

# House Amendment 1615

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1 1 Amend House File 692, as amended, passed, and  
1 2 reprinted by the House, as follows:  
1 3 #1. By striking everything after the enacting  
1 4 clause and inserting the following:  
1 5 1 6 PROPERTY TAXATION  
1 7 Section 1. Section 441.19, subsections 1 and 2,  
1 8 Code 2003, are amended to read as follows:  
1 9 1. Supplemental and optional to the procedure for  
1 10 the assessment of property by the assessor as provided  
1 11 in this chapter, the assessor may require from all  
1 12 persons required to list their property for taxation  
1 13 as provided by sections 428.1 and 428.2, a  
1 14 supplemental return to be prescribed by the director  
1 15 of revenue and finance upon which the person shall  
1 16 list the person's property and any additions or  
1 17 modifications completed in the prior year to a  
1 18 structure located on the property. The supplemental  
1 19 return shall be in substantially the same form as now  
1 20 prescribed by law for the assessment rolls used in the  
1 21 listing of property by the assessors. Every person  
1 22 required to list property for taxation shall make a  
1 23 complete listing of the property upon supplemental  
1 24 forms and return the listing to the assessor ~~as~~  
1 25 ~~promptly as possible within thirty days of receiving~~  
1 26 ~~the assessment notice in section 441.23.~~ The return  
1 27 shall be verified over the signature of the person  
1 28 making the return and section 441.25 applies to any  
1 29 person making such a return. The assessor shall make  
1 30 supplemental return forms available as soon as  
1 31 practicable after the first day of January of each  
1 32 year. The assessor shall make supplemental return  
1 33 forms available to the taxpayer by mail, or at a  
1 34 designated place within the taxing district.  
1 35 2. Upon receipt of such supplemental return from  
1 36 any person the assessor shall prepare a roll assessing  
1 37 such person as hereinafter provided. In the  
1 38 preparation of such assessment roll the assessor shall  
1 39 be guided not only by the information contained in  
1 40 such supplemental roll, but by any other information  
1 41 the assessor may have or which may be obtained by the  
1 42 assessor as prescribed by the law relating to the  
1 43 assessment of property. The assessor shall not be  
1 44 bound by any values or square footage determinations  
1 45 or purchase prices as listed in such supplemental  
1 46 return, and may include in the assessment roll any  
1 47 property omitted from the supplemental return which in  
1 48 the knowledge and belief of the assessor should be  
1 49 listed as required by law by the person making the  
1 50 supplemental return. Upon completion of such roll the  
2 1 assessor shall deliver to the person submitting such  
2 2 supplemental return a copy of the assessment roll,  
2 3 either personally or by mail.  
2 4 Sec. 2. NEW SECTION. 441.20 LEGISLATIVE INTENT.  
2 5 It is the intent of the general assembly that there  
2 6 be transparency in the property tax system. It is  
2 7 further the intent of the general assembly that  
2 8 property assessments for purposes of property taxation  
2 9 be equal and uniform within classes of property. It  
2 10 is further the intent of the general assembly to  
2 11 minimize the impact that maintenance and upkeep by the  
2 12 owner of property has on the assessment of that  
2 13 property and that there be predictability in increases  
2 14 of property assessments and that such predictability  
2 15 be based primarily on the actions of the property  
2 16 owner. It is further the intent of the general  
2 17 assembly to minimize the impact that increases in  
2 18 assessed value of property will have on property taxes  
2 19 paid and that any increases will be primarily the  
2 20 result of direct action taken by the local taxing  
2 21 authority in setting budget amounts rather than by  
2 22 increases in market value of property.  
2 23 Sec. 3. Section 441.21, Code 2003, is amended by  
2 24 striking the section and inserting in lieu thereof the  
2 25 following:

