 2005, and
27 ending June 30, 2015, there is appropriated each fiscal year
28 from the grow Iowa values fund created in section 15G.108 to
29 the general fund of the state two million dollars for payment
30 of economic development region revolving fund contribution tax
31 credits approved pursuant to section 15E.232.

32 10. Notwithstanding section 8.33, moneys that remain
33 unexpended at the end of a fiscal year shall not revert to any
34 fund but shall remain available for expenditure for the
35 designated purposes during the succeeding fiscal year.

DIVISION III

IOWA ECONOMIC DEVELOPMENT BOARD

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3 Sec. 3. Section 15.103, Code 2005, is amended to read as
4 follows:

5 15.103 ECONOMIC DEVELOPMENT BOARD.

6 1. a. The Iowa economic development board is created,
7 consisting of eleven voting members appointed by the governor
8 and seven ex officio nonvoting members. The ex officio
9 nonvoting members are four legislative members; one president,
10 or the president's designee, of the university of northern
11 Iowa, the university of Iowa, or Iowa state university of
12 science and technology designated by the state board of
13 regents on a rotating basis; and one president, or the
14 president's designee, of a private college or university
15 appointed by the Iowa association of independent colleges and
16 universities; and one superintendent, or the superintendent's
17 designee, of a community college, appointed by the Iowa
18 association of community college presidents. The legislative
19 members are two state senators, one appointed by the president
20 of the senate, after consultation with the majority leader of
21 the senate, and one appointed by the minority leader of the
22 senate, after consultation with the president of the senate,
23 from their respective parties; and two state representatives,
24 one appointed by the speaker and one appointed by the minority
25 leader of the house of representatives from their respective
26 parties. Not more than six of the voting members shall be
27 from the same political party. ~~The secretary of agriculture~~
28 ~~or the secretary's designee shall be one of the voting~~
29 ~~members.~~ The governor shall appoint the ~~remaining ten~~ voting
30 members of the board for a term of four years beginning and
31 ending as provided by section 69.19, subject to confirmation
32 by the senate, and the governor's appointments shall include
33 persons knowledgeable of the various elements of the
34 department's responsibilities.

35 b. Each of the following areas of expertise shall be

1 represented by at least one member of the board who has
2 professional experience in that area of expertise:

3 (1) Finance, insurance, or investment banking.

4 (2) Advanced manufacturing.

5 (3) Statewide agriculture.

6 (4) Life sciences.

7 (5) Small business development.

8 (6) Information technology.

9 (7) Economics.

10 (8) Labor.

11 (9) Marketing.

12 (10) Entrepreneurship.

13 c. At least nine members of the board shall be actively
14 employed in the private, for-profit sector of the economy.

15 2. A vacancy on the board shall be filled in the same
16 manner as regular appointments are made for the unexpired
17 portion of the regular term.

18 3. The board shall meet in May of each year for the
19 purpose of electing one of its voting members as chairperson
20 and one of its voting members as vice chairperson. However,
21 the chairperson and the vice chairperson shall not be from the
22 same political party. The board shall meet at the call of the
23 chairperson or when any six members of the board file a
24 written request with the chairperson for a meeting. Written
25 notice of the time and place of each meeting shall be given to
26 each member of the board. A majority of the voting members
27 constitutes a quorum.

28 4. Members of the board, the director, and other employees
29 of the department shall be allowed their actual and necessary
30 expenses incurred in the performance of their duties. All
31 expenses shall be paid from appropriations for those purposes
32 and the department is subject to the budget requirements of
33 chapter 8. Each member of the board may also be eligible to
34 receive compensation as provided in section 7E.6.

35 5. If a member of the board has an interest, either direct

1 or indirect, in a contract to which the department is or is to
2 be a party, the interest shall be disclosed to the board in
3 writing and shall be set forth in the minutes of a meeting of
4 the board. The member having the interest shall not
5 participate in action by the board with respect to the
6 contract. ~~This paragraph does not limit the right of a member
7 of the board to acquire an interest in bonds, or limit the
8 right of a member to have an interest in a bank or other
9 financial institution in which the funds of the department are
10 deposited or which is acting as trustee or paying agent under
11 a trust indenture to which the department is a party.~~

12 6. As part of the organizational structure of the
13 department, the board shall establish a due diligence
14 committee and a loan and credit guarantee committee composed
15 of members of the board. The committees shall serve in an
16 advisory capacity to the board and shall carry out any duties
17 assigned by the board in relation to programs administered by
18 the department.

19 7. For the transitional period beginning July 1, 2005, and
20 ending June 30, 2006, the composition of the voting members of
21 the board shall be determined by the governor and shall be
22 composed of members of the department of economic development
23 in existence on June 30, 2005, and members of the grow Iowa
24 values board as it existed on June 15, 2004. During the
25 transitional period stated in this subsection, the
26 requirements of subsection 1, paragraphs "a" and "b", shall
27 not apply. This subsection is repealed June 30, 2006.

28 Sec. 4. Section 15.104, Code 2005, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 9. By January 15 of each year, submit a
31 report to the general assembly and the governor that
32 delineates expenditures made under each component of the grow
33 Iowa values fund. In addition, the department shall provide
34 in the report the following information regarding each
35 business finance project and in the aggregate for projects

1 funded during the previous fiscal year:

2 a. The number of jobs created as of the time of reporting.

3 b. The average wage of the jobs created as of the time of
4 reporting.

5 c. The amount of capital investment invested as of the
6 time of reporting.

7 d. The location.

8 e. The amount, if any, of private and local government
9 moneys expended as of the time of reporting.

10 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.

11 Appointments of general assembly members to the Iowa economic
12 development board, which are to be made by the president of
13 the senate or by the majority or minority leader of the senate
14 during the period that the senate for the Eighty-first General
15 Assembly is composed of an equal number of members of each
16 major political party, shall be made jointly by the co-
17 presidents or co-floor leaders, as appropriate, in accordance
18 with Senate Resolution 1, adopted during the 2005 legislative
19 session.

20 DIVISION IV

21 REGULATORY ASSISTANCE

22 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

23 1. The department of economic development shall coordinate
24 all regulatory assistance for the state of Iowa. Each state
25 agency administering regulatory programs for business shall
26 maintain a coordinator within the office of the director or
27 the administrative division of the state agency. Each
28 coordinator shall do all of the following:

29 a. Serve as the state agency's primary contact for
30 regulatory affairs with the department of economic
31 development.

32 b. Provide information regarding regulatory requirements
33 to businesses and represent the state agency to the private
34 sector.

35 c. Monitor permit applications and provide timely permit

1 status information to the department of economic development.

2 d. Require regulatory staff participation in negotiations
3 and discussions with businesses.

4 e. Notify the department of economic development regarding
5 proposed rulemaking activities that impact a regulatory
6 program and any subsequent changes to a regulatory program.

7 2. The department of economic development shall, in
8 consultation with the coordinators described in this section,
9 examine, and to the extent permissible, assist in the
10 implementation of methods, including the possible
11 establishment of an electronic database, to streamline the
12 process for issuing permits to business.

13 3. By January 15 of each year, the department of economic
14 development shall submit a written report to the general
15 assembly regarding the provision of regulatory assistance by
16 state agencies, including the department's efforts, and its
17 recommendations and proposed solutions, to streamline the
18 process of issuing permits to business.

19 DIVISION V

20 ECONOMIC DEVELOPMENT REGIONS

21 Sec. 7. NEW SECTION. 15E.21 IOWA BUSINESS CENTERS.

22 1. The department shall establish an Iowa business center
23 program for purposes of locating Iowa business centers in the
24 state. Such centers may be located in areas of the state that
25 are not served by a business accelerator or any similar type
26 entity that assists start-up businesses. The department shall
27 partner with another entity focusing on economic growth to
28 establish an Iowa business center. Operational duties of a
29 center shall be determined pursuant to a memorandum of
30 agreement between the department and the other entity. The
31 memorandum of agreement shall also contain a description of
32 core services to be provided by the center and the
33 responsibilities of the entities entering into the agreement.
34 A center shall coordinate the intake of any person or business
35 seeking business related assistance from a state entity.

1 2. a. For the fiscal period beginning July 1, 2005, and
2 ending June 30, 2015, there is appropriated to the department
3 of economic development each fiscal year fifty thousand
4 dollars from the rural enterprise fund. Moneys appropriated
5 under this paragraph shall be used for purposes of supporting
6 Iowa business centers in rural areas of the state. The
7 department shall provide financial assistance to such offices
8 after the department and the entity operating the center enter
9 into a memorandum of agreement for the operation of the
10 center.

11 b. For the fiscal period beginning July 1, 2005, and
12 ending June 30, 2015, there is appropriated to the department
13 of economic development each fiscal year fifty thousand
14 dollars from the grow Iowa values fund created in section
15 15G.108. Moneys appropriated under this paragraph shall be
16 used for purposes of supporting Iowa business centers in any
17 part of the state. The department shall provide financial
18 assistance to such offices after the department and the entity
19 operating the center enter into a memorandum of agreement for
20 the operation of the center.

21 Sec. 8. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
22 REGIONS.

23 1. In order for an economic development region to receive
24 moneys from the grow Iowa values fund created in section
25 15G.108, an economic development region's regional development
26 plan must be approved by the department. An economic
27 development region shall consist of not less than three
28 counties. An economic development region shall establish a
29 focused economic development effort that shall include a
30 regional development plan relating to one or more of the
31 following areas:

- 32 a. Regional marketing strategies.
- 33 b. Development of the information solutions sector.
- 34 c. Development of the advanced manufacturing sector.
- 35 d. Development of the life sciences and biotechnology

1 sector.

2 e. Development of the insurance or financial services
3 sector.

4 f. Physical infrastructure including, but not limited to,
5 horizontal infrastructure, water and sewer infrastructure, and
6 telecommunications infrastructure.

7 g. Entrepreneurship.

8 2. An economic development region may create an economic
9 development region revolving fund as provided in section
10 15E.232.

11 Sec. 9. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION
12 REVOLVING FUNDS -- TAX CREDITS.

13 1. An economic development region may create an economic
14 development region revolving fund.

15 2. a. A nongovernmental entity making a contribution to
16 an economic development region revolving fund, except those
17 described in paragraph "b", may claim a tax credit equal to
18 twenty percent of the amount contributed to the revolving
19 fund. The tax credit shall be allowed against taxes imposed
20 in chapter 422, divisions II, III, and V, and in chapter 432,
21 and against the moneys and credits tax imposed in section
22 533.24. An individual may claim under this subsection the tax
23 credit of a partnership, limited liability company, S
24 corporation, estate, or trust electing to have income taxed
25 directly to the individual. The amount claimed by the
26 individual shall be based upon the pro rata share of the
27 individual's earnings from the partnership, limited liability
28 company, S corporation, estate, or trust. Any tax credit in
29 excess of the taxpayer's liability for the tax year may be
30 credited to the tax liability for the following ten years or
31 until depleted, whichever occurs first. A tax credit shall
32 not be carried back to a tax year prior to the tax year in
33 which the taxpayer redeems the tax credit. A tax credit under
34 this section is not transferable.

35 b. Subject to the provisions of paragraph "c", an

1 organization exempt from federal income tax pursuant to
2 section 501(c) of the Internal Revenue Code making a
3 contribution to an economic development region revolving fund,
4 shall be paid from the general fund of the state an amount
5 equal to twenty percent of such contributed amount within
6 thirty days after the end of the fiscal year during which the
7 contribution was made.

8 c. The total amount of tax credits and payments to
9 contributors, referred to as the credit amount, authorized
10 during a fiscal year shall not exceed two million dollars plus
11 any unused credit amount carried over from previous years.
12 Any credit amount which remains unused for a fiscal year may
13 be carried forward to the succeeding fiscal year. The maximum
14 credit amount that may be authorized in a fiscal year for
15 contributions made to a specific economic development region
16 revolving fund is equal to two million dollars plus any unused
17 credit amount carried over from previous years divided by the
18 number of economic development region revolving funds existing
19 in the state.

20 d. The department of economic development shall administer
21 the authorization of tax credits under this section and
22 payments to contributors described in paragraph "b" and shall,
23 in cooperation with the department of revenue, adopt rules
24 pursuant to chapter 17A necessary for the administration of
25 this section.

26 3. An economic development region may apply for financial
27 assistance from the grow Iowa values fund to assist with the
28 installation of physical infrastructure needs including, but
29 not limited to, horizontal infrastructure, water and sewer
30 infrastructure, and telecommunications infrastructure, related
31 to the development of fully served business and industrial
32 sites by one or more of the region's economic development
33 partners or for the installation of infrastructure related to
34 a new business location or expansion. In order to receive
35 financial assistance pursuant to this subsection, the economic

1 development region must demonstrate all of the following:

2 a. The ability to provide matching moneys on a basis of a
3 one dollar contribution of local matching moneys for every two
4 dollars received from the grow Iowa values fund.

5 b. The commitment of the specific business partner
6 including, but not limited to, a letter of intent defining a
7 capital commitment or a percentage of equity.

8 c. That all other funding alternatives have been
9 exhausted.

10 4. The department may establish and administer a regional
11 economic development revenue sharing pilot project for one or
12 more regions. The department shall take into consideration
13 the geographical dispersion of the pilot projects. The
14 department shall provide technical assistance to the regions
15 participating in a pilot project.

16 5. An economic development region may apply for financial
17 assistance from the grow Iowa values fund to assist an
18 existing business threatened with closure due to a potential
19 consolidation to an out-of-state location. The economic
20 development region may apply for financial assistance from the
21 grow Iowa values fund for the purchase, rehabilitation, or
22 marketing of a building that has become available due to the
23 closing of an existing business due to a consolidation to an
24 out-of-state location. In order to receive financial
25 assistance under this subsection, an economic development
26 region must demonstrate the ability to provide local matching
27 moneys on a basis of a one dollar contribution of local moneys
28 for every three dollars received from the grow Iowa values
29 fund.

30 6. An economic development region may apply for financial
31 assistance from the grow Iowa values fund to establish and
32 operate an entrepreneurial initiative. In order to receive
33 financial assistance under this subsection, an economic
34 development region must demonstrate the ability to provide
35 local matching moneys on a basis of a one dollar contribution

1 of local moneys for every two dollars received from the grow
2 Iowa values fund.

3 7. a. An economic development region may apply for
4 financial assistance from the grow Iowa values fund to
5 establish and operate a business succession assistance program
6 for the region.

7 b. In order to receive financial assistance under this
8 subsection, an economic development region must demonstrate
9 the ability to provide local matching moneys on a basis of a
10 one dollar contribution of local moneys for every two dollars
11 received from the grow Iowa values fund.

12 8. An economic development region may apply for financial
13 assistance from the grow Iowa values fund to implement
14 economic development initiatives that are either unique to the
15 region or innovative in design and implementation. In order
16 to receive financial assistance under this subsection, an
17 economic development region must demonstrate the ability to
18 provide local matching moneys on a one-to-one basis.

19 9. Financial assistance under subsections 3, 5, 6, 7, and
20 8, and section 15E.233 shall be limited to a total of two
21 million dollars each fiscal year for the fiscal period
22 beginning July 1, 2005, and ending June 30, 2015.

23 Sec. 10. NEW SECTION. 15E.233 ECONOMIC ENTERPRISE AREAS.

24 1. An economic development region may apply to the
25 department for approval to be designated as an economic
26 enterprise area based on criteria provided in subsection 3.
27 The department shall approve no more than ten regions as
28 economic enterprise areas.

29 2. a. An approved economic enterprise area may apply to
30 the department for financial assistance from the grow Iowa
31 values fund for up to seven hundred fifty thousand dollars
32 over a ten-year period for any of the following purposes:

33 (1) Economic development-related strategic planning and
34 marketing for the region as a whole.

35 (2) Economic development of fully-served business sites.

1 (3) The construction of speculative buildings on a fully
2 served lot.

3 (4) The rehabilitation of an existing building to
4 marketable standards.

5 b. In order to receive financial assistance under this
6 subsection, an economic enterprise area must demonstrate the
7 ability to provide local matching moneys on a basis of a one
8 dollar contribution of local moneys for every three dollars
9 received from the grow Iowa values fund.

10 3. An economic enterprise area shall consist of at least
11 one county containing no city with a population of more than
12 twenty-three thousand five hundred and shall meet at least two
13 of the following criteria:

14 a. A per capita income of eighty percent or less than the
15 national average.

16 b. A household median income of eighty percent or less
17 than the national average.

18 c. Twenty-five percent or more of the population of the
19 economic enterprise area with an income level of one hundred
20 fifty percent or less of the United States poverty level as
21 defined by the most recently revised poverty income guidelines
22 published by the United States department of health and human
23 services.

24 d. A population density in the economic enterprise area of
25 less than ten people per square mile.

26 e. A loss of population as shown by the 2000 certified
27 federal census when compared with the 1990 certified federal
28 census.

29 f. An unemployment rate greater than the national rate of
30 unemployment.

31 g. More than twenty percent of the population of the
32 economic enterprise area consisting of people over the age of
33 sixty-five.

34 Sec. 11. NEW SECTION. 15E.351 BUSINESS ACCELERATORS.

35 1. The department shall establish and administer a

1 business accelerator program to provide financial assistance
2 for the establishment and operation of a business accelerator
3 for technology-based, value-added agricultural, information
4 solutions, or advanced manufacturing start-up businesses or
5 for a satellite of an existing business accelerator. The
6 program shall be designed to foster the accelerated growth of
7 new and existing businesses through the provision of technical
8 assistance. The department shall use moneys appropriated to
9 the department from the grow Iowa values fund to provide
10 financial assistance under this section.

