

MAR 10 2006  
WAYS AND MEANS

HOUSE FILE 2736  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO HF 2497)

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

**A BILL FOR**

1 An Act relating to economic development by creating a bioscience  
2 funding board and bioscience fund, providing tax incentives  
3 under the high quality job creation Act, and providing an  
4 exempt activity for foreign corporations, and including  
5 effective and retroactive applicability date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 2736

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1 Section 1. NEW SECTION. 15E.361 BIOSCIENCE FUNDING BOARD  
2 -- BIOSCIENCE FUND.

3 1. A bioscience funding board is established for purposes  
4 of funding bioscience-related projects. The board shall award  
5 financial assistance from moneys available in the bioscience  
6 fund created in subsection 4. Financial assistance shall not  
7 be used to pay the salary of a salaried employee, but may be  
8 used to pay the salary of a contract employee provided the  
9 employment contract is for not more than five years.

10 Financial assistance may only be used to partially fund an  
11 endowed chair position if significant private contributions  
12 are used to fund the position.

13 2. The board shall consist of the following members:

14 a. Three members of the state board of regents appointed  
15 by the governor and confirmed by the senate pursuant to  
16 section 2.32.

17 b. Three members of a single bioscience development  
18 organization identified by the department pursuant to section  
19 15G.111, subsection 2, appointed by the governor and confirmed  
20 by the senate pursuant to section 2.32.

21 c. Three members appointed by the Iowa economic  
22 development board and confirmed by the senate pursuant to  
23 section 2.32.

24 d. One member selected by the members of the board who  
25 shall serve as the president of the board.

26 3. The terms of the appointed members shall be staggered  
27 as determined by the governor. A vacancy shall be filled by  
28 the appointing authority. Members shall serve three-year  
29 terms and may be reappointed.

30 4. A bioscience fund is created in the state treasury  
31 under the control of the board and consisting of any moneys  
32 appropriated by the general assembly and any other moneys  
33 available to and obtained or accepted by the board for  
34 placement in the fund. Payments of interest, repayments of  
35 moneys loaned pursuant to this section, and recaptures of

1 loans shall be deposited in the fund. The fund shall be used  
2 to provide grants, loans, forgivable loans, loan guarantees,  
3 and other forms of assistance pursuant to subsection 1.

4 Moneys in the fund are not subject to section 8.33.

5 Notwithstanding section 12C.7, interest or earnings on moneys  
6 in the fund shall be credited to the fund. The board shall  
7 ensure that the fund is an ongoing, self-sustaining fund.

8 Sec. 2. Section 15.335A, Code Supplement 2005, is amended  
9 by adding the following new subsection:

10 NEW SUBSECTION. 7. a. In calculating the annual wage,  
11 including benefits, pursuant to subsection 1, the department  
12 shall not require a certain wage level, without benefits, to  
13 be met.

14 b. In calculating the value of benefits pursuant to  
15 subsection 1, if an employer offers medical insurance under  
16 both single and family coverage plans, the employer shall be  
17 given credit for providing medical insurance under family  
18 coverage plans to fifty percent of the number of new high-  
19 quality jobs employees.

20 Sec. 3. Section 15G.112, subsection 1, Code Supplement  
21 2005, is amended to read as follows:

22 1. In order to receive financial assistance from the  
23 department from moneys appropriated from the grow Iowa values  
24 fund, the average annual wage, including benefits, of new jobs  
25 created must be equal to or greater than one hundred thirty  
26 percent of the average county wage. The department shall not  
27 require any other wage level to be met. For purposes of this  
28 section, "average county wage" and "benefits" mean the same as  
29 defined in section 15I.1.

30 Sec. 4. Section 15I.1, subsection 2, paragraph a, Code  
31 Supplement 2005, is amended to read as follows:

32 a. Medical and dental insurance plans. If an employer  
33 offers medical insurance under both single and family coverage  
34 plans, the employer shall be given credit for providing  
35 medical insurance under family coverage plans to the greater

1 of fifty percent of the new employees or the actual percentage  
2 of new employees.

3 Sec. 5. Section 422.34A, Code 2005, is amended by adding  
4 the following new subsection:

5 NEW SUBSECTION. 8. Storing tangible personal property in  
6 a warehouse located in Iowa which is not owned by the  
7 corporation provided that none of the goods are delivered or  
8 shipped so as to be included in the gross sales of the  
9 corporation within this state as provided in section 422.33,  
10 subsection 2, paragraph "b", subparagraph (6).

11 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.

12 1. Section 2 of this Act, being deemed of immediate  
13 importance, takes effect upon enactment and applies  
14 retroactively to June 9, 2005.

15 2. Section 5 of this Act, being deemed of immediate  
16 importance, takes effect upon enactment and applies  
17 retroactively to January 1, 2006, for tax years beginning on  
18 or after that date.

19 EXPLANATION

20 This bill relates to economic development by creating a  
21 bioscience funding board and bioscience fund, providing tax  
22 incentives under the high quality job creation Act, and  
23 providing an income tax exempt activity for foreign  
24 corporations.

25 The bill establishes a bioscience funding board for  
26 purposes of funding bioscience-related projects. The bill  
27 provides that the board shall award financial assistance from  
28 moneys in the bioscience fund. The bill prohibits the use of  
29 financial assistance for paying the salary of a salaried  
30 employee, but allows the use of paying the salary of certain  
31 contract employees. The bill allows financial assistance to  
32 be used to partially fund an endowed chair position only if  
33 significant private contributions are used to fund the  
34 position. The bill creates a bioscience fund in the state  
35 treasury under the control of the board and consisting of any

1 moneys appropriated by the general assembly and any other  
2 moneys available to and obtained or accepted by the board for  
3 placement in the fund.

4 In determining eligibility for tax incentives under the  
5 high quality job creation Act, a calculation of the annual  
6 wage, including benefits, of new high-quality jobs created  
7 must be performed. The bill provides that, in making the  
8 calculation, the department shall not require a certain wage  
9 level, without benefits, to be met. The bill provides that,  
10 in making a calculation of the value of benefits, if an  
11 employer offers medical insurance under both single and family  
12 coverage plans, the employer shall be given credit for  
13 providing medical insurance under family coverage plans to 50  
14 percent of the number of new high-quality jobs employees.  
15 This provision of the bill takes effect upon enactment and  
16 applies retroactively to June 9, 2005.

17 Currently, in order to receive financial assistance from  
18 the department of economic development from moneys  
19 appropriated from the grow Iowa values fund, the average  
20 annual wage, including benefits, of new jobs created must be  
21 equal to or greater than 130 percent of the average county  
22 wage. The bill prohibits the department from requiring any  
23 other wage level to be met.

24 Currently, under the wage-benefits tax credit program, the  
25 term "benefits" is defined to include certain benefits, one of  
26 which is medical and dental insurance plans. The bill  
27 provides that if an employer offers medical insurance under  
28 both single and family coverage plans, the employer shall be  
29 given credit for providing medical insurance under family  
30 coverage plans to the greater of 50 percent of the new  
31 employees or the actual percentage of new employees.

32 The bill provides that a foreign corporation shall not be  
33 considered doing business in this state or deriving income  
34 from sources within this state for the purposes of corporate  
35 income tax liability by the storing of tangible personal

1 property in a warehouse located in Iowa which is not owned by  
2 the corporation provided that none of the goods are delivered  
3 or shipped so as to be included in the gross sales of the  
4 corporation within this state due to being delivered or  
5 shipped to a purchaser within this state. This provision  
6 takes effect upon enactment and applies retroactively to  
7 January 1, 2006.

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