2 26 441.21 ASSESSMENT OF STRUCTURES.  
2 27 1. All real property, except land, subject to  
2 28 taxation shall be assessed on a value per square foot  
2 29 basis according to the provisions of this section.  
2 30 2. a. Subject to paragraph "b", for valuations  
2 31 established as of January 1, 2006, and for subsequent  
2 32 assessment years, the assessed value per square foot  
2 33 of a residential structure shall be an amount equal to  
2 34 the valuation of the structure as determined for the  
2 35 assessment year beginning January 1, 2005, prior to  
2 36 application of the assessment limitation for that  
2 37 year, divided by the total number of square feet of  
2 38 the structure as of January 1, 2005.  
2 39 b. (1) The assessed value per square foot of an  
2 40 existing residential structure purchased after January  
2 41 1, 2005, shall be the purchase price of the structure  
2 42 divided by the cumulative inflation factor established  
2 43 for the assessment year following the year of  
2 44 purchase, divided by the total number of square feet  
2 45 of the structure as of January 1 of the assessment  
2 46 year. The assessed value per square foot of a  
2 47 residential structure newly constructed after January  
2 48 1, 2005, shall be the market value of the structure,  
2 49 as determined by the assessor, divided by the  
2 50 cumulative inflation factor established for the  
3 1 assessment year following the year construction was  
3 2 completed, divided by the total number of square feet  
3 3 of the structure as of January 1 of the assessment  
3 4 year. However, when valuing an addition that  
3 5 substantially increases the square footage of a  
3 6 structure, only that portion of the structure  
3 7 comprising the addition shall be valued by the  
3 8 assessor under this subparagraph.  
3 9 (2) If additions or modifications to an existing  
3 10 structure do not constitute a newly constructed  
3 11 structure, the valuation of the structure shall only  
3 12 increase if the square footage of the structure  
3 13 increases. The increased valuation, if any, equals  
3 14 the amount of increased square feet times the value  
3 15 per square foot of the structure prior to the  
3 16 additions or modifications.  
3 17 3. a. Subject to paragraph "b" for valuations  
3 18 established as of January 1, 2006, and for subsequent  
3 19 assessment years, the assessed value per square foot  
3 20 of a commercial or industrial structure shall be an  
3 21 amount equal to the valuation of the structure as  
3 22 determined for the assessment year beginning January  
3 23 1, 2005, prior to application of the assessment  
3 24 limitation for that year, divided by the total number  
3 25 of square feet of the structure as of January 1, 2005.  
3 26 b. (1) The assessed value per square foot of an  
3 27 existing commercial or industrial structure purchased  
3 28 after January 1, 2005, shall be the purchase price of  
3 29 the structure divided by the cumulative inflation  
3 30 factor established for the assessment year following  
3 31 the year of purchase, divided by the total number of  
3 32 square feet of the structure as of January 1 of the  
3 33 assessment year. The assessed value per square foot  
3 34 of a commercial or industrial structure newly  
3 35 constructed after January 1, 2005, shall be the market  
3 36 value of the structure, as determined by the assessor,  
3 37 divided by the cumulative inflation factor established  
3 38 for the assessment year following the year  
3 39 construction was completed, divided by the total  
3 40 number of square feet of the structure as of January 1  
3 41 of the assessment year. However, when valuing an  
3 42 addition that substantially increases the square  
3 43 footage of a structure, only that portion of the  
3 44 structure comprising the addition shall be valued by  
3 45 the assessor under this subparagraph.  
3 46 (2) If additions or modifications to an existing  
3 47 structure do not constitute a newly constructed  
3 48 structure, the valuation of the structure shall only  
3 49 increase if the square footage of the structure  
3 50 increases. The increased valuation, if any, equals  
4 1 the amount of increased square feet times the value  
4 2 per square foot of the structure prior to the  
4 3 additions or modifications.  
4 4 4. a. Subject to paragraph "b" for valuations  
4 5 established as of January 1, 2006, and for subsequent  
4 6 assessment years, the assessed value per square foot

4 7 of an agricultural structure that is not an  
4 8 agricultural dwelling shall be an amount equal to the  
4 9 valuation of the structure as determined for the  
4 10 assessment year beginning January 1, 2005, prior to  
4 11 application of the assessment limitation for that  
4 12 year, divided by the total number of square feet of  
4 13 the structure as of January 1, 2005.

4 14 b. (1) The assessed value per square foot of an  
4 15 existing agricultural structure purchased after  
4 16 January 1, 2005, shall be the productivity value of  
4 17 the structure divided by the cumulative inflation  
4 18 factor established for the assessment year following  
4 19 the year of purchase, divided by the total number of  
4 20 square feet of the structure as of January 1 of the  
4 21 assessment year. The assessed value per square foot  
4 22 of an agricultural structure newly constructed after  
4 23 January 1, 2005, shall be the productivity value of  
4 24 the structure for the assessment year following the  
4 25 year construction was completed, as determined by the  
4 26 assessor, divided by the cumulative inflation factor  
4 27 established for the assessment year following the year  
4 28 construction was completed, divided by the total  
4 29 number of square feet of the structure as of January 1  
4 30 of the assessment year. However, when valuing an  
4 31 addition that substantially increases the square  
4 32 footage of a structure, only that portion of the  
4 33 structure comprising the addition shall be valued by  
4 34 the assessor under this subparagraph.