11 2. In determining whether a business accelerator qualifies
12 for financial assistance, the department must find that a
13 business accelerator meets all of the following criteria:

14 a. The business accelerator must be a not-for-profit
15 organization affiliated with an area chamber of commerce, a
16 community or county organization, or economic development
17 region.

18 b. The geographic area served by a business accelerator
19 must include more than one county.

20 c. The business accelerator must possess the ability to
21 provide service to a specific type of business as well as to
22 meet the broad-based needs of other types of start-up
23 entrepreneurs.

24 d. The business accelerator must possess the ability to
25 market business accelerator services in the region and the
26 state.

27 e. The business accelerator must possess the ability to
28 communicate with and cooperate with other business
29 accelerators and similar service providers in the state.

30 f. The business accelerator must possess the ability to
31 engage various funding sources for start-up entrepreneurs.

32 g. The business accelerator must possess the ability to
33 communicate with and cooperate with various entities for
34 purposes of locating suitable facilities for clients of the
35 business accelerator.

1 h. The business accelerator must possess the willingness
2 to accept referrals from the department of economic
3 development.

4 3. In determining whether a business accelerator qualifies
5 for financial assistance, the department may consider any of
6 the following:

7 a. The business experience of the business accelerator's
8 professional staff.

9 b. The business plan review capacity of the business
10 accelerator's professional staff.

11 c. The business accelerator's professional staff with
12 demonstrated disciplines in all aspects of business
13 experience.

14 d. The business accelerator's professional staff with
15 access to external service providers including legal,
16 accounting, marketing, and financial services.

17 4. In order to receive financial assistance under this
18 section, the financial assistance recipient must demonstrate
19 the ability to provide matching moneys on a basis of a two
20 dollar contribution of recipient moneys for every one dollar
21 received in financial assistance.

22 Sec. 12. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
23 REGION REVOLVING FUND TAX CREDIT.

24 The taxes imposed under this division, less the credits
25 allowed under sections 422.12 and 422.12B, shall be reduced by
26 an economic development region revolving fund contribution tax
27 credit authorized pursuant to section 15E.232.

28 Sec. 13. Section 422.33, Code 2005, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 17. The taxes imposed under this division
31 shall be reduced by an economic development region revolving
32 fund contribution tax credit authorized pursuant to section
33 15E.232.

34 Sec. 14. Section 422.60, Code 2005, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 9. The taxes imposed under this division
2 shall be reduced by an economic development region revolving
3 fund contribution tax credit authorized pursuant to section
4 15E.232.

5 Sec. 15. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
6 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

7 The tax imposed under this chapter shall be reduced by an
8 economic development region tax credit authorized pursuant to
9 section 15E.232.

10 Sec. 16. Section 533.24, Code 2005, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 6. The moneys and credits tax imposed
13 under this section shall be reduced by an economic development
14 region revolving fund contribution tax credit authorized
15 pursuant to section 15E.232.

16

DIVISION VI

17

CULTURAL AND ENTERTAINMENT DISTRICTS

18 Sec. 17. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
19 DISTRICTS.

20 1. The department of cultural affairs shall establish and
21 administer a cultural and entertainment district certification
22 program. The program shall encourage the growth of
23 communities through the development of areas within a city or
24 county for public and private uses related to cultural and
25 entertainment purposes.

26 2. A city or county may create and designate a cultural
27 and entertainment district subject to certification by the
28 department of cultural affairs, in consultation with the
29 department of economic development. A cultural and
30 entertainment district is encouraged to include a unique form
31 of transportation within the district and for transportation
32 between the district and recreational trails. A cultural and
33 entertainment district certification shall remain in effect
34 for ten years following the date of certification. Two or
35 more cities or counties may apply jointly for certification of

1 a district that extends across a common boundary. Through the
2 adoption of administrative rules, the department of cultural
3 affairs shall develop a certification application for use in
4 the certification process. The provisions of this subsection
5 relating to the adoption of administrative rules shall be
6 construed narrowly.

7 3. The department of cultural affairs shall encourage
8 development projects and activities located in certified
9 cultural and entertainment districts through incentives under
10 cultural grant programs pursuant to section 303.3, chapter
11 303A, and any other grant programs.

12 DIVISION VII

13 HISTORIC PRESERVATION AND CULTURAL

14 AND ENTERTAINMENT DISTRICT TAX CREDITS

15 Sec. 18. Section 404A.1, subsection 1, Code 2005, is
16 amended to read as follows:

17 1. A property-rehabilitation historic preservation and
18 cultural and entertainment district tax credit, subject to the
19 availability of the credit, is granted against the tax imposed
20 under chapter 422, division II, III, or V, or chapter 432, for
21 the rehabilitation of eligible property located in this state
22 as provided in this chapter. Tax credits in excess of tax
23 liabilities shall be refunded as provided in section 404A.4,
24 subsection 3.

25 Sec. 19. Section 404A.1, subsection 2, unnumbered
26 paragraph 1, Code 2005, is amended to read as follows:

27 Eligible property for which a taxpayer may receive the
28 property-rehabilitation historic preservation and cultural and
29 entertainment district tax credit computed under this chapter
30 includes all of the following:

31 Sec. 20. Section 404A.3, subsection 2, unnumbered
32 paragraph 2, Code 2005, is amended to read as follows:

33 The selection standards shall provide that a person who
34 qualifies for the rehabilitation tax credit under section 47
35 of the Internal Revenue Code shall automatically qualify for

1 the state property-rehabilitation historic preservation and
2 cultural and entertainment district tax credit under this
3 chapter.

4 Sec. 21. Section 404A.4, subsection 2, Code 2005, is
5 amended to read as follows:

6 2. After verifying the eligibility for the tax credit, the
7 state historic preservation office, in consultation with the
8 department of economic development, shall issue a property
9 rehabilitation historic preservation and cultural and
10 entertainment district tax credit certificate to be attached
11 to the person's tax return. The tax credit certificate shall
12 contain the taxpayer's name, address, tax identification
13 number, the date of project completion, the amount of credit,
14 other information required by the department of revenue, and a
15 place for the name and tax identification number of a
16 transferee and the amount of the tax credit being transferred.

17 Sec. 22. Section 404A.4, subsection 3, Code 2005, is
18 amended to read as follows:

19 3. A person receiving a property-rehabilitation historic
20 preservation and cultural and entertainment district tax
21 credit under this chapter which is in excess of the person's
22 tax liability for the tax year is entitled to a refund of the
23 excess at a discounted value. The discounted value of the tax
24 credit refund, as calculated by the department of economic
25 development, in consultation with the department of revenue,
26 shall be determined based on the discounted value of the tax
27 credit five years after the tax year of the project completion
28 at an interest rate equivalent to the prime rate plus two
29 percent. The refunded tax credit shall not exceed seventy-
30 five percent of the allowable tax credit.

31 Sec. 23. Section 404A.4, subsection 4, Code 2005, is
32 amended to read as follows:

33 4. The total amount of tax credits that may be approved
34 for a fiscal year under this chapter shall not exceed two
35 million four hundred thousand dollars. Each fiscal year, the

1 department of cultural affairs shall allocate at least four
2 hundred thousand dollars worth of tax credits for
3 rehabilitation projects which have a total project cost of
4 under two hundred thousand dollars each. For the fiscal years
5 period beginning July 1, 2005, and ~~July 1, 2006~~ and ending
6 June 30, 2015, an additional five-hundred-thousand four
7 million dollars of tax credits may be approved each fiscal
8 year for purposes of projects located in cultural and
9 entertainment districts certified pursuant to section 303.3B.
10 Notwithstanding section 404A.1, the tax credits approved for
11 projects located in certified cultural and entertainment
12 districts may be for projects which include new construction
13 or new infrastructure projects that enhance the historic and
14 cultural integrity of the certified cultural and entertainment
15 district. Any of the additional tax credits allocated for
16 projects located in certified cultural and entertainment
17 districts that are not approved during a fiscal year may be
18 carried over to the succeeding fiscal year. The department of
19 cultural affairs shall establish by rule the procedures for
20 the application, review, selection, and awarding of
21 certifications of completion. The departments of economic
22 development, cultural affairs, and revenue shall each adopt
23 rules to jointly administer this subsection and shall provide
24 by rule for the method to be used to determine for which
25 fiscal year the tax credits are available.

26 Sec. 24. Section 404A.5, Code 2005, is amended to read as
27 follows:

28 404A.5 ECONOMIC IMPACT -- RECOMMENDATIONS.

29 The department of cultural affairs, in consultation with
30 the department of economic development, shall be responsible
31 for keeping the general assembly and the legislative services
32 agency informed on the overall economic impact to the state of
33 the rehabilitation of eligible properties. An annual report
34 shall be filed which shall include, but is not limited to,
35 data on the number and potential value of rehabilitation

1 projects begun during the latest twelve-month period, the
2 total property-rehabilitation historic preservation and
3 cultural and entertainment district tax credits originally
4 granted during that period, the potential reduction in state
5 tax revenues as a result of all tax credits still unused and
6 eligible for refund, and the potential increase in local
7 property tax revenues as a result of the rehabilitated
8 projects. The department, to the extent it is able, shall
9 provide recommendations on whether a limit on tax credits
10 should be established, the need for a broader or more
11 restrictive definition of eligible property, and other
12 adjustments to the tax credits under this chapter.

13 DIVISION VIII

14 COMMERCIALIZATION

15 Sec. 25. Section 262B.1, Code 2005, is amended by striking
16 the section and inserting in lieu thereof the following:

17 262B.1 TITLE.

18 This chapter shall be known and may be cited as the
19 "Commercialization of Research for Iowa Act".

20 Sec. 26. Section 262B.2, Code 2005, is amended by striking
21 the section and inserting in lieu thereof the following:

22 262B.2 LEGISLATIVE INTENT.

23 It is the intent of the general assembly that the three
24 universities under the control of the state board of regents
25 have as part of their missions the use of their universities'
26 expertise to expand and stimulate economic growth across the
27 state. This activity may be accomplished through a wide
28 variety of partnerships, public and private joint ventures,
29 and cooperative endeavors, primarily, but not exclusively, in
30 the area of high technology, and may result in investments by
31 the private sector for commercialization of the technology and
32 job creation. It is imperative that whenever possible, the
33 investments and job creation be in Iowa but need not be in the
34 proximity of the universities. The purpose of the investments
35 and job creation shall be to expand and stimulate Iowa's

1 economy, increase the wealth of Iowans, and increase the
2 population of Iowa, which may be accomplished through research
3 conducted within the state that will competitively position
4 Iowa on an economic basis with other states and create high-
5 wage, high-growth employers and jobs. Accredited private
6 universities located in the state are encouraged to
7 incorporate the intent of this section into the mission of
8 their universities.

9 Sec. 27. Section 262B.3, Code 2005, is amended by striking
10 the section and inserting in lieu thereof the following:

11 262B.3 DUTIES AND RESPONSIBILITIES.

12 1. The state board of regents, as part of its mission and
13 strategic plan, shall establish mechanisms for the purpose of
14 carrying out the intent of this chapter. In addition to other
15 board initiatives, the board shall work with the department of
16 economic development, other state agencies, and the private
17 sector to facilitate the commercialization of research.

18 2. The state board of regents, in cooperation with the
19 department of economic development, shall implement this
20 chapter through any of the following activities:

21 a. Developing strategies to market and disseminate
22 information on university research for commercialization in
23 Iowa.

24 b. Evaluating university research for commercialization
25 potential, where relevant.

26 c. Developing a plan to improve private sector access to
27 the university licenses and patent information and the
28 transfer of technology from the university to the private
29 sector.

30 d. Identifying research and technical assistance needs of
31 existing Iowa businesses and start-up companies and
32 recommending ways in which the universities can meet these
33 needs.

34 e. Linking research and instruction activities to economic
35 development.

- 1 f. Reviewing and monitoring activities related to
2 technology transfer.
- 3 g. Coordinating activities to facilitate a focus on
4 research in the state's targeted industry clusters.
- 5 h. Surveying similar activities in other states and at
6 other universities.
- 7 i. Establishing a single point of contact to facilitate
8 commercialization of research.
- 9 j. Sustaining faculty and staff resources needed to
10 implement commercialization.
- 11 k. Implementing programs to provide public recognition of
12 university faculty and staff who demonstrate success in
13 technology transfer and commercialization.
- 14 l. Implementing rural entrepreneurial and regional
15 development assistance programs.
- 16 m. Providing market research ranging from early stage
17 feasibility to extensive market research.
- 18 n. Creating real or virtual research parks that may or may
19 not be located near universities, but with the goal of
20 providing economic stimulus to the entire state.
- 21 o. Capacity building in key biosciences platform areas.
- 22 p. Encouraging biosciences entrepreneurship by faculty.
- 23 q. Providing matching grants for joint biosciences
24 projects involving public and private entities.
- 25 r. Encouraging biosciences entrepreneurship by faculty
26 using faculty research and entrepreneurship grants.
- 27 s. Pursuing bioeconomy initiatives in key platform areas
28 as recommended by a consultant report on bioeconomy issues
29 contracted for by the department of economic development.
- 30 Sec. 28. Sections 262B.4, 262B.5, and 262B.12, Code 2005,
31 are repealed.
- 32 Sec. 29. STUDIES.
- 33 1. The state board of regents shall conduct a study to
34 determine the feasibility of establishing a graduate school in
35 western Iowa in cooperation with other public or private

1 institutions of higher learning. By December 15, 2005, the
2 board shall submit a report to the general assembly and the
3 governor regarding the findings and recommendations of the
4 study.

5 2. The state board of regents shall conduct a study
6 relating to cost-effective methods of recognizing the efforts
7 of faculty to achieve commercialization. By December 15,
8 2005, the board shall submit a report to the general assembly
9 and the governor regarding the findings and recommendations of
10 the study.

11 DIVISION IX

12 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

13 Sec. 30. Section 260C.18A, subsection 2, paragraph b, Code
14 2005, is amended to read as follows:

15 b. Projects in which an agreement between a community
16 college and a business meet all the requirements of the Iowa
17 jobs training Act under chapter 260F. However, projects
18 funded by moneys provided by a local workforce training and
19 economic development fund of a community college are not
20 subject to the maximum advance or award limitations contained
21 in section 260F.6, subsection 2, or the allocation limitations
22 contained in section 260F.8, subsection 1.

23 Sec. 31. Section 260C.18A, subsection 2, Code 2005, is
24 amended by adding the following new paragraph:

25 NEW PARAGRAPH. f. Training and retraining programs for
26 targeted industries as authorized in section 15.343,
27 subsection 2, paragraph "a".

28 Sec. 32. Section 260C.18A, subsection 5, Code 2005, is
29 amended by striking the subsection.

30 DIVISION X

31 LOAN AND CREDIT GUARANTEE PROGRAM

32 Sec. 33. Section 15E.224, subsections 1, 5, and 7, Code
33 2005, are amended to read as follows:

34 1. The department shall establish and administer a loan
35 and credit guarantee program. The department, pursuant to

1 agreements with financial institutions, shall provide loan and
2 credit guarantees, or other forms of credit guarantees for
3 qualified businesses and targeted industry businesses for
4 eligible project costs. The department may invest up to ten
5 percent of the assets of the loan and credit guarantee fund,
6 or five hundred thousand dollars, whichever is greater, to
7 provide loan and credit guarantees or other forms of credit
8 guarantees for eligible project costs to microenterprises
9 located in a municipality with a population under fifty
10 thousand that is not contiguous to a municipality with a
11 population of fifty thousand or more. For purposes of this
12 division, "microenterprise" means a business providing
13 services with five or fewer full-time equivalent employee
14 positions. A loan or credit guarantee provided under the
15 program may stand alone or may be used in conjunction with or
16 to enhance other loans or credit guarantees offered by
17 private, state, or federal entities. The department may
18 purchase insurance to cover defaulted loans meeting the
19 requirements of the program. However, the department shall not
20 in any manner directly or indirectly pledge the credit of the
21 state. Eligible project costs include expenditures for
22 productive equipment and machinery, working capital for
23 operations and export transactions, research and development,
24 marketing, and such other costs as the department may so
25 designate.

26 5. The department shall adopt a loan or credit guarantee
27 application procedure for a financial institution on behalf of
28 a qualified business, microenterprise, or targeted industry
29 business.

30 7. The department may adopt loan and credit guarantee
31 application procedures that allow a qualified business,
32 microenterprise, or targeted industry business to apply
33 directly to the department for a preliminary guarantee
34 commitment. A preliminary guarantee commitment may be issued
35 by the department subject to the qualified business,

1 microenterprise, or targeted industry business securing a
2 commitment for financing from a financial institution. The
3 application procedures shall specify the process by which a
4 financial institution may obtain a final loan and credit
5 guarantee.

6 Sec. 34. Section 15E.225, subsection 3, Code 2005, is
7 amended to read as follows:

8 3. For a preliminary guarantee commitment, the department
9 may charge a qualified business, microenterprise, or targeted
10 industry business a preliminary guarantee commitment fee. The
11 application fee shall be in addition to any other fees charged
12 by the department under this section and shall not exceed one
13 thousand dollars for an application.

14 DIVISION XI

15 ECONOMIC DEVELOPMENT TAX INCENTIVES

16 Sec. 35. Section 15.113, Code 2005, is amended to read as
17 follows:

18 15.113 ECONOMIC DEVELOPMENT ASSISTANCE -- REPORT.

19 In order for the general assembly to have accurate and
20 complete information regarding expenditures for economic
21 development and job training incentives and to respond to the
22 job training needs of Iowa workers, the department shall
23 provide to the legislative services agency by January 15 of
24 each year data on all assistance or benefits provided under
25 the community economic betterment program, the ~~new-jobs-and~~
26 ~~income-program~~, high quality job creation program, and the
27 Iowa industrial new jobs training Act during the previous
28 calendar year. The department shall meet with the legislative
29 services agency prior to submitting the data to assure that
30 its form and specificity are sufficient to provide accurate
31 and complete information to the general assembly. The
32 department shall also contact other state agencies providing
33 financial assistance to Iowa businesses and, to the extent
34 practical, coordinate the submission of the data to the
35 legislative services agency.

1 Sec. 36. Section 15.326, Code 2005, is amended to read as
2 follows:

3 15.326 SHORT TITLE.

4 This part shall be known and may be cited as the "~~New-Jobs~~
5 ~~and-Income~~ "High Quality Job Creation Act".

6 Sec. 37. Section 15.327, Code 2005, is amended to read as
7 follows:

8 15.327 DEFINITIONS.

9 As used in this part, unless the context otherwise
10 requires:

11 1. "Community" means a city, county, or entity established
12 pursuant to chapter 28E.

13 2. "Contractor or subcontractor" means a person who
14 contracts with the eligible business ~~or-a-supporting-business~~
15 or subcontracts with a contractor for the provision of
16 property, materials, or services for the construction or
17 equipping of a facility~~7-located-within-the-economic~~
18 ~~development-area7~~ of the eligible business ~~or-a-supporting~~
19 ~~business.~~

20 3. "Department" means the Iowa department of economic
21 development.

22 ~~4.--"Director"--means-the-director-of-the-department-or-the~~
23 ~~director's-designee.~~

24 ~~5.--"Economic-development-area"--means-a-site-or-sites~~
25 ~~designated-by-the-department-of-economic-development-for-the~~
26 ~~purpose-of-attracting-an-eligible-business-and-supporting~~
27 ~~businesses-to-locate-facilities-within-the-state.~~

28 ~~6-~~ 4. "Eligible business" means a business meeting the
29 conditions of section 15.329.

30 ~~7-~~ 5. "Program" means the ~~new-jobs-and-income~~ high
31 quality job creation program.

32 ~~8-~~ 6. "Project completion" means the first date upon
33 which the average annualized production of finished product
34 for the preceding ninety-day period at the manufacturing
35 facility operated by the eligible business ~~within-the-economic~~

1 development-area is at least fifty percent of the initial
2 design capacity of the facility. The eligible business shall
3 inform the department of revenue in writing within two weeks
4 of project completion.

5 ~~9.---"Supporting-business"--means-a-business-under-contract
6 with-the-eligible-business-to-provide-property,-materials,-or
7 services-which-are-a-necessary-component-of-the-operation-of
8 the-manufacturing-facility.---To-qualify-as-a-supporting
9 business,-the-business-shall-have-a-permanent-facility-or
10 operations-located-within-the-economic-development-area-and
11 the-revenue-from-fulfilling-the-contract-with-the-eligible
12 business-shall-constitute-at-least-seventy-five-percent-of-the
13 revenue-generated-by-the-business-from-all-activities
14 undertaken-from-the-facility-within-the-economic-development
15 area.~~

16 7. "Qualifying investment" means a capital investment in
17 real property including the purchase price of land and
18 existing buildings and structures, site preparation,
19 improvements to the real property, building construction, and
20 long-term lease costs. "Qualifying investment" also means a
21 capital investment in depreciable assets.

22 Sec. 38. Section 15.329, Code 2005, is amended by striking
23 the section and inserting in lieu thereof the following:

24 15.329 ELIGIBLE BUSINESS.

25 1. To be eligible to receive incentives under this part, a
26 business shall meet all of the following requirements:

27 a. If the qualifying investment is ten million dollars or
28 more, the community has approved by ordinance or resolution
29 the start-up, location, or expansion of the business for the
30 purpose of receiving the benefits of this part.

31 b. The business has not closed or substantially reduced
32 its operation in one area of the state and relocated
33 substantially the same operation in the community. This
34 subsection does not prohibit a business from expanding its
35 operation in the community if existing operations of a similar

1 nature in the state are not closed or substantially reduced.

2 c. The business is not a retail business.

3 2. In addition to the requirements of subsection 1, a
4 business shall do at least four of the following in order to
5 be eligible for incentives under the program:

6 a. Offer a pension or profit sharing plan to full-time
7 employees.

8 b. Produce or manufacture high value-added goods or
9 services or be engaged in one of the following industries:

10 (1) Value-added agricultural products.

11 (2) Insurance and financial services.

12 (3) Plastics.

13 (4) Metals.

14 (5) Printing paper or packaging products.

15 (6) Drugs and pharmaceuticals.

16 (7) Software development.

17 (8) Instruments and measuring devices and medical
18 instruments.

19 (9) Recycling and waste management.

20 (10) Telecommunications.

21 Retail business shall not be eligible for benefits under
22 this part.

23 c. Provide and pay at least eighty percent of the cost of
24 a standard medical and dental insurance plan for all full-time
25 employees working at the facility in which the new investment
26 occurred.

27 d. Make child care services available to its employees.

28 e. Invest annually no less than one percent of pretax
29 profits, from the facility located to Iowa or expanded under
30 the program, in research and development in Iowa.

31 f. Invest annually no less than one percent of pretax
32 profits, from the facility located to Iowa or expanded under
33 the program, in worker training and skills enhancement.

34 g. Have an active productivity and safety improvement
35 program involving management and worker participation and

1 cooperation with benchmarks for gauging compliance.

2 h. Occupy an existing facility, at least one of the
3 buildings of which shall be vacant and shall contain at least
4 twenty thousand square feet.

5 3. Any business located in a quality jobs enterprise zone
6 is ineligible to receive the economic development incentives
7 under the program.

8 4. If the department finds that a business has a record of
9 violations of the law, including but not limited to
10 environmental and worker safety statutes, rules, and
11 regulations, over a period of time that tends to show a
12 consistent pattern, the business shall not qualify for
13 economic development assistance under this part, unless the
14 department finds that the violations did not seriously affect
15 public health or safety, or the environment, or if it did,
16 that there were mitigating circumstances. In making the
17 findings and determinations regarding violations, mitigating
18 circumstances, and whether the business is disqualified for
19 economic development assistance under this part, the
20 department shall be exempt from chapter 17A.

21 5. The department shall also consider a variety of
22 factors, including but not limited to the following in
23 determining the eligibility of a business to participate in
24 the program:

25 a. The quality of the jobs to be created. In rating the
26 quality of the jobs, the department shall place greater
27 emphasis on those jobs that have a higher wage scale, have a
28 lower turnover rate, are full-time or career-type positions,
29 provide comprehensive health benefits, or have other related
30 factors which could be considered to be higher in quality,
31 than to other jobs. Businesses that have wage scales
32 substantially below that of existing Iowa businesses in that
33 area should be rated as providing the lowest quality of jobs
34 and should therefore be given the lowest ranking for providing
35 such assistance.

1 b. The impact of the proposed project on other businesses
2 in competition with the business being considered for
3 assistance. The department shall make a good faith effort to
4 identify existing Iowa businesses within an industry in
5 competition with the business being considered for assistance.
6 The department shall make a good faith effort to determine the
7 probability that the proposed financial assistance will
8 displace employees of the existing businesses. In determining
9 the impact on businesses in competition with the business
10 being considered for assistance, jobs created as a result of
11 other jobs being displaced elsewhere in the state shall not be
12 considered direct jobs created.

13 c. The impact to the state of the proposed project. In
14 measuring the economic impact, the department shall place
15 greater emphasis on projects which have greater consistency
16 with the state strategic plan than other projects. Greater
17 consistency may include any or all of the following:

18 (1) A business with a greater percentage of sales out-of-
19 state or of import substitution.

20 (2) A business with a higher proportion of in-state
21 suppliers.

22 (3) A project which would provide greater diversification
23 of the state economy.

24 (4) A business with fewer in-state competitors.

25 (5) A potential for future job growth.

26 (6) A project which is not a retail operation.

27 d. If a business has, within three years of application
28 for assistance, acquired or merged with an Iowa corporation or
29 company, whether the business has made a good faith effort to
30 hire the workers of the acquired or merged company.

31 e. Whether a business provides for a preference for hiring
32 residents of the state or of the economic development area,
33 except for out-of-state employees offered a transfer to Iowa
34 or to the economic development area.

35 f. Whether all known required environmental permits have

1 been issued and regulations met before moneys are released.

2 6. The department may waive any of the requirements of
3 this section for good cause shown.

4 7. An application to receive incentives under this part
5 may be submitted to the department at any time within one year
6 from the time the job for which benefits are sought commences.

7 Sec. 39. Section 15.330, Code 2005, is amended by striking
8 the section and inserting in lieu thereof the following:

9 15.330 AGREEMENT.

10 A business shall enter into an agreement with the
11 department specifying the requirements that must be met to
12 confirm eligibility pursuant to this part. The department
13 shall consult with the community during negotiations relating
14 to the agreement. The agreement shall contain, at a minimum,
15 the following provisions:

16 1. A business that is approved to receive incentives
17 shall, for the length of the agreement, certify annually to
18 the community and the department the compliance of the
19 business with the requirements of the agreement.

20 2. The repayment of incentives by the business if the
21 business does not meet any of the requirements of this part or
22 the resulting agreement.

23 3. If a business that is approved to receive incentives
24 under this part experiences a layoff within the state or
25 closes any of its facilities within the state, the department
26 shall have the discretion to reduce or eliminate some or all
27 of the incentives. If a business has received incentives
28 under this part and experiences a layoff within the state or
29 closes any of its facilities within the state, the business
30 may be subject to repayment of all or a portion of the
31 incentives that it has received.

32 4. A business creating fifteen or fewer new high quality
33 jobs shall have up to three years to complete a project and
34 shall be required to maintain the jobs for an additional two
35 years. A business creating sixteen or more new high quality

1 jobs shall have up to five years to complete a project and
2 shall be required to maintain the jobs for an additional two
3 years.

4 Sec. 40. Section 15.331A, Code 2005, is amended to read as
5 follows:

6 15.331A SALES AND USE TAX REFUND ---~~CONTRACTOR-OR~~
7 ~~SUBCONTRACTOR~~.

8 The eligible business ~~or-a-supporting-business~~ shall be
9 entitled to a refund of the sales and use taxes paid under
10 chapter 423 for gas, electricity, water, or sewer utility
11 services, goods, wares, or merchandise, or on services
12 rendered, furnished, or performed to or for a contractor or
13 subcontractor and used in the fulfillment of a written
14 contract relating to the construction or equipping of a
15 facility ~~within-the-economic-development-area~~ of the eligible
16 business ~~or-a-supporting-business~~. Taxes attributable to
17 intangible property and furniture and furnishings shall not be
18 refunded. However, an eligible business shall be entitled to
19 a refund for taxes attributable to racks, shelving, and
20 conveyor equipment to be used in a warehouse or distribution
21 center subject to section 15.331C.

22 To receive the refund a claim shall be filed by the
23 eligible business ~~or-a-supporting-business~~ with the department
24 of revenue as follows:

25 1. The contractor or subcontractor shall state under oath,
26 on forms provided by the department, the amount of the sales
27 of goods, wares, or merchandise or services rendered,
28 furnished, or performed including water, sewer, gas, and
29 electric utility services ~~for-use-in-the-economic-development~~
30 ~~area~~ upon which sales or use tax has been paid prior to the
31 project completion, and shall file the forms with the eligible
32 business ~~or-supporting-business~~ before final settlement is
33 made.

34 2. The eligible business ~~or-a-supporting-business~~ shall,
35 not more than one year after project completion, make

1 application to the department for any refund of the amount of
2 the sales and use taxes paid pursuant to chapter 423 upon any
3 goods, wares, or merchandise, or services rendered, furnished,
4 or performed, including water, sewer, gas, and electric
5 utility services. The application shall be made in the manner
6 and upon forms to be provided by the department, and the
7 department shall audit the claim and, if approved, issue a
8 warrant to the eligible business ~~or-supporting-business~~ in the
9 amount of the sales or use tax which has been paid to the
10 state of Iowa under a contract. A claim filed by the eligible
11 business ~~or-a-supporting-business~~ in accordance with this
12 section shall not be denied by reason of a limitation
13 provision set forth in chapter 421 or 423.

14 3. A contractor or subcontractor who willfully makes a
15 false report of tax paid under the provisions of this section
16 is guilty of a simple misdemeanor and in addition is liable
17 for the payment of the tax and any applicable penalty and
18 interest.

19 Sec. 41. Section 15.331C, Code 2005, is amended to read as
20 follows:

21 15.331C CORPORATE TAX CREDIT FOR CERTAIN SALES TAXES PAID
22 BY THIRD-PARTY DEVELOPER.

23 1. An eligible business ~~or-a-supporting-business~~ may claim
24 a corporate tax credit in an amount equal to the taxes paid by
25 a third-party developer under chapters 422 and 423 for gas,
26 electricity, water, or sewer utility services, goods, wares,
27 or merchandise, or on services rendered, furnished, or
28 performed to or for a contractor or subcontractor and used in
29 the fulfillment of a written contract relating to the
30 construction or equipping of a facility ~~within-the-economic~~
31 ~~development-area~~ of the eligible business ~~or-supporting~~
32 ~~business~~. Taxes attributable to intangible property and
33 furniture and furnishings shall not be included, but taxes
34 attributable to racks, shelving, and conveyor equipment to be
35 used in a warehouse or distribution center shall be included.

1 Any credit in excess of the tax liability for the tax year may
2 be credited to the tax liability for the following seven years
3 or until depleted, whichever occurs earlier. An eligible
4 business may elect to receive a refund of all or a portion of
5 an unused tax credit.

6 2. A third-party developer shall state under oath, on
7 forms provided by the department of economic development, the
8 amount of taxes paid as described in subsection 1 and shall
9 submit such forms to the department. The taxes paid shall be
10 itemized to allow identification of the taxes attributable to
11 racks, shelving, and conveyor equipment to be used in a
12 warehouse or distribution center. After receiving the form
13 from the third-party developer, the department shall issue a
14 tax credit certificate to the eligible business ~~or-supporting~~
15 ~~business~~ equal to the taxes paid by a third-party developer
16 under chapters 422 and 423 for gas, electricity, water, or
17 sewer utility services, goods, wares, or merchandise, or on
18 services rendered, furnished, or performed to or for a
19 contractor or subcontractor and used in the fulfillment of a
20 written contract relating to the construction or equipping of
21 a facility. The department shall also issue a tax credit
22 certificate to the eligible business ~~or-supporting-business~~
23 equal to the taxes paid and attributable to racks, shelving,
24 and conveyor equipment to be used in a warehouse or
25 distribution center. The aggregate combined total amount of
26 tax refunds under section 15.331A for taxes attributable to
27 racks, shelving, and conveyor equipment to be used in a
28 warehouse or distribution center and of tax credit
29 certificates issued by the department for the taxes paid and
30 attributable to racks, shelving, and conveyor equipment to be
31 used in a warehouse or distribution center shall not exceed
32 five hundred thousand dollars in a fiscal year. If an
33 applicant for a tax credit certificate does not receive a
34 certificate for the taxes paid and attributable to racks,
35 shelving, and conveyor equipment to be used in a warehouse or

1 distribution center, the application shall be considered in
2 succeeding fiscal years. The eligible business ~~or-supporting~~
3 ~~business~~ shall not claim a tax credit under this section
4 unless a tax credit certificate issued by the department of
5 economic development is attached to the taxpayer's tax return
6 for the tax year for which the tax credit is claimed. A tax
7 credit certificate shall contain the eligible business's ~~or~~
8 ~~supporting-business's~~ name, address, tax identification
9 number, the amount of the tax credit, and other information
10 required by the department of revenue.

11 Sec. 42. Section 15.333, Code 2005, is amended by striking
12 the section and inserting in lieu thereof the following:

13 15.333 INVESTMENT TAX CREDIT.

14 1. An eligible business may claim a tax credit equal to a
15 percentage of the new investment directly related to new jobs
16 created by the location or expansion of an eligible business
17 under the program. The tax credit shall be amortized equally
18 over five calendar years. The tax credit shall be allowed
19 against taxes imposed under chapter 422, division II, III, or
20 V, and against the moneys and credits tax imposed in section
21 533.24. If the business is a partnership, S corporation,
22 limited liability company, cooperative organized under chapter
23 501 and filing as a partnership for federal tax purposes, or
24 estate or trust electing to have the income taxed directly to
25 the individual, an individual may claim the tax credit
26 allowed. The amount claimed by the individual shall be based
27 upon the pro rata share of the individual's earnings of the
28 partnership, S corporation, limited liability company,
29 cooperative organized under chapter 501 and filing as a
30 partnership for federal tax purposes, or estate or trust. The
31 percentage shall be determined as provided in section 15.335A.
32 Any tax credit in excess of the tax liability for the tax year
33 may be credited to the tax liability for the following seven
34 years or until depleted, whichever occurs first.