4 35 (2) If additions or modifications to an existing  
4 36 structure do not constitute a newly constructed  
4 37 structure, the valuation of the structure shall only  
4 38 increase if the square footage of the structure  
4 39 increases. The increased valuation, if any, equals  
4 40 the amount of increased square feet times the value  
4 41 per square foot of the structure prior to the  
4 42 additions or modifications.

4 43 5. a. In determining the market value of newly  
4 44 constructed property, except agricultural structures,  
4 45 the assessor may determine the value of the property  
4 46 using uniform and recognized appraisal methods  
4 47 including its productive and earning capacity, if any,  
4 48 industrial conditions, its cost, physical and  
4 49 functional depreciation and obsolescence and  
4 50 replacement cost, and all other factors which would  
5 1 assist in determining the fair and reasonable market  
5 2 value of the property but the actual value shall not  
5 3 be determined by use of only one such factor. The  
5 4 following shall not be taken into consideration:  
5 5 special value or use value of the property to its  
5 6 present owner, and the goodwill or value of a business  
5 7 that uses the property as distinguished from the value  
5 8 of the property as property. However, in assessing  
5 9 property that is rented or leased to low-income  
5 10 individuals and families as authorized by section 42  
5 11 of the Internal Revenue Code, as amended, and which  
5 12 section limits the amount that the individual or  
5 13 family pays for the rental or lease of units in the  
5 14 property, the assessor shall use the productive and  
5 15 earning capacity from the actual rents received as a  
5 16 method of appraisal and shall take into account the  
5 17 extent to which that use and limitation reduces the  
5 18 market value of the property. The assessor shall not  
5 19 consider any tax credit equity or other subsidized  
5 20 financing as income provided to the property in  
5 21 determining the market value. Upon adoption of  
5 22 uniform rules by the department of revenue and finance  
5 23 or covering assessments and valuations of such  
5 24 properties, the valuation on such properties shall be  
5 25 determined in accordance with such values for  
5 26 assessment purposes to assure uniformity, but such  
5 27 rules shall not be inconsistent with or change the  
5 28 foregoing means of determining the market value.

5 29 b. The actual value of special purpose tooling,  
5 30 which is subject to assessment and taxation as real  
5 31 property under section 427A.1, subsection 1, paragraph  
5 32 "e", but which can be used only to manufacture  
5 33 property which is protected by one or more United  
5 34 States or foreign patents, shall not exceed the fair  
5 35 and reasonable exchange value between a willing buyer  
5 36 and a willing seller, assuming that the willing buyer  
5 37 is purchasing only the special purpose tooling and not

5 38 the patent covering the property which the special  
5 39 purpose tooling is designed to manufacture nor the  
5 40 rights to manufacture the patented property. For  
5 41 purposes of this paragraph, special purpose tooling  
5 42 includes dies, jigs, fixtures, molds, patterns, and  
5 43 similar property. The assessor shall not take into  
5 44 consideration the special value or use value to the  
5 45 present owner of the special purpose tooling which is  
5 46 designed and intended solely for the manufacture of  
5 47 property protected by a patent in arriving at the  
5 48 actual value of the special purpose tooling.

5 49 c. In determining the purchase price of a  
5 50 structure, the assessor shall consider whether the  
6 1 sale was a fair and reasonable exchange in the year in  
6 2 which the property was listed and valued between a  
6 3 willing buyer and a willing seller, neither being  
6 4 under any compulsion to buy or sell and each being  
6 5 familiar with all the facts relating to the particular  
6 6 property. Sale prices of the property or comparable  
6 7 property in normal transactions reflecting market  
6 8 value, and the probable availability or unavailability  
6 9 of persons interested in purchasing the property,  
6 10 shall be taken into consideration in determining  
6 11 purchase price. In determining purchase price, sale  
6 12 prices of property in abnormal transactions not  
6 13 reflecting market value shall not be taken into  
6 14 account, or shall be adjusted to eliminate the effect  
6 15 of factors which distort market value, including but  
6 16 not limited to sales to immediate family of the  
6 17 seller, foreclosure or other forced sales, contract  
6 18 sales, or discounted purchase transactions.

6 19 d. If a county enters into a contract before May  
6 20 1, 2003, for a comprehensive revaluation by a private  
6 21 appraiser and such revaluation is for the assessment  
6 22 year beginning January 1, 2006, the valuations  
6 23 determined under the comprehensive revaluation for  
6 24 that assessment year shall be divided by the  
6 25 cumulative inflation factor for the assessment year  
6 26 beginning January 1, 2006, and that quotient shall be  
6 27 considered the valuation of the property for the  
6 28 assessment year beginning January 1, 2005.

6 29 6. Notwithstanding any