35 Subject to prior approval by the department of economic

1 development, in consultation with the department of revenue,
2 an eligible business whose project primarily involves the
3 production of value-added agricultural products or uses
4 biotechnology-related processes may elect to receive a refund
5 of all or a portion of an unused tax credit. For purposes of
6 this subsection, such an eligible business includes a
7 cooperative described in section 521 of the Internal Revenue
8 Code which is not required to file an Iowa corporate income
9 tax return, and whose project primarily involves the
10 production of ethanol. The refund may be applied against a
11 tax liability imposed under chapter 422, division II, III, or
12 V, and against the moneys and credits tax imposed in section
13 533.24. If the business is a partnership, S corporation,
14 limited liability company, cooperative organized under chapter
15 501 and filing as a partnership for federal tax purposes, or
16 estate or trust electing to have the income taxed directly to
17 the individual, an individual may claim the tax credit
18 allowed. The amount claimed by the individual shall be based
19 upon the pro rata share of the individual's earnings of the
20 partnership, S corporation, limited liability company,
21 cooperative organized under chapter 501 and filing as a
22 partnership for federal tax purposes, or estate or trust.

23 2. For purposes of this subsection, "new investment
24 directly related to new jobs created by the location or
25 expansion of an eligible business under the program" means the
26 cost of machinery and equipment, as defined in section 427A.1,
27 subsection 1, paragraphs "e" and "j", purchased for use in the
28 operation of the eligible business, the purchase price of
29 which has been depreciated in accordance with generally
30 accepted accounting principles, the purchase price of real
31 property and any buildings and structures located on the real
32 property, and the cost of improvements made to real property
33 which is used in the operation of the eligible business. "New
34 investment directly related to new jobs created by the
35 location or expansion of an eligible business under the

1 program" also means the annual base rent paid to a third-
2 party developer by an eligible business for a period not to
3 exceed ten years, provided the cumulative cost of the base
4 rent payments for that period does not exceed the cost of the
5 land and the third-party developer's costs to build or
6 renovate the building for the eligible business. The eligible
7 business shall enter into a lease agreement with the third-
8 party developer for a minimum of five years. If, however,
9 within five years of purchase, the eligible business sells,
10 disposes of, razes, or otherwise renders unusable all or a
11 part of the land, buildings, or other existing structures for
12 which tax credit was claimed under this section, the tax
13 liability of the eligible business for the year in which all
14 or part of the property is sold, disposed of, razed, or
15 otherwise rendered unusable shall be increased by one of the
16 following amounts:

17 a. One hundred percent of the tax credit claimed under
18 this section if the property ceases to be eligible for the tax
19 credit within one full year after being placed in service.

20 b. Eighty percent of the tax credit claimed under this
21 section if the property ceases to be eligible for the tax
22 credit within two full years after being placed in service.

23 c. Sixty percent of the tax credit claimed under this
24 section if the property ceases to be eligible for the tax
25 credit within three full years after being placed in service.

26 d. Forty percent of the tax credit claimed under this
27 section if the property ceases to be eligible for the tax
28 credit within four full years after being placed in service.

29 e. Twenty percent of the tax credit claimed under this
30 section if the property ceases to be eligible for the tax
31 credit within five full years after being placed in service.

32 3. a. An eligible business whose project primarily
33 involves the production of value-added agricultural products
34 or uses biotechnology-related processes, which elects to
35 receive a refund of all or a portion of an unused tax credit,

1 shall apply to the department of economic development for tax
2 credit certificates. Such an eligible business shall not
3 claim a tax credit refund under this subsection unless a tax
4 credit certificate issued by the department of economic
5 development is attached to the taxpayer's tax return for the
6 tax year for which the tax credit refund is claimed. For
7 purposes of this subsection, an eligible business includes a
8 cooperative described in section 521 of the Internal Revenue
9 Code which is not required to file an Iowa corporate income
10 tax return, and whose project primarily involves the
11 production of ethanol. For purposes of this subsection, an
12 eligible business also includes a cooperative described in
13 section 521 of the Internal Revenue Code which is required to
14 file an Iowa corporate income tax return and whose project
15 primarily involves the production of ethanol. Such
16 cooperative may elect to transfer all or a portion of its tax
17 credit to its members. The amount of tax credit transferred
18 and claimed by a member shall be based upon the pro rata share
19 of the member's earnings of the cooperative.

20 b. A tax credit certificate issued under this subsection
21 shall not be valid until the tax year following the date of
22 the capital investment project completion. A tax credit
23 certificate shall contain the taxpayer's name, address, tax
24 identification number, the date of project completion, the
25 amount of the tax credit, and other information required by
26 the department of revenue. The department of economic
27 development shall not issue tax credit certificates under this
28 subsection which total more than four million dollars during a
29 fiscal year. If the department receives and approves
30 applications for tax credit certificates under this subsection
31 in excess of four million dollars, the applicants shall
32 receive certificates for a prorated amount. The tax credit
33 certificates shall not be transferred except as provided in
34 this subsection for a cooperative described in section 521 of
35 the Internal Revenue Code which is required to file an Iowa

1 corporate income tax return and whose project primarily
2 involves the production of ethanol. For a cooperative
3 described in section 521 of the Internal Revenue Code, the
4 department of economic development shall require that the
5 cooperative submit a list of its members and the share of each
6 member's interest in the cooperative. The department shall
7 issue a tax credit certificate to each member contained on the
8 submitted list.

9 Sec. 43. Section 15.333A, Code 2005, is amended by
10 striking the section and inserting in lieu thereof the
11 following:

12 15.333A INSURANCE PREMIUM TAX CREDITS.

13 1. An eligible business may claim an insurance premium tax
14 credit equal to a percentage of the new investment directly
15 related to new jobs created by the location or expansion of an
16 eligible business under the program. The tax credit shall be
17 amortized equally over a five-year period. The tax credit
18 shall be allowed against taxes imposed in chapter 432. A tax
19 credit in excess of the tax liability for the tax year may be
20 credited to the tax liability for the following seven years or
21 until depleted, whichever occurs first. The percentage shall
22 be determined as provided in section 15.335A.

23 2. For purposes of this section, "new investment directly
24 related to new jobs created by the location or expansion of an
25 eligible business under the program" means the cost of
26 machinery and equipment, as defined in section 427A.1,
27 subsection 1, paragraphs "e" and "j", purchased for use in the
28 operation of the eligible business, the purchase price of
29 which has been depreciated in accordance with generally
30 accepted accounting principles, the purchase price of real
31 property and any buildings and structures located on the real
32 property, and the cost of improvements made to real property
33 which is used in the operation of the eligible business. "New
34 investment directly related to new jobs created by the
35 location or expansion of an eligible business under the

1 program" also means the annual base rent paid to a third-party
2 developer by an eligible business for a period not to exceed
3 ten years, provided the cumulative cost of the base rent
4 payments for that period does not exceed the cost of the land
5 and the third-party developer's costs to build or renovate the
6 building for the eligible business. The eligible business
7 shall enter into a lease agreement with the third-party
8 developer for a minimum of five years. If, however, within
9 five years of purchase, the eligible business sells, disposes
10 of, razes, or otherwise renders unusable all or a part of the
11 land, buildings, or other existing structures for which tax
12 credit was claimed under this section, the tax liability of
13 the eligible business for the year in which all or part of the
14 property is sold, disposed of, razed, or otherwise rendered
15 unusable shall be increased by one of the following amounts:

16 a. One hundred percent of the tax credit claimed under
17 this section if the property ceases to be eligible for the tax
18 credit within one full year after being placed in service.

19 b. Eighty percent of the tax credit claimed under this
20 section if the property ceases to be eligible for the tax
21 credit within two full years after being placed in service.

22 c. Sixty percent of the tax credit claimed under this
23 section if the property ceases to be eligible for the tax
24 credit within three full years after being placed in service.

25 d. Forty percent of the tax credit claimed under this
26 section if the property ceases to be eligible for the tax
27 credit within four full years after being placed in service.

28 e. Twenty percent of the tax credit claimed under this
29 section if the property ceases to be eligible for the tax
30 credit within five full years after being placed in service.

31 Sec. 44. NEW SECTION. 15.335A TAX INCENTIVES.

32 1. Tax incentives are available to eligible businesses as
33 provided in this section. The incentives are based upon the
34 number of new high quality jobs created and the amount of the
35 qualifying investment made according to the following

1 schedule:

2 a. The number of new high quality jobs created with an
3 annual wage, including benefits, equal to or greater than one
4 hundred thirty percent of the average county wage is one of
5 the following:

6 (1) The number of jobs is zero and economic activity is
7 furthered by the qualifying investment and the amount of the
8 qualifying investment is one of the following:

9 (a) Less than one hundred thousand dollars, then the tax
10 incentive is the investment tax credit of up to one percent.

11 (b) At least one hundred thousand dollars but less than
12 five hundred thousand dollars, then the tax incentives are the
13 investment tax credit of up to one percent and the sales tax
14 refund.

15 (c) At least five hundred thousand dollars, then the tax
16 incentives are the investment tax credit of up to one percent,
17 the sales tax refund, and the additional research and
18 development tax credit.

19 (2) The number of jobs is one but not more than five and
20 the amount of the qualifying investment is one of the
21 following:

22 (a) Less than one hundred thousand dollars, then the tax
23 incentive is the investment tax credit of up to two percent.

24 (b) At least one hundred thousand dollars but less than
25 five hundred thousand dollars, then the tax incentives are the
26 investment tax credit of up to two percent and the sales tax
27 refund.

28 (c) At least five hundred thousand dollars, then the tax
29 incentives are the investment tax credit of up to two percent,
30 the sales tax refund, and the additional research and
31 development tax credit.

32 (3) The number of jobs is six but not more than ten and
33 the amount of the qualifying investment is one of the
34 following:

35 (a) Less than one hundred thousand dollars, then the tax

1 incentive is the investment tax credit of up to three percent.

2 (b) At least one hundred thousand dollars but less than
3 five hundred thousand dollars, then the tax incentives are the
4 investment tax credit of up to three percent and the sales tax
5 refund.

6 (c) At least five hundred thousand dollars, then the tax
7 incentives are the investment tax credit of up to three
8 percent, the sales tax refund, and the additional research and
9 development tax credit.

10 (4) The number of jobs is eleven but not more than fifteen
11 and the amount of the qualifying investment is one of the
12 following:

13 (a) Less than one hundred thousand dollars, then the tax
14 incentive is the investment tax credit of up to four percent.

15 (b) At least one hundred thousand dollars but less than
16 five hundred thousand dollars, then the tax incentives are the
17 investment tax credit of up to four percent and the sales tax
18 refund.

19 (c) At least five hundred thousand dollars, then the tax
20 incentives are the investment tax credit of up to four
21 percent, the sales tax refund, and the additional research and
22 development tax credit.

23 (5) The number of jobs is sixteen or more and the amount
24 of the qualifying investment is one of the following:

25 (a) Less than one hundred thousand dollars, then the tax
26 incentive is the investment tax credit of up to five percent.

27 (b) At least one hundred thousand dollars but less than
28 five hundred thousand dollars, then the tax incentives are the
29 investment tax credit of up to five percent and the sales tax
30 refund.

31 (c) At least five hundred thousand dollars, then the tax
32 incentives are the investment tax credit of up to five
33 percent, the sales tax refund, and the additional research and
34 development tax credit.

35 b. In lieu of paragraph "a", the number of new high

1 quality jobs created with an annual wage, including benefits,
2 equal to or greater than one hundred sixty percent of the
3 average county wage is one of the following:

4 (1) The number of jobs is twenty-one but not more than
5 thirty and the amount of the qualifying investment is at least
6 ten million dollars, then the tax incentives are the local
7 property tax exemption, the investment tax credit of up to six
8 percent, the sales tax refund, and the additional research and
9 development tax credit.

10 (2) The number of jobs is thirty-one but not more than
11 forty and the amount of the qualifying investment is at least
12 ten million dollars, then the tax incentives are the local
13 property tax exemption, the investment tax credit of up to
14 seven percent, the sales tax refund, and the additional
15 research and development tax credit.

16 (3) The number of jobs is forty-one but not more than
17 fifty and the amount of the qualifying investment is at least
18 ten million dollars, then the tax incentives are the local
19 property tax exemption, the investment tax credit of up to
20 eight percent, the sales tax refund, and the additional
21 research and development tax credit.

22 (4) The number of jobs is fifty-one but not more than
23 sixty and the amount of the qualifying investment is at least
24 ten million dollars, then the tax incentives are the local
25 property tax exemption, the investment tax credit of up to
26 nine percent, the sales tax refund, and the additional
27 research and development tax credit.

28 (5) The number of jobs is at least sixty-one and the
29 amount of the qualifying investment is at least fifteen
30 million dollars, then the tax incentives are the local
31 property tax exemption, the investment tax credit of up to ten
32 percent, the sales tax refund, and the additional research and
33 development tax credit.

34 2. For purposes of this section:

35 a. "Additional research and development tax credit" means

1 the research activities credit as provided under section
2 15.335.

3 b. "Average county wage" means the same as defined in
4 section 15H.1.

5 c. "Benefits" means the same as defined in section 15H.1.

6 d. "Investment tax credit" means the investment tax credit
7 or the insurance premium tax credit as provided under section
8 15.333 or 15.333A, respectively.

9 e. "Local property tax exemption" means the property tax
10 exemption as provided under section 15.332.

11 f. "Sales tax refund" means the sales and use tax refund
12 as provided under section 15.331A or the corporate tax credit
13 for certain sales taxes paid by third-party developers as
14 provided under section 15.331C.

15 3. A community may apply to the Iowa economic development
16 board for a waiver from the average county wage calculations
17 provided in subsection 1 in order for an eligible business to
18 receive tax incentives. The board may grant a waiver from the
19 average county wage calculations in subsection 1 for the
20 remainder of the calendar year, based on average county or
21 regional wage calculations brought forth by the applicant
22 county including, but not limited to, any of the following:

23 a. The average county wage calculated without wage data
24 from the business in the county employing the greatest number
25 of full-time employees.

26 b. The average regional wage calculated without wage data
27 from up to two adjacent counties.

28 c. The average county wage calculated without wage data
29 from the largest city in the county.

30 4. Average wage calculations made under this section shall
31 be calculated quarterly using wage data submitted to the
32 department of workforce development during the previous four
33 quarters.

34 5. Each calendar year, the department shall not approve
35 more than three million six hundred thousand dollars worth of

1 investment tax credits for projects with qualifying
2 investments of less than one million dollars.

3 Sec. 45. Section 15.336, Code 2005, is amended to read as
4 follows:

5 15.336 OTHER INCENTIVES.

6 An eligible business may receive other applicable federal,
7 state, and local incentives and credits in addition to those
8 provided in this part. However, a business which participates
9 in the program under this part shall not receive any funds
10 from the community economic development account under the
11 community economic betterment program, tax credits, or
12 incentives under chapter 15E, division XVIII, or moneys from
13 the grow Iowa values fund.

14 Sec. 46. Section 15E.196, subsection 1, paragraph a, Code
15 2005, is amended to read as follows:

16 a. New jobs credit from withholding, as provided in
17 section ~~15-331~~ 15E.197.

18 Sec. 47. NEW SECTION. 15E.197 NEW JOBS CREDIT FROM
19 WITHHOLDING.

20 An eligible business may enter into an agreement with the
21 department of revenue and a community college for a
22 supplemental new jobs credit from withholding from jobs
23 created under the program. The agreement shall be for program
24 services for an additional job training project, as defined in
25 chapter 260E. The agreement shall provide for the following:

26 1. That the project shall be administered in the same
27 manner as a project under chapter 260E and that a supplemental
28 new jobs credit from withholding in an amount equal to one and
29 one-half percent of the gross wages paid by the eligible
30 business pursuant to section 422.16 is authorized to fund the
31 program services for the additional project.

32 2. That the supplemental new jobs credit from withholding
33 shall be collected, accounted for, and may be pledged by the
34 community college in the same manner as described in section
35 260E.5.

1 3. That the auditor of state shall perform an annual audit
2 regarding how the training funds are being used.

3 To provide funds for the payment of the costs of the
4 additional project, a community college may borrow money,
5 issue and sell certificates, and secure the payment of the
6 certificates in the same manner as described in section
7 260E.6, including but not limited to providing the assessment
8 of an annual levy as described in section 260E.6, subsection
9 4. The program and credit authorized by this section is in
10 addition to, and not in lieu of, the program and credit
11 authorized in chapter 260E.

12 4. For purposes of this section, "eligible business" means
13 a business which has been approved to receive incentives and
14 assistance by the department of economic development pursuant
15 to application as provided in section 15E.195.

16 Sec. 48. NEW SECTION. 15H.1 DEFINITIONS.

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

19 1. "Average county wage" means the annualized, average
20 hourly wage calculated by the department which equals the
21 least of the following:

22 a. The annualized, average hourly wage paid by all
23 businesses in the entire county.

24 b. The annualized, average hourly wage paid by all
25 businesses in the county located outside the largest city of
26 the county.

27 c. The annualized, average hourly wage paid by all
28 businesses other than the largest employer in the entire
29 county.

30 2. "Benefits" means all of the following:

31 a. Medical and dental insurance plans.

32 b. Pension and profit sharing plans.

33 c. Child care services.

34 d. Overtime.

35 e. Life insurance coverage.

1 f. Other benefits identified by rule of the department.

2 3. "Department" means the department of revenue.

3 4. a. "Qualified new job" means a job that meets all of
4 the following:

5 (1) Is a new full-time job that has not existed in the
6 business within the previous twelve months in the state.

7 (2) Is filled by a new employee for at least twelve
8 months.

9 (3) Is filled by a resident of the state.

10 (4) Is not created as a result of a change in ownership.

11 b. "Qualified new job" does not include any of the
12 following:

13 (1) A job previously filled by the same employee in the
14 state.

15 (2) A job that was relocated from another location in the
16 state.

17 (3) A job that is created as a result of a consolidation,
18 merger, or restructuring of a business entity if the job does
19 not represent a new job in the state.

20 5. "Qualifying investment" means a capital investment in
21 real property including the purchase price of land and
22 existing buildings, site preparation, building construction,
23 and long-term lease costs. "Qualifying investment" also means
24 a capital investment in depreciable assets.

25 6. "Retained qualified new job" means the continued
26 employment for another twelve months of the same employee in a
27 qualified new job.

28 Sec. 49. NEW SECTION. 15H.2 WAGE-BENEFITS TAX CREDIT.

29 1. a. Any nonretail business may claim a tax credit equal
30 to a percentage of the annual wages and benefits paid for a
31 qualified new job created by the location or expansion of the
32 business in the state. The tax credit shall be allowed
33 against taxes imposed under chapter 422, division II, III, or
34 V, and chapter 432 and against the moneys and credits tax
35 imposed in section 533.24. The percentage shall be equal to

1 the amount provided in subsection 2.

2 Any credit in excess of the tax liability shall be
3 refunded. In lieu of claiming a refund, a taxpayer may elect
4 to have the overpayment shown on the taxpayer's final,
5 completed return credited to the tax liability for the
6 following taxable year.

7 b. If the business is a partnership, S corporation,
8 limited liability company, or estate or trust electing to have
9 the income taxed directly to the individual, an individual may
10 claim the tax credit allowed. The amount claimed by the
11 individual shall be based upon the pro rata share of the
12 individual's earnings of the partnership, S corporation,
13 limited liability company, or estate or trust.

14 2. The percentage of the annual wages and benefits paid
15 for a qualified new job is determined as follows:

16 a. If the annual wage and benefits for the qualified new
17 job equals less than one hundred thirty percent of the average
18 county wage, zero percent.

19 b. If the annual wage and benefits for the qualified new
20 job equals at least one hundred thirty percent but less than
21 one hundred sixty percent of the average county wage, five
22 percent.

23 c. If the annual wage and benefits for the qualified new
24 job equals at least one hundred sixty percent of the average
25 county wage, ten percent.

26 3. a. Subject to paragraph "b", a qualified new job is
27 entitled to the tax credit upon the end of the twelfth month
28 of the job having been filled. Once a qualified new job is
29 approved for a tax credit, tax credits for the next four
30 subsequent tax years may be approved if the job continues to
31 be filled and application is made as provided in section
32 15H.3. The percentage determined under subsection 2 for the
33 first tax year shall continue to apply to subsequent tax
34 credits as the credits relate to that qualified new job.

35 b. In addition to meeting the wage and benefits

1 requirements, the business must also make a qualifying
2 investment equal to at least five thousand dollars for each
3 qualified new job that the business is to claim the tax
4 credit.

5 Sec. 50. NEW SECTION. 15H.3 TAX CREDIT CERTIFICATION --
6 CREDIT LIMITATION.

7 1. In order for a wage-benefit tax credit to be claimed,
8 the business shall submit an application to the department
9 along with information on the qualified new job or retained
10 qualified new job and any other information required.
11 Applications for approval of the tax credit shall be on forms
12 approved by the department. Within forty-five days of receipt
13 of the application, the department shall either approve or
14 disapprove the application. After the forty-five-day limit,
15 the application is deemed approved.

16 2. Upon approval of the tax credit and subject to
17 subsection 4, a tax credit certificate shall be issued by the
18 department. A tax credit certificate shall identify the
19 business claiming the tax credit under this chapter and the
20 wage and benefit costs incurred during the previous twelve
21 months.

22 3. The tax credit certificate shall contain the taxpayer's
23 name, address, tax identification number, the date of the
24 qualified new job, the amount of credit, and other information
25 required by the department.

26 4. The total amount of tax credit certificates that may be
27 issued for a fiscal year under this chapter shall not exceed
28 ten million dollars. The department shall establish by rule
29 the procedures for the application, review, selection,
30 awarding of certificates, and the method to be used to
31 determine for which fiscal year the tax credits are available.
32 If the approved tax credits exceed the maximum amount for a
33 fiscal year, tax credit certificates shall be issued on an
34 earliest date applied basis.

35 5. a. A nonretail business that has created a qualified

1 new job and made the qualifying investment for which a tax
2 credit certificate under this chapter is issued is eligible to
3 receive a tax credit certificate for each of the four
4 subsequent tax years without making additional qualifying
5 investments if the business retains the qualified new job
6 during each of the twelve months ending in each of the tax
7 years by applying for the credit under this section.
8 Preference in issuing these tax credit certificates shall be
9 given businesses applying for the credit for retained
10 qualified new jobs.

11 b. A nonretail business that created a qualified new job
12 and made the qualifying investments but failed to receive all
13 or part of the tax credit because of the limitation in
14 subsection 4 is eligible to reapply for the tax credit for the
15 retained qualified new job.

16 6. a. A business whose application has been disapproved
17 by the department may appeal the decision to the department of
18 economic development within thirty days of notice of
19 disapproval. If the department of economic development
20 subsequently approves the application, the business shall
21 receive the tax credit certificates subject to the
22 availability of the amount of credits that may be issued as
23 provided in subsection 4.

24 b. A nonretail business may apply to the department of
25 economic development for a waiver of any provision of this
26 chapter as it relates to the requirements for qualifying for
27 the wage-benefits tax credit. The department of economic
28 development shall establish by rule the conditions under which
29 a waiver of such requirements will be granted. A waiver from
30 average county wage calculations shall be applied for and
31 granted pursuant to the procedures provided in section
32 15.335A.

33 Sec. 51. NEW SECTION. 15H.4 MONITORING OF JOB CREATION.

34 The department shall develop definitions for the terms "job
35 creation" and "job retention" to measure and identify the

1 number of permanent, full-time positions which businesses
2 actually create and retain and which can be documented by
3 comparison of the payroll reports during the twenty-four-month
4 period before and after tax credits are earned.

5 Sec. 52. NEW SECTION. 15H.5 OTHER INCENTIVES.

6 A nonretail business may receive other applicable federal,
7 state, and local incentives and tax credits in addition to
8 those provided in this chapter. However, a business which has
9 received a tax credit under this chapter shall not receive any
10 funds, incentives, tax credits from the community development
11 account of the community development program, under chapter
12 15E, division XVIII, and under the grow Iowa values fund, if
13 created.

14 Sec. 53. NEW SECTION. 422.11L WAGE-BENEFITS TAX CREDIT.

15 The taxes imposed under this division, less the credits
16 allowed under sections 422.12 and 422.12B, shall be reduced by
17 a wage-benefits tax credit authorized pursuant to section
18 15H.2.

19 Sec. 54. Section 422.16A, Code 2005, is amended to read as
20 follows:

21 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
22 TRANSFER.

23 Upon the completion by a business of its repayment
24 obligation for a training project funded under chapter 260E,
25 including a job training project funded under section 15A.8 or
26 repaid in whole or in part by the supplemental new jobs credit
27 from withholding under section 15A.7 or section ~~15.331~~
28 15E.197, the sponsoring community college shall report to the
29 department of economic development the amount of withholding
30 paid by the business to the community college during the final
31 twelve months of withholding payments. The department of
32 economic development shall notify the department of revenue of
33 that amount. The department shall credit to the workforce
34 development fund account established in section 15.342A
35 twenty-five percent of that amount each quarter for a period

1 of ten years. If the amount of withholding from the business
2 or employer is insufficient, the department shall prorate the
3 quarterly amount credited to the workforce development fund
4 account. The maximum amount from all employers which shall be
5 transferred to the workforce development fund account in any
6 year is four million dollars.

7 Sec. 55. Section 422.33, Code 2005, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 17. The taxes imposed under this division
10 shall be reduced by a wage-benefits tax credit authorized
11 pursuant to section 15H.2.

12 Sec. 56. Section 422.60, Code 2005, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 9. The taxes imposed under this division
15 shall be reduced by a wage-benefits tax credit authorized
16 pursuant to section 15H.2.

17 Sec. 57. Section 427B.17, subsection 5, unnumbered
18 paragraph 2, Code 2005, is amended to read as follows:

19 Any electric power generating plant which operated during
20 the preceding assessment year at a net capacity factor of more
21 than twenty percent, shall not receive the benefits of this
22 section or of ~~sections~~ section 15.332 ~~and 15.334~~. For
23 purposes of this section, "electric power generating plant"
24 means any nameplate rated electric power generating plant, in
25 which electric energy is produced from other forms of energy,
26 including all taxable land, buildings, and equipment used in
27 the production of such energy. "Net capacity factor" means
28 net actual generation divided by the product of net maximum
29 capacity times the number of hours the unit was in the active
30 state during the assessment year. Upon commissioning, a unit
31 is in the active state until it is decommissioned. "Net
32 actual generation" means net electrical megawatt hours
33 produced by the unit during the preceding assessment year.
34 "Net maximum capacity" means the capacity the unit can sustain
35 over a specified period when not restricted by ambient

1 conditions or equipment deratings, minus the losses associated
2 with station service or auxiliary loads.

3 Sec. 58. NEW SECTION. 432.12G WAGE-BENEFITS TAX CREDIT.

4 The taxes imposed under this chapter shall be reduced by a
5 wage-benefits tax credit authorized pursuant to section 15H.2.

6 Sec. 59. Section 533.24, Code 2005, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 6. The moneys and credits tax imposed
9 under this section shall be reduced by a wage-benefits tax
10 credit authorized pursuant to section 15H.2.

11 Sec. 60. Sections 15.331, 15.331B, 15.334, 15.334A,
12 15.337, and 15.381 through 15.387, Code 2005, are repealed.

13 Sec. 61. EFFECTIVE AND APPLICABILITY DATE. The provisions
14 of this division of this Act relating to Code chapter 15H,
15 being deemed of immediate importance, take effect upon
16 enactment and apply to qualified new jobs created on or after
17 the effective date of this division of this Act. This
18 division of this Act applies to tax years ending on or after
19 the effective date of this division of this Act.

20 DIVISION XII

21 RESEARCH AND DEVELOPMENT

22 TAX CREDIT

23 Sec. 62. Section 15.335, subsection 1, unnumbered
24 paragraph 1, Code 2005, is amended to read as follows:

25 An eligible business may claim a corporate tax credit for
26 increasing research activities in this state during the period
27 the eligible business is participating in the program. For
28 purposes of this section, "research activities" includes the
29 development of innovative renewable energy generation
30 components manufactured or assembled in this state. For
31 purposes of this section, "innovative renewable energy
32 generation components" does not include a component with more
33 than two hundred megawatts of effective nameplate capacity.

34 DIVISION XIII

35 ENDOW IOWA

1 Sec. 63. Section 15E.303, subsections 4 and 6, Code 2005,
2 are amended to read as follows:

3 4. "Endowment gift" means an irrevocable contribution to a
4 permanent endowment held by a an endow Iowa qualified
5 community foundation.

6 6. "Qualified "Endow Iowa qualified community foundation"
7 means a community foundation organized or operating in this
8 state that ~~meets-or-exceeds~~ substantially complies with the
9 national standards established by the national council on
10 foundations as determined by the department in collaboration
11 with the Iowa council of foundations.

12 Sec. 64. Section 15E.304, subsection 2, paragraphs c and
13 d, Code 2005, are amended to read as follows:

14 c. Identify a an endow Iowa qualified community foundation
15 to hold all funds. A An endow Iowa qualified community
16 foundation shall not be required to meet this requirement.

17 d. Provide a plan to the board demonstrating the method
18 for distributing grant moneys received from the board to
19 organizations within the community or geographic area as
20 defined by the endow Iowa qualified community foundation or
21 the community affiliate organization.

22 Sec. 65. Section 15E.304, subsection 3, Code 2005, is
23 amended to read as follows:

24 3. Endow Iowa grants awarded to new and existing endow
25 Iowa qualified community foundations and to community
26 affiliate organizations shall not exceed twenty-five thousand
27 dollars per foundation or organization unless a foundation or
28 organization demonstrates a multiple county or regional
29 approach. Endow Iowa grants may be awarded on an annual basis
30 with not more than three grants going to one county in a
31 fiscal year.

32 Sec. 66. Section 15E.305, subsection 1, Code 2005, is
33 amended to read as follows:

34 1. For tax years beginning on or after January 1, 2003, a
35 tax credit shall be allowed against the taxes imposed in

1 chapter 422, divisions II, III, and V, and in chapter 432, and
2 against the moneys and credits tax imposed in section 533.24
3 equal to twenty percent of a taxpayer's endowment gift to ~~a~~ an
4 endow Iowa qualified community foundation. An individual may
5 claim a tax credit under this section of a partnership,
6 limited liability company, S corporation, estate, or trust
7 electing to have income taxed directly to the individual. The
8 amount claimed by the individual shall be based upon the pro
9 rata share of the individual's earnings from the partnership,
10 limited liability company, S corporation, estate, or trust. A
11 tax credit shall be allowed only for an endowment gift made to
12 ~~a~~ an endow Iowa qualified community foundation for a permanent
13 endowment fund established to benefit a charitable cause in
14 this state. Any tax credit in excess of the taxpayer's tax
15 liability for the tax year may be credited to the tax
16 liability for the following five years or until depleted,
17 whichever occurs first. A tax credit shall not be carried
18 back to a tax year prior to the tax year in which the taxpayer
19 claims the tax credit.

20 Sec. 67. Section 15E.305, subsection 2, Code 2005, is
21 amended by adding the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. Ten percent of the aggregate
23 amount of tax credits authorized in a calendar year shall be
24 reserved for those endowment gifts in amounts of thirty
25 thousand dollars or less. If by September 1 of a calendar
26 year the entire ten percent of the reserved tax credits is not
27 distributed, the remaining tax credits shall be available to
28 any other eligible applicants.

29 Sec. 68. Section 15E.305, subsection 4, Code 2005, is
30 amended to read as follows:

31 4. A tax credit shall not be authorized pursuant to this
32 section after December 31, 2005 2008.

33 Sec. 69. Section 15E.311, subsection 3, paragraphs a and
34 c, Code 2005, are amended to read as follows:

35 a. At the end of each fiscal year, moneys in the fund

1 shall be transferred into separate accounts within the fund
2 and designated for use by each county in which no licensee
3 authorized to conduct gambling games under chapter 99F was
4 located during that fiscal year. Moneys transferred to county
5 accounts shall be divided equally among the counties. Moneys
6 transferred into an account for a county shall be transferred
7 by the department to an eligible county recipient for that
8 county. Of the moneys transferred, an eligible county
9 recipient shall distribute seventy-five percent of the moneys
10 as grants to charitable organizations for ~~educational, civic,~~
11 ~~public, charitable, patriotic, or religious uses, as defined~~
12 ~~in section 99B.77, subsection 3, paragraph "b",~~ charitable
13 purposes in that county and shall retain twenty-five percent
14 of the moneys for use in establishing a permanent endowment
15 fund for the benefit of charitable organizations for
16 ~~educational, civic, public, charitable, patriotic, or~~
17 ~~religious uses, as defined in section 99B.77, subsection 3,~~
18 ~~paragraph "b"~~ charitable purposes.

19 ~~c. --For purposes of~~

20 3A. As used in this subsection section, an "eligible
21 unless the context otherwise requires:

22 a. "Charitable organization" means an organization that is
23 described in section 501(c)(3) of the Internal Revenue Code
24 that is exempt from taxation under section 501(a) of the
25 Internal Revenue Code or an organization that is established
26 for a charitable purpose.

27 b. "Charitable purpose" means a purpose described in
28 section 501(c)(3) of the Internal Revenue Code, or a
29 benevolent, educational, philanthropic, humane, scientific,
30 patriotic, social welfare or advocacy, public health,
31 environmental conservation, civic, or other eleemosynary
32 objective.

33 c. "Eligible county recipient" means a an endow Iowa
34 qualified community foundation or community affiliate
35 organization, as defined in section 15E.303, that is selected,

1 in accordance with the procedures described in section
2 15E.304, to receive moneys from an account created in this
3 section for a particular county. To be selected as an
4 eligible county recipient, a community affiliate organization
5 shall establish a county affiliate fund to receive moneys as
6 provided by this section.

7 Sec. 70. Section 15E.311, Code 2005, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. Three percent of the moneys deposited
10 in the county endowment fund shall be used by the lead
11 philanthropic organization identified by the department
12 pursuant to section 15E.304 for purposes of administering and
13 marketing the county endowment fund.

14 Sec. 71. ENDOW IOWA GRANTS APPROPRIATIONS.

15 1. There is appropriated from the general fund of the
16 state to the department of economic development for the fiscal
17 period beginning July 1, 2005, and ending June 30, 2008, the
18 following amounts, or so much thereof as is necessary, to be
19 used for the purpose designated:

20 For endow Iowa grants to lead philanthropic entities
21 pursuant to section 15E.304:

| | | |
|----------------------|----|--------|
| 22 FY 2005-2006..... | \$ | 50,000 |
| 23 FY 2006-2007..... | \$ | 50,000 |
| 24 FY 2007-2008..... | \$ | 50,000 |

25 2. Notwithstanding section 8.33, moneys that remain
26 unexpended at the end of the fiscal year shall not revert to
27 any fund but shall remain available for expenditure for the
28 designated purposes during the succeeding fiscal year.

29 Sec. 72. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

30 This division of this Act, being deemed of immediate
31 importance, takes effect upon enactment and applies
32 retroactively to January 1, 2005.

33

EXPLANATION

34 This bill relates to economic development activities.

35 DIVISION I -- This division of the bill creates the grow

1 Iowa values fund.

2 The division creates the grow Iowa values fund under the
3 control of the department of economic development and
4 consisting of moneys appropriated to the fund.

5 DIVISION II -- This division of the bill appropriates
6 moneys from the grow Iowa values fund to various entities.

7 For the fiscal period beginning July 1, 2005, and ending
8 June 30, 2015, the division appropriates each fiscal year to
9 the department of economic development \$35 million for
10 programs administered by the department of economic
11 development. The division provides for the allocation of
12 moneys appropriated for programs administered by the
13 department and for the use up to 1 and 1/2 percent of the
14 moneys appropriated to be used by the department for
15 administrative purposes.

16 For the fiscal period beginning July 1, 2005, and ending
17 June 30, 2015, the division appropriates each fiscal year to
18 the department of economic development \$5 million for
19 financial assistance for institutions of higher learning under
20 the control of the state board of regents and for accredited
21 private institutions for infrastructure projects and programs
22 needed to assist in the implementation of activities under
23 Code chapter 262B and for financial assistance to a single
24 biosciences development organization.

25 For the fiscal period beginning July 1, 2005, and ending
26 June 30, 2015, the division appropriates each fiscal year to
27 the general fund of the state \$4 million for payment of tax
28 credits approved for projects located in certified cultural
29 and entertainment districts.

30 For the fiscal period beginning July 1, 2005, and ending
31 June 30, 2015, the division appropriates each fiscal year to
32 the department of economic development \$1 million for purposes
33 of providing financial assistance for projects in targeted
34 state parks and destination parks.

35 For the fiscal period beginning July 1, 2005, and ending

1 June 30, 2015, the division appropriates each fiscal year to
2 the office of the treasurer of state \$1 million for deposit in
3 the Iowa cultural trust fund.

4 For the fiscal period beginning July 1, 2005, and ending
5 June 30, 2015, the division appropriates each fiscal year to
6 the department of economic development \$7 million for deposit
7 into the workforce training and economic development funds of
8 the community colleges.

9 For the fiscal period beginning July 1, 2005, and ending
10 June 30, 2015, the division appropriates each fiscal year to
11 the general fund of the state \$400,000 for payment of endow
12 Iowa tax credits. The bill allocates \$250,000 of the moneys
13 appropriated during the fiscal year beginning July 1, 2005,
14 for purposes of providing financial assistance for small
15 business development centers.

16 For the fiscal period beginning July 1, 2005, and ending
17 June 30, 2015, the division appropriates each fiscal year to
18 the department of economic development \$1 million for
19 providing economic development region financial assistance.

20 For the fiscal period beginning July 1, 2005, and ending
21 June 30, 2015, the division appropriates each fiscal year to
22 the general fund of the state \$2 million for payment of
23 economic development region revolving fund contribution tax
24 credits.

25 The division provides that moneys that remain unexpended at
26 the end of a fiscal year shall not revert to any fund but
27 shall remain available for expenditure for the designated
28 purposes during the succeeding fiscal year.

29 DIVISION III -- This division of the bill amends the Iowa
30 economic development board provisions. The bill also provides
31 areas of expertise that must be represented on the board by at
32 least one member each. The bill requires, as part of the
33 organizational structure of the department, that the board
34 establish a due diligence committee and a loan and credit
35 guarantee committee composed of members of the board. The

1 bill provides composition requirements for a transitional
2 period for the board beginning July 1, 2005, and ending June
3 30, 2006. The bill provides annual reporting requirements for
4 the board relating to expenditures under the grow Iowa values
5 fund.

6 DIVISION IV -- This division of the bill requires the
7 department of economic development to coordinate all
8 regulatory assistance for the state of Iowa. Each state
9 agency administering regulatory programs for business shall
10 maintain a coordinator within the agency. The division
11 provides that the department of economic development shall, in
12 consultation with the coordinators, examine, and to the extent
13 permissible, assist in the implementation of methods,
14 including the possible establishment of an electronic
15 database, to streamline the process for issuing permits to
16 business. The division was previously enacted in 2003 and
17 then was stricken pursuant to *Rants v. Vilsack*, 684 N.W.2d
18 193.

19 DIVISION V -- This division of the bill relates to Iowa
20 business centers, business accelerators, and economic
21 development regions, and provides for a tax credit.

22 The bill requires the department of economic development to
23 establish an Iowa business center program for purposes of
24 locating Iowa business centers in the state. The bill
25 provides that the department shall partner with another entity
26 focusing on economic growth to establish a center. The bill
27 provides that operational duties for a center shall be
28 determined pursuant to a memorandum of agreement. For the
29 fiscal period beginning July 1, 2005, and ending June 30,
30 2015, the bill appropriates \$50,000 each fiscal year from the
31 rural enterprise fund to the department for purposes of
32 supporting centers in rural areas of the state. For the
33 fiscal period beginning July 1, 2005, and ending June 30,
34 2015, the bill appropriates \$50,000 each fiscal year from the
35 grow Iowa values fund to the department for purposes of

1 supporting centers in any part of the state.

2 The division provides for the creation of economic
3 development regions. A regional development plan must be
4 approved by the department of economic development before the
5 region may receive moneys from the grow Iowa values fund.
6 Such regions may create economic development region revolving
7 funds.

8 The division provides that a nongovernmental entity making
9 a contribution to an economic development region revolving
10 fund may claim a tax credit equal to 20 percent of the amount
11 contributed to the revolving fund. The tax credit is allowed
12 against personal and corporate income tax, the franchise tax
13 for financial institutions, the insurance premium tax, and the
14 moneys and credits tax for credit unions. The division allows
15 an organization exempt from federal income tax pursuant to
16 section 501(c) of the Internal Revenue Code making a
17 contribution to an economic development region revolving fund
18 to be paid from the general fund of the state an amount equal
19 to 20 percent of such contributed amount within 30 days after
20 the end of the fiscal year during which the contribution was
21 made. The total amount of tax credits and payments to
22 contributors, referred to as the credit amount, authorized
23 during a fiscal year shall not exceed \$2 million plus any
24 unused credit amount carried over from previous years. The
25 division provides that any credit amount which remains unused
26 for a fiscal year may be carried forward to the succeeding
27 fiscal year. The division provides that the maximum credit
28 amount that may be authorized in a fiscal year for
29 contributions made to a specific economic development region
30 revolving fund is equal to \$2 million plus any unused credit
31 amount carried over from previous years divided by the number
32 of economic development region revolving funds existing in the
33 state.

34 The division provides that an economic development region
35 may apply for financial assistance from the grow Iowa values

1 fund to assist with physical infrastructure needs related to a
2 specific business partner, to assist an existing business
3 located in the region impacted by business consolidation
4 actions, to implement economic development initiatives unique
5 to the region, to implement innovative initiatives that do not
6 otherwise qualify for financial assistance, to establish and
7 operate an entrepreneurial initiative, and to establish and
8 operate a business succession assistance program. The
9 division allows the department to establish and administer a
10 regional economic development revenue sharing pilot project
11 for one or more regions. The division limits financial
12 assistance to economic development regions to a total of \$2
13 million each fiscal year for the fiscal period beginning July
14 1, 2005, and ending June 30, 2015.

15 The division allows an economic development region to apply
16 to the department for approval to be designated as an economic
17 enterprise area based on criteria as determined by the
18 department. An economic enterprise area must consist of at
19 least one county containing no city with a population of more
20 than 23,500 meeting other certain distress criteria. The
21 division limits the number of economic enterprise areas to 10
22 regions. The division provides that an approved economic
23 enterprise area may apply for financial assistance from the
24 grow Iowa values fund of up to \$750,000 over a 10-year period
25 for certain economic development-related purposes for the
26 area.

27 The bill requires the department of economic development to
28 establish and administer a business accelerator program to
29 provide financial assistance for the establishment and
30 operation of a business accelerator for technology-based,
31 value-added agricultural, information solutions, or advanced
32 manufacturing start-up businesses or for a satellite of an
33 existing business accelerator. The bill provides certain
34 criteria that a business accelerator must meet in order to
35 receive financial assistance and other criteria that the

1 department may consider in determining financial assistance
2 awards.

3 DIVISION VI -- This division of the bill relates to the
4 establishment of cultural and entertainment districts. The
5 cultural and entertainment district legislation was previously
6 enacted in 2003 and then stricken pursuant to Rants v.
7 Vilsack, 684 N.W.2d 193. The division allows a city or county
8 to create and designate a district subject to certification by
9 the department of cultural affairs, in consultation with the
10 department of economic development. The division provides
11 that a district is encouraged to include a unique form of
12 transportation within the district.

13 The division provides that district certification is for a
14 period of 10 years and allows for the certification of areas
15 that extend across boundaries of cities and counties. The
16 division provides that the department of cultural affairs
17 shall encourage development projects and activities located in
18 certified cultural and entertainment districts through
19 incentives under cultural grant programs and any other grant
20 programs.

21 DIVISION VII -- This division of the bill relates to
22 rehabilitation project tax credits. The division changes the
23 name of the tax credit to historic preservation and cultural
24 and entertainment district tax credits. The bill provides
25 that, each fiscal year, the department of cultural affairs
26 shall allocate at least \$400,000 of the tax credits for
27 rehabilitation projects which have a total cost of under
28 \$200,000 each. The division provides that, for the fiscal
29 period beginning July 1, 2005, and ending June 30, 2015, an
30 additional \$4 million of the rehabilitation tax credits may be
31 approved each fiscal year for purposes of projects located in
32 certified cultural and entertainment districts. The division
33 allows tax credits approved for projects located in cultural
34 and entertainment districts to be used for projects which
35 include new construction or new infrastructure projects.

1 DIVISION VIII -- This division of the bill repeals and
2 strikes current Code chapter 262B and replaces it with
3 provisions relating to commercialization of research.

4 The bill requires that the state board of regents, as part
5 of its mission and strategic plan, establish mechanisms for
6 the purpose of carrying out commercialization activities. The
7 bill requires the board to work with the department of
8 economic development, other state agencies, and the private
9 sector to facilitate the commercialization of research. The
10 board, in cooperation with the department of economic
11 development, is required to implement various
12 commercialization-related activities.

13 The bill requires the state board of regents to conduct a
14 study to determine the feasibility of establishing a graduate
15 school in western Iowa in cooperation with other public or
16 private institutions of higher learning. The bill requires
17 the board to conduct a study relating to cost-effective
18 methods of recognizing the efforts of faculty to achieve
19 commercialization.

20 DIVISION IX -- This division of the bill relates to
21 workforce training and economic development funds.

22 The bill provides that projects funded by moneys provided
23 by a local workforce training and economic development fund of
24 a community college and which meet the requirements of Code
25 chapter 260F are not subject to certain maximum advance or
26 award limitations contained in Code chapter 260F. The bill
27 provides that moneys in a local workforce training and
28 economic development fund may also be used for training and
29 retraining programs for targeted industries. The bill strikes
30 the June 30, 2010, repeal of the workforce training and
31 economic development funds.

32 DIVISION X -- This division of the bill relates to the loan
33 and credit guarantee program.

34 The bill provides that the department of economic
35 development may invest up to 10 percent of the assets of the

1 loan and credit guarantee fund, or \$500,000, whichever is
2 greater, to provide loan and credit guarantees or other forms
3 of credit guarantees for eligible project costs to
4 microenterprises located in a municipality with a population
5 under 50,000 that is not contiguous to a municipality with a
6 population of 50,000 or more. The bill defines a
7 microenterprise as a business providing services with five or
8 fewer full-time equivalent employee positions.

9 DIVISION XI -- This division of the bill establishes a high
10 quality job creation program and enacts a new Code chapter 15H
11 that provides wage-benefits tax credits.

12 The division eliminates the new jobs and income program and
13 the new capital investment program and creates a high quality
14 job creation program to be administered by the department of
15 economic development. Under the program, an eligible business
16 is not a retail business, has not closed or substantially
17 reduced its operation in one area of the state and relocated
18 substantially the same operation, and, if the qualifying
19 investment is \$10 million or more, the community has approved
20 the start-up, location, or expansion of the business. The
21 division provides that an eligible business must also meet
22 four of eight other possible criteria in order to receive
23 assistance and provides other factors for the department to
24 consider in determining eligibility. The division allows the
25 department to waive any eligibility requirement of the program
26 for good cause shown. The division allows an applicant to
27 submit an application at any time within one year from the
28 time the job for which benefits are sought commences.

29 The division requires a business to enter into an agreement
30 with the department specifying the requirements that must be
31 met to confirm eligibility pursuant to the program.

32 The division includes the sales and use tax refund under
33 the new jobs and income program for the program except that
34 the division eliminates the term "supporting businesses".

35 The division includes the corporate tax credit for certain

1 sales taxes paid by third-party developers under the new jobs
2 and income program for the program except that the division
3 eliminates the terms "supporting business" and "economic
4 development areas".

5 The division includes the investment tax credit and the
6 insurance premium tax credit under the new capital investment
7 program for the program. The division changes the amount of
8 the tax credits to be an amount provided under new Code
9 section 15.335A, which relates to tax incentives under the
10 program.

11 The division creates a system of tax incentives under the
12 program that are based on the number of new high quality jobs
13 created, the amount of qualifying investments made, and the
14 annual wage, including benefits, as compared to the average
15 county wage. The types of tax incentives include investment
16 tax credits, research and development tax credits, property
17 tax exemptions, and sales tax refunds. The type and amount of
18 tax incentives available under the program varies depending on
19 whether the annual wage, including benefits, of the new jobs
20 is equal to or greater than 130 percent or 160 percent of the
21 average county wage. The range for qualifying investments is
22 \$0 to at least \$15 million. The range of number of new high
23 quality jobs is zero to 61 or more. The division allows for a
24 waiver of the average county wage calculations to be granted
25 by the department of economic development. The division
26 requires the average wage calculations to be calculated on a
27 quarterly basis using wage data submitted to the department of
28 workforce development during previous calendar quarters. The
29 division provides that, each calendar year, the department of
30 economic development shall not approve more than \$3.6 million
31 worth of investment tax credits and insurance premium tax
32 credits for projects with qualifying investments of less than
33 \$1 million.

34 The division provides that an eligible business receiving
35 incentives under the program shall not receive any funds from

1 the community economic development account under the community
2 economic betterment program, incentives under the enterprise
3 zone program, or moneys from the grow Iowa values fund.

4 The division repeals Code section 15.331 relating to a new
5 jobs credit from withholding and moves it to new Code section
6 15E.197 under the enterprise zone program.

7 The division enacts a new Code chapter 15H that provides
8 wage-benefits tax credits under the individual and corporate
9 income taxes, franchise tax, insurance premiums tax, and
10 moneys and credits tax. The amount of the tax credit equals a
11 percentage of the wages and benefits paid in the previous 12
12 months to the employee in a qualified new job. The percentage
13 varies with the maximum being 10 percent if the wages and
14 benefits paid to the new employee are at least 160 percent of
15 the average county wage and the minimum being 5 percent if the
16 wages and benefits paid equal between 130 and 160 percent of
17 the average county wage. No tax credit is granted if the
18 wages and benefits are less than 130 percent of the average
19 county wage. The average county wage is calculated by the
20 department of revenue and equals the lessor of the annualized,
21 average county hourly wage paid by all businesses, the
22 annualized, average county hourly wage paid by all businesses
23 in the county outside the largest city, and the annualized,
24 average county hourly wage paid by all businesses excluding
25 the largest employer. In addition to meeting the wages and
26 benefits paid requirements, a business must also make a
27 qualifying investment of \$5,000 per qualified new job. A
28 "qualified investment" means a capital investment in real
29 property or in depreciable assets.

30 A qualified new job is a job that is a new full-time job,
31 is filled by a new employee for one year, is filled by a
32 resident, and is not created as a result of a change in
33 ownership. A qualified new job is not created if it involves
34 the rehiring of previously laid-off employees or results from
35 the relocation from another place in Iowa or a merger of

1 businesses located in Iowa.

2 "Benefits" means medical and dental insurance, pension and
3 profit sharing, child care, overtime, life insurance, and
4 other benefits identified by rule.

5 Once a tax credit is granted for new employment, the
6 business may continue to receive for up to the next four tax
7 years a tax credit for retaining that new employee. The
8 business must reapply each year and establish by rule of the
9 department of revenue that it has retained the new employee.

10 The chapter provides that a maximum of \$10 million in tax
11 credits are to be awarded in a fiscal year. If there are more
12 claims for tax credits than the \$10 million, tax credits will
13 be granted on an earliest date applied basis. However, once a
14 taxpayer has been awarded the tax credit, if the credit
15 exceeds the tax liability, the excess may be refunded.

16 The chapter provides that retail businesses are not
17 eligible to receive tax credits for increased employment.

18 The chapter takes effect upon enactment and applies to
19 qualified new jobs created on or after the enactment date.

20 DIVISION XII - This division of the bill relates to the
21 research and development tax credit in Code section 15.335.
22 The division provides that research activities include the
23 development of innovative renewable energy generation
24 components manufactured or assembled in this state. The
25 division provides that "innovative renewable energy generation
26 components" does not include a component with more than 200
27 megawatts of effective nameplate capacity.

28 DIVISION XIII -- This division of the bill relates to the
29 endow Iowa program and the county endowment funds and makes
30 appropriations.

31 The division changes the term "qualified community
32 foundation" to "endow Iowa qualified community foundation".
33 The division changes the definition of endow Iowa qualified
34 community foundation to provide that such a foundation must
35 substantially comply with national standards established by

1 the national council on foundations as determined by the
2 department of economic development in collaboration with the
3 Iowa council of foundations. The division provides that 10
4 percent of the aggregate amount of tax credits authorized in a
5 calendar year shall be reserved for those endowment gifts in
6 amounts of \$30,000 or less. If by September 1 of a calendar
7 year the entire 10 percent of the reserved tax credits is not
8 distributed, the remaining tax credits shall be available to
9 any other eligible applicants. The division provides that a
10 tax credit shall not be authorized after December 31, 2008.

11 The division provides that 75 percent of the moneys in the
12 county endowment fund shall be distributed to charitable
13 organizations for charitable purposes and 25 percent of the
14 moneys shall be retained for use in establishing a permanent
15 endowment fund for the benefit of charitable organizations for
16 charitable purposes. The division defines "charitable
17 purpose" as a purpose described in section 501(c)(3) of the
18 Internal Revenue Code, or a benevolent, educational,
19 philanthropic, humane, scientific, patriotic, social welfare
20 or advocacy, public health, environmental conservation, civic,
21 or other eleemosynary objective. The division provides that 3
22 percent of the moneys deposited in the county endowment fund
23 shall be used for purposes of administering and marketing the
24 county endowment fund.

25 The division appropriates from the general fund of the
26 state to the department of economic development for the fiscal
27 period beginning July 1, 2005, and ending June 30, 2008,
28 \$50,000 each fiscal year for endow Iowa grants to lead
29 philanthropic entities.

30 The division takes effect upon enactment and applies
31 retroactively to January 1, 2005.

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35

Hoffman / D. Olson Chr/ Co-Chr.

Jenkins
Soderberg
Thomas
Struyk
Schickel
Wise
Dandekar
Reichert

HSB 137
ECONOMIC GROWTH

Succeeded
SF 850

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to economic development activities by creating
2 the grow Iowa values fund, increasing the number of members on
3 the Iowa economic development board, allowing the creation of
4 economic development regions, authorizing the certification of
5 and development of cultural districts, requiring coordination
6 of regulatory assistance, providing tax credits, and making
7 appropriations.

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

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DIVISION I

GROW IOWA VALUES FUND

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3 Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

4 A grow Iowa values fund is created in the state treasury
5 under the control of the department of economic development
6 consisting of moneys appropriated to the department. Moneys
7 in the fund are not subject to section 8.33. Notwithstanding
8 section 12C.7, interest or earnings on moneys in the fund
9 shall be credited to the fund. The fund shall be administered
10 by the department, which shall make expenditures from the fund
11 consistent with this chapter and pertinent Acts of the general
12 assembly. Any financial assistance provided using moneys from
13 the fund may be provided over a period of time of more than
14 one year. Payments of interest, repayments of moneys loaned
15 pursuant to this chapter, and recaptures of grants or loans
16 shall be deposited in the fund.

17 DIVISION II

18 APPROPRIATIONS

19 Sec. 2. NEW SECTION. 15G.111 APPROPRIATIONS.

20 1. a. For the fiscal period beginning July 1, 2005, and
21 ending June 30, 2010, there is appropriated each fiscal year
22 from the grow Iowa values fund created in section 15G.108 to
23 the department of economic development sixty million dollars
24 for programs administered by the department of economic
25 development.

26 b. Each year that moneys are appropriated under this
27 subsection, the department shall allocate a percentage of the
28 moneys for each of the following types of activities:

- 29 (1) Business start-ups.
30 (2) Business expansion.
31 (3) Business modernization.
32 (4) Business attraction.
33 (5) Business retention.
34 (6) Marketing.
35 (7) Research and development.

1 c. The department shall require an applicant for moneys
 2 appropriated under this subsection to include in the
 3 application a statement regarding the intended return on
 4 investment. A recipient of moneys appropriated under this
 5 subsection shall annually submit a statement to the department
 6 regarding the progress achieved on the intended return on
 7 investment stated in the application. The department, in
 8 cooperation with the department of revenue, shall develop a
 9 method of identifying and tracking each new job created
 10 through financial assistance from moneys appropriated under
 11 this subsection. The department of economic development shall
 12 identify research and development activities funded through
 13 financial assistance from not more than ten percent of the
 14 moneys appropriated under this subsection, and, instead of
 15 determining return on investment and job creation for the
 16 identified funding, determine the potential impact on the
 17 state's economy.

18 d. The department may use moneys appropriated under this
 19 subsection to procure technical assistance from either the
 20 public or private sector, for information technology purposes,
 21 and for rail, air, or river port transportation-related
 22 purposes. The use of moneys appropriated for rail, air, or
 23 river port transportation-related purposes must be directly
 24 related to an economic development project and the moneys must
 25 be used to leverage other financial assistance moneys.

26 e. Of the moneys appropriated under this subsection, the
 27 department may use one and one-half percent for administrative
 28 purposes.

29 f. The Iowa economic development board shall approve or
 30 deny applications for financial assistance provided with
 31 moneys appropriated under this subsection.

32 g. It is the policy of this state to expand and stimulate
 33 the state economy by advancing, promoting, and expanding
 34 biotechnology industries in this state. To implement this
 35 policy, the Iowa economic development board shall consider

1 providing assistance to projects that increase value-added
2 income to individuals or organizations involved in
3 agricultural business or biotechnology projects. Such a
4 project need not create jobs specific to the project site;
5 however, such a project must foster the knowledge and
6 creativity necessary to promote the state's agricultural
7 economy and to increase employment in urban and rural areas as
8 a result.

9 2. a. For the fiscal period beginning July 1, 2005, and
10 ending June 30, 2010, there is appropriated each fiscal year
11 from the grow Iowa values fund created in section 15G.108 to
12 the department of economic development fourteen million
13 dollars for the financial assistance for the following:

14 (1) Institutions of higher learning under the control of
15 the state board of regents and for accredited private
16 institutions as defined in section 261.9 for multiuse, goods
17 manufacturing processes approved by the food and drug
18 administration of the United States department of health and
19 human services, protein purification facilities for plant,
20 animal, and chemical manufactured proteins.

21 (2) Accelerating new business creation.

22 (3) Innovation accelerators and business parks.

23 (4) Incubator facilities.

24 (5) Upgrading food and drug administration drug approval
25 laboratories in Iowa City to a larger multiclient, goods
26 manufacturing processes facility.

27 (6) Crop and animal livestock facilities for the growing
28 of transgenic crops and livestock, protein extraction
29 facilities, containment facilities, and bioanalytical,
30 biochemical, chemical, and microbiological support facilities.

31 (7) A national center for food safety and security.

32 (8) Advanced laboratory space.

33 b. In the distribution of moneys appropriated pursuant to
34 this subsection, the department shall examine the potential
35 for using moneys appropriated pursuant to this subsection to

1 leverage other moneys for financial assistance to accredited
2 private institutions.

3 c. In awarding moneys appropriated pursuant to this
4 subsection, the department shall consider whether the purchase
5 of suitable existing infrastructure is more cost-efficient
6 than building new infrastructure.

7 d. An institution of higher learning under the control of
8 the state board of regents may apply to use financial
9 assistance moneys under this subsection for purposes of a
10 public and private joint venture to acquire infrastructure
11 assets or research facilities or to leverage moneys.

12 e. Of the moneys appropriated under this subsection over
13 the fiscal period and provided applications are submitted
14 meeting the requirements of the department, not less than
15 twenty-eight million dollars in financial assistance shall be
16 awarded to the university of Iowa, not less than thirty-four
17 million dollars in financial assistance shall be awarded to
18 Iowa state university of science and technology, and not less
19 than eight million dollars in financial assistance shall be
20 awarded to the university of northern Iowa.

21 3. For the fiscal period beginning July 1, 2005, and
22 ending June 30, 2010, there is appropriated each fiscal year
23 from the grow Iowa values fund created in section 15G.108 to
24 the general fund of the state four million dollars for payment
25 of tax credits approved pursuant to section 404A.4 for
26 projects located in certified cultural and entertainment
27 districts.

28 4. For the fiscal period beginning July 1, 2005, and
29 ending June 30, 2010, there is appropriated each fiscal year
30 from the grow Iowa values fund created in section 15G.108 to
31 the department of economic development one million six hundred
32 thousand dollars for purposes of providing financial
33 assistance for projects in targeted state parks and
34 destination parks. The department of natural resources shall
35 submit a plan to the department of economic development for

1 the expenditure of moneys appropriated under this subsection.
2 The plan shall focus on improving state parks and destination
3 parks for economic development purposes. Based on the report
4 submitted, the department of economic development shall
5 provide financial assistance to the department of natural
6 resources for support of state parks and destination parks.

7 5. For the fiscal period beginning July 1, 2005, and
8 ending June 30, 2010, there is appropriated each fiscal year
9 from the grow Iowa values fund created in section 15G.108 to
10 the office of the treasurer of state one million six hundred
11 thousand dollars for deposit in the Iowa cultural trust fund
12 created in section 303A.4.

13 6. For the fiscal period beginning July 1, 2005, and
14 ending June 30, 2010, there is appropriated each fiscal year
15 from the grow Iowa values fund created in section 15G.108 to
16 the department of economic development fourteen million
17 dollars for deposit into the workforce training and economic
18 development funds of the community colleges created pursuant
19 to section 260C.18A.

20 7. For the fiscal period beginning July 1, 2005, and
21 ending June 30, 2010, there is appropriated each fiscal year
22 from the grow Iowa values fund created in section 15G.108 to
23 the department of economic development four hundred thousand
24 dollars for endow Iowa grants to lead philanthropic entities
25 pursuant to section 15E.304.

26 8. For the fiscal period beginning July 1, 2005, and
27 ending June 30, 2010, there is appropriated each fiscal year
28 from the grow Iowa values fund created in section 15G.108 to
29 the general fund of the state four hundred thousand dollars
30 for payment of endow Iowa tax credits approved pursuant to
31 section 15E.305.

32 9. For the fiscal period beginning July 1, 2005, and
33 ending June 30, 2010, there is appropriated each fiscal year
34 from the grow Iowa values fund created in section 15G.108 to
35 the department of economic development two million dollars for

1 providing economic development region financial assistance
2 under section 15E.232, subsections 3, 4, 5, and 6, and under
3 section 15E.233.

4 10. For the fiscal period beginning July 1, 2005, and
5 ending June 30, 2010, there is appropriated each fiscal year
6 from the grow Iowa values fund created in section 15G.108 to
7 the general fund of the state two million dollars for payment
8 of economic development region revolving fund contribution tax
9 credits approved pursuant to section 15E.232.

10 11. Notwithstanding section 8.33, moneys that remain
11 unexpended at the end of a fiscal year shall not revert to any
12 fund but shall remain available for expenditure for the
13 designated purposes during the succeeding fiscal year.

14 DIVISION III

15 IOWA ECONOMIC DEVELOPMENT BOARD

16 Sec. 3. Section 15.103, Code 2005, is amended to read as
17 follows:

18 15.103 ECONOMIC DEVELOPMENT BOARD.

19 1. a. The Iowa economic development board is created,
20 consisting of ~~eleven~~ seventeen voting members appointed by the
21 governor and seven ex officio nonvoting members. The ex
22 officio nonvoting members are four legislative members; one
23 president, or the president's designee, of the university of
24 northern Iowa, the university of Iowa, or Iowa state
25 university of science and technology designated by the state
26 board of regents on a rotating basis; and one president, or
27 the president's designee, of a private college or university
28 appointed by the Iowa association of independent colleges and
29 universities; and one superintendent, or the superintendent's
30 designee, of a community college, appointed by the Iowa
31 association of community college presidents. The legislative
32 members are two state senators, one appointed by the president
33 of the senate, after consultation with the majority leader of
34 the senate, and one appointed by the minority leader of the
35 senate, after consultation with the president of the senate,

1 from their respective parties; and two state representatives,
2 one appointed by the speaker and one appointed by the minority
3 leader of the house of representatives from their respective
4 parties. Not more than ~~six~~ nine of the voting members shall
5 be from the same political party. The secretary of
6 agriculture or the secretary's designee shall be one of the
7 voting members. The governor shall appoint the remaining ~~ten~~
8 sixteen voting members of the board for a term of four years
9 beginning and ending as provided by section 69.19, subject to
10 confirmation by the senate, and the governor's appointments
11 shall include persons knowledgeable of the various elements of
12 the department's responsibilities.

13 b. Each of the following areas of expertise shall be
14 represented by at least one member of the board who has
15 professional experience in that area of expertise:

16 (1) Finance and investment banking.

17 (2) Advanced manufacturing.

18 (3) Statewide agriculture.

19 (4) Life sciences.

20 (5) Small business development.

21 (6) Information technology.

22 (7) Economics.

23 (8) Labor.

24 (9) Marketing.

25 (10) Entrepreneurship.

26 c. At least nine voting members of the board shall be
27 actively employed in the private, for-profit sector of the
28 economy.

29 2. A vacancy on the board shall be filled in the same
30 manner as regular appointments are made for the unexpired
31 portion of the regular term.

32 3. The board shall meet in May of each year for the
33 purpose of electing one of its voting members as chairperson
34 and one of its voting members as vice chairperson. However,
35 the chairperson and the vice chairperson shall not be from the

1 same political party. The board shall meet at the call of the
2 chairperson or when any ~~six~~ nine members of the board file a
3 written request with the chairperson for a meeting. Written
4 notice of the time and place of each meeting shall be given to
5 each member of the board. A majority of the voting members
6 constitutes a quorum.

7 4. Members of the board, the director, and other employees
8 of the department shall be allowed their actual and necessary
9 expenses incurred in the performance of their duties. All
10 expenses shall be paid from appropriations for those purposes
11 and the department is subject to the budget requirements of
12 chapter 8. Each member of the board may also be eligible to
13 receive compensation as provided in section 7E.6.

14 5. If a member of the board has an interest, either direct
15 or indirect, in a contract to which the department is or is to
16 be a party, the interest shall be disclosed to the board in
17 writing and shall be set forth in the minutes of a meeting of
18 the board. The member having the interest shall not
19 participate in action by the board with respect to the
20 contract. This paragraph does not limit the right of a member
21 of the board to acquire an interest in bonds, or limit the
22 right of a member to have an interest in a bank or other
23 financial institution in which the funds of the department are
24 deposited or which is acting as trustee or paying agent under
25 a trust indenture to which the department is a party.

26 Sec. 4. Section 15.104, Code 2005, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 9. Prepare an annual report regarding the
29 expenditure of moneys appropriated from the grow Iowa values
30 fund created in section 15G.108. The report shall evaluate
31 the effectiveness of the expenditures for the prior calendar
32 year in stimulating the state economy, increasing the wealth
33 of Iowans, and increasing the population of the state. The
34 report shall also include a listing both by geographic area
35 and by community size of the expenditures of moneys

1 appropriated from the grow Iowa values fund. By February 1 of
2 each year, the report shall be submitted to the governor and
3 the general assembly.

4 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.

5 Appointments of general assembly members of the Iowa economic
6 development board which are to be made by the president of the
7 senate or by the majority or minority leader of the senate
8 during the period that the senate for the Eighty-First General
9 Assembly is composed of an equal number of members of each
10 major political party, shall be made jointly by the co-
11 presidents or co-floor leaders, as appropriate, in accordance
12 with Senate Resolution 1, adopted during the 2005 legislative
13 session.

14 DIVISION IV

15 REGULATORY ASSISTANCE

16 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

17 1. The department of economic development shall coordinate
18 all regulatory assistance for the state of Iowa. Each state
19 agency administering regulatory programs for business shall
20 maintain a coordinator within the office of the director or
21 the administrative division of the state agency. Each
22 coordinator shall do all of the following:

23 a. Serve as the state agency's primary contact for
24 regulatory affairs with the department of economic
25 development.

26 b. Provide information regarding regulatory requirements
27 to businesses and represent the state agency to the private
28 sector.

29 c. Monitor permit applications and provide timely permit
30 status information to the department of economic development.

31 d. Require regulatory staff participation in negotiations
32 and discussions with businesses.

33 e. Notify the department of economic development regarding
34 proposed rulemaking activities that impact a regulatory
35 program and any subsequent changes to a regulatory program.

1 2. The department of economic development shall, in
2 consultation with the coordinators described in this section,
3 examine, and to the extent permissible, assist in the
4 implementation of methods, including the possible
5 establishment of an electronic database, to streamline the
6 process for issuing permits to business.

7 3. By January 15 of each year, the department of economic
8 development shall submit a written report to the general
9 assembly regarding the provision of regulatory assistance by
10 state agencies, including the department's efforts, and its
11 recommendations and proposed solutions, to streamline the
12 process of issuing permits to business.

13 DIVISION V

14 ECONOMIC DEVELOPMENT REGIONS

15 Sec. 7. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
16 REGIONS.

17 1. In order for an economic development region to receive
18 moneys from the grow Iowa values fund created in section
19 15G.108, the organization of an economic development region
20 must be approved by the department. The department shall
21 approve an economic development region that meets the
22 following criteria:

23 a. The region consists of not less than three contiguous
24 counties. Upon the recommendation of the director of the
25 department of economic development, this criterion may be
26 waived by the department.

27 b. The region establishes a single, focused economic
28 development effort, approved by the department, that shall
29 include the development of a regional development plan and
30 regional marketing strategies. Regional marketing strategies
31 must be focused on marketing the region collectively.

32 2. An approved economic development region may create an
33 economic development region revolving fund as provided in
34 section 15E.232.

35 Sec. 8. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION

1 REVOLVING FUNDS -- TAX CREDITS.

2 1. An economic development region approved pursuant to
3 section 15E.231 may create an economic development region
4 revolving fund.

5 2. a. A nongovernmental entity making a contribution to
6 an economic development region revolving fund, except those
7 described in paragraph "b", may claim a tax credit equal to
8 twenty percent of the amount contributed to the revolving
9 fund. The tax credit shall be allowed against taxes imposed
10 in chapter 422, divisions II, III, and V, and in chapter 432,
11 and against the moneys and credits tax imposed in section
12 533.24. An individual may claim under this subsection the tax
13 credit of a partnership, limited liability company, S
14 corporation, estate, or trust electing to have income taxed
15 directly to the individual. The amount claimed by the
16 individual shall be based upon the pro rata share of the
17 individual's earnings from the partnership, limited liability
18 company, S corporation, estate, or trust. Any tax credit in
19 excess of the taxpayer's liability for the tax year may be
20 credited to the tax liability for the following seven years or
21 until depleted, whichever occurs first. A tax credit shall
22 not be carried back to a tax year prior to the tax year in
23 which the taxpayer redeems the tax credit. A tax credit under
24 this section is not transferable.

25 b. Subject to the provisions of paragraph "c", an
26 organization exempt from federal income tax pursuant to
27 section 501(c) of the Internal Revenue Code making a
28 contribution to an economic development region revolving fund,
29 shall be paid from the general fund of the state an amount
30 equal to twenty percent of such contributed amount within
31 thirty days after the end of the fiscal year during which the
32 contribution was made.

33 c. The total amount of tax credits and payments to
34 contributors, referred to as the credit amount, authorized
35 during a fiscal year shall not exceed two million dollars plus

1 any unused credit amount carried over from previous years.
 2 Any credit amount which remains unused for a fiscal year may
 3 be carried forward to the succeeding fiscal year. The maximum
 4 credit amount that may be authorized in a fiscal year for
 5 contributions made to a specific economic development region
 6 revolving fund is equal to two million dollars plus any unused
 7 credit amount carried over from previous years divided by the
 8 number of economic development region revolving funds existing
 9 in the state.

10 d. The department of economic development shall administer
 11 the authorization of tax credits under this section and
 12 payments to contributors described in paragraph "b" and shall,
 13 in cooperation with the department of revenue, adopt rules
 14 pursuant to chapter 17A necessary for the administration of
 15 this section.

16 3. An approved economic development region may apply for
 17 financial assistance from the grow Iowa values fund to assist
 18 with physical infrastructure needs related to a specific
 19 business partner. In order to receive financial assistance
 20 pursuant to this subsection, the economic development region
 21 must demonstrate all of the following:

- 22 a. The ability to provide matching moneys on a one to one
 23 basis.
- 24 b. The commitment of the specific business partner.
- 25 c. That all other funding alternatives have been
 26 exhausted.

27 4. An approved economic development region may apply for
 28 financial assistance from the grow Iowa values fund to assist
 29 an existing business located in the economic development
 30 region impacted by business consolidation actions. Business
 31 consolidation actions include a substantial or total closure
 32 of an existing business due to consolidating the existing
 33 business out of state. In order to receive financial
 34 assistance pursuant to this subsection, the economic
 35 development region must demonstrate the ability to provide

1 matching moneys on a one-to-one basis.

2 5. An approved economic development region may apply for
3 financial assistance from the grow Iowa values fund to
4 implement economic development initiatives unique to the
5 region. In order to receive financial assistance pursuant to
6 this subsection, the economic development region must
7 demonstrate the ability to provide matching moneys on a one-
8 to-one basis.

9 6. An approved economic development region may apply for
10 financial assistance from the grow Iowa values fund to
11 implement innovative initiatives that do not qualify for
12 assistance under subsection 5.

13 7. The department may establish and administer a regional
14 economic development revenue sharing pilot project for one or
15 more regions. The department shall take into consideration
16 the geographical dispossession of the pilot projects. The
17 department shall provide technical assistance to the regions
18 participating in a pilot project.

19 8. Financial assistance under subsections 3, 4, 5, and 6
20 and section 15E.233 shall be limited to a total of two million
21 dollars each fiscal year for the fiscal period beginning July
22 1, 2005, and ending June 30, 2010.

23 Sec. 9. NEW SECTION. 15E.233 **ECONOMICALLY ISOLATED**
24 **AREAS.**

25 1. An approved economic development region may apply to
26 the department for approval to be designated as an
27 economically isolated area based on criteria as determined by
28 the department. An economically isolated area must consist of
29 at least one county meeting the county distress criteria
30 provided in section 15E.194. The department shall approve no
31 more than five regions as economically isolated areas.

32 2. An approved economically isolated area may apply to the
33 department for financial assistance from the grow Iowa values
34 fund of up to seven hundred fifty thousand dollars over a
35 five-year period for purposes of economic development-related

1 marketing assistance for the area. In order to receive
2 financial assistance pursuant to this subsection, the
3 economically isolated area must demonstrate the ability to
4 provide matching moneys on a one-to-one basis.

5 Sec. 10. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
6 REGION REVOLVING FUND TAX CREDIT.

7 The taxes imposed under this division, less the credits
8 allowed under sections 422.12 and 422.12B, shall be reduced by
9 an economic development region revolving fund contribution tax
10 credit authorized pursuant to section 15E.232.

11 Sec. 11. Section 422.33, Code 2005, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 17. The taxes imposed under this division
14 shall be reduced by an economic development region revolving
15 fund contribution tax credit authorized pursuant to section
16 15E.232.

17 Sec. 12. Section 422.60, Code 2005, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 9. The taxes imposed under this division
20 shall be reduced by an economic development region revolving
21 fund contribution tax credit authorized pursuant to section
22 15E.232.

23 Sec. 13. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
24 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

25 The tax imposed under this chapter shall be reduced by an
26 economic development region tax credit authorized pursuant to
27 section 15E.232.

28 Sec. 14. Section 533.24, Code 2005, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 6. The moneys and credits tax imposed
31 under this section shall be reduced by an economic development
32 region revolving fund contribution tax credit authorized
33 pursuant to section 15E.232.

34 DIVISION VI
35 CULTURAL AND ENTERTAINMENT DISTRICTS

1 Sec. 15. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
2 DISTRICTS.

3 1. The department of cultural affairs shall establish and
4 administer a cultural and entertainment district certification
5 program. The program shall encourage the growth of
6 communities through the development of areas within a city or
7 county for public and private uses related to cultural and
8 entertainment purposes.

9 2. A city or county may create and designate a cultural
10 and entertainment district subject to certification by the
11 department of cultural affairs, in consultation with the
12 department of economic development. A cultural and
13 entertainment district shall consist of a geographic area not
14 exceeding one square mile in size. A cultural and
15 entertainment district certification shall remain in effect
16 for ten years following the date of certification. Two or
17 more cities or counties may apply jointly for certification of
18 a district that extends across a common boundary. Through the
19 adoption of administrative rules, the department of cultural
20 affairs shall develop a certification application for use in
21 the certification process. The provisions of this subsection
22 relating to the adoption of administrative rules shall be
23 construed narrowly.

24 3. The department of cultural affairs shall encourage
25 development projects and activities located in certified
26 cultural and entertainment districts through incentives under
27 cultural grant programs pursuant to section 303.3, chapter
28 303A, and any other grant programs.

29 DIVISION VII

30 REHABILITATION PROJECT TAX CREDITS

31 Sec. 16. Section 404A.4, subsection 4, Code 2005, is
32 amended to read as follows:

33 4. The total amount of tax credits that may be approved
34 for a fiscal year under this chapter shall not exceed two
35 million four hundred thousand dollars. For the fiscal years

1 period beginning July 1, 2005, and ~~July 1, 2006~~ and ending
 2 June 30, 2010, an additional five-hundred-thousand four
 3 million dollars of tax credits may be approved each fiscal
 4 year for purposes of projects located in cultural and
 5 entertainment districts certified pursuant to section 303.3B.
 6 Any of the additional tax credits allocated for projects
 7 located in certified cultural and entertainment districts that
 8 are not approved during a fiscal year may be carried over to
 9 the succeeding fiscal year. The department of cultural
 10 affairs shall establish by rule the procedures for the
 11 application, review, selection, and awarding of certifications
 12 of completion. The departments of economic development,
 13 cultural affairs, and revenue shall each adopt rules to
 14 jointly administer this subsection and shall provide by rule
 15 for the method to be used to determine for which fiscal year
 16 the tax credits are available.

EXPLANATION

17
 18 This bill relates to economic development activities.
 19 DIVISION I -- This division of the bill creates the grow
 20 Iowa values fund.
 21 The division creates the grow Iowa values fund under the
 22 control of the department of economic development and
 23 consisting of moneys appropriated to the fund.
 24 DIVISION II -- This division of the bill appropriates
 25 moneys from the grow Iowa values fund to various entities.
 26 For the fiscal period beginning July 1, 2005, and ending
 27 June 30, 2010, the division appropriates each fiscal year to
 28 the department of economic development \$60 million for
 29 programs administered by the department of economic
 30 development. The division provides for the allocation of
 31 moneys appropriated for programs administered by the
 32 department and for the use of 1 and 1/2 percent of the moneys
 33 appropriated to be used by the department for administrative
 34 purposes.
 35 For the fiscal period beginning July 1, 2005, and ending

1 June 30, 2010, the division appropriates each fiscal year to
2 the department of economic development \$14 million for
3 financial assistance for institutions of higher learning under
4 the control of the state board of regents and for accredited
5 private institutions for multiuse, goods manufacturing
6 processes approved by the food and drug administration of the
7 United States department of health and human services, protein
8 purification facilities for plant, animal, and chemical
9 manufactured proteins; accelerating new business creation;
10 innovation accelerators and business parks; incubator
11 facilities; upgrading food and drug administration drug
12 approval laboratories in Iowa City to a larger multiclient,
13 goods manufacturing processes facility; crop and animal
14 livestock facilities for the growing of transgenic crops and
15 livestock, protein extraction facilities, containment
16 facilities, and bioanalytical, biochemical, chemical, and
17 microbiological support facilities; a national center for food
18 safety and security; and advanced laboratory space.

19 For the fiscal period beginning July 1, 2005, and ending
20 June 30, 2010, the division appropriates each fiscal year to
21 the general fund of the state \$4 million for payment of tax
22 credits approved for projects located in certified cultural
23 and entertainment districts.

24 For the fiscal period beginning July 1, 2005, and ending
25 June 30, 2010, the division appropriates each fiscal year to
26 the department of economic development \$1.6 million for
27 purposes of providing financial assistance for projects in
28 targeted state parks and destination parks.

29 For the fiscal period beginning July 1, 2005, and ending
30 June 30, 2010, the division appropriates each fiscal year to
31 the office of the treasurer of state \$1.6 million for deposit
32 in the Iowa cultural trust fund.

33 For the fiscal period beginning July 1, 2005, and ending
34 June 30, 2010, the division appropriates each fiscal year to
35 the department of economic development \$14 million for deposit

1 into the workforce training and economic development funds of
2 the community colleges.

3 For the fiscal period beginning July 1, 2005, and ending
4 June 30, 2010, the division appropriates each fiscal year to
5 the department of economic development \$400,000 for endow Iowa
6 grants to lead philanthropic entities.

7 For the fiscal period beginning July 1, 2005, and ending
8 June 30, 2010, the division appropriates each fiscal year to
9 the general fund of the state \$400,000 for payment of endow
10 Iowa tax credits.

11 For the fiscal period beginning July 1, 2005, and ending
12 June 30, 2010, the division appropriates each fiscal year to
13 the department of economic development \$2 million for
14 providing economic development region financial assistance.

15 For the fiscal period beginning July 1, 2005, and ending
16 June 30, 2010, the division appropriates each fiscal year to
17 the general fund of the state \$2 million for payment of
18 economic development region revolving fund contribution tax
19 credits.

20 The division provides that moneys that remain unexpended at
21 the end of a fiscal year shall not revert to any fund but
22 shall remain available for expenditure for the designated
23 purposes during the succeeding fiscal year.

24 DIVISION III -- This division of the bill amends the Iowa
25 economic development board provisions. The bill changes the
26 number of voting members serving on the board from 11 members
27 to 17 members. The bill also provides areas of expertise that
28 must be represented on the board by at least one member each.

29 DIVISION IV -- This division of the bill requires the
30 department of economic development to coordinate all
31 regulatory assistance for the state of Iowa. Each state
32 agency administering regulatory programs for business shall
33 maintain a coordinator within the agency. The division
34 provides that the department of economic development shall, in
35 consultation with the coordinators, examine, and to the extent

1 permissible, assist in the implementation of methods,
2 including the possible establishment of an electronic
3 database, to streamline the process for issuing permits to
4 business. The division was previously enacted in 2003 and
5 then was stricken pursuant to Rants v. Vilsack, 684 N.W.2d
6 193.

7 DIVISION V -- This division of the bill relates to economic
8 development regions and provides for a tax credit.

9 The division provides for the creation of economic
10 development regions which must be approved by the department
11 of economic development before the region may receive moneys
12 from the grow Iowa values fund. Such regions may create
13 economic development region revolving funds.

14 The division provides that a nongovernmental entity making
15 a contribution to an economic development region revolving
16 fund may claim a tax credit equal to 20 percent of the amount
17 contributed to the revolving fund. The tax credit is allowed
18 against personal and corporate income tax, the franchise tax
19 for financial institutions, the insurance premium tax, and the
20 moneys and credits tax for credit unions. The division allows
21 an organization exempt from federal income tax pursuant to
22 section 501(c) of the Internal Revenue Code making a
23 contribution to an economic development region revolving fund
24 to be paid from the general fund of the state an amount equal
25 to 20 percent of such contributed amount within 30 days after
26 the end of the fiscal year during which the contribution was
27 made. The total amount of tax credits and payments to
28 contributors, referred to as the credit amount, authorized
29 during a fiscal year shall not exceed \$2 million plus any
30 unused credit amount carried over from previous years. The
31 division provides that any credit amount which remains unused
32 for a fiscal year may be carried forward to the succeeding
33 fiscal year. The division provides that the maximum credit
34 amount that may be authorized in a fiscal year for
35 contributions made to a specific economic development region

1 revolving fund is equal to \$2 million plus any unused credit
2 amount carried over from previous years divided by the number
3 of economic development region revolving funds existing in the
4 state.

5 The division provides that an economic development region
6 may apply for financial assistance from the grow Iowa values
7 fund to assist with physical infrastructure needs related to a
8 specific business partner, to assist an existing business
9 located in the region impacted by business consolidation
10 actions, to implement economic development initiatives unique
11 to the region, or to implement innovative initiatives that do
12 not otherwise qualify for financial assistance. The division
13 allows the department to establish and administer a regional
14 economic development revenue sharing pilot project for one or
15 more regions. The division limits financial assistance to
16 economic development regions to a total of \$2 million each
17 fiscal year for the fiscal period beginning July 1, 2005, and
18 ending June 30, 2010.

19 The division allows an approved economic development region
20 to apply to the department for approval to be designated as an
21 economically isolated area based on criteria as determined by
22 the department. An economically isolated area must consist of
23 at least one county meeting the county distress criteria
24 provided under the enterprise zone program. The division
25 limits the number of economically isolated areas to five
26 regions. The division provides that an approved economically
27 isolated area may apply for financial assistance from the grow
28 Iowa values fund of up to \$750,000 over a five-year period for
29 purposes of economic development-related marketing assistance
30 for the area.

31 DIVISION VI -- This division of the bill relates to the
32 establishment of cultural and entertainment districts. The
33 cultural and entertainment district legislation was previously
34 enacted in 2003 and then stricken pursuant to Rants v.
35 Vilsack, 684 N.W.2d 193. The division allows a city or county

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1 to create and designate a district subject to certification by
2 the department of cultural affairs, in consultation with the
3 department of economic development. The division provides
4 that a district shall consist of a geographic area not
5 exceeding one square mile in size.

6 The division provides that district certification is for a
7 period of 10 years and allows for the certification of areas
8 that extend across boundaries of cities and counties. The
9 division provides that the department of cultural affairs
10 shall encourage development projects and activities located in
11 certified cultural and entertainment districts through
12 incentives under cultural grant programs and any other grant
13 programs.

14 DIVISION VII -- This division of the bill relates to
15 rehabilitation project tax credits. The division provides
16 that, for the fiscal period beginning July 1, 2005, and ending
17 June 30, 2010, an additional \$4 million of the rehabilitation
18 tax credits may be approved each fiscal year for purposes of
19 projects located in certified cultural and entertainment
20 districts. The division allows any additional tax credits
21 allocated for projects located in cultural and entertainment
22 districts that are not approved during a fiscal year to be
23 carried over to the succeeding fiscal year.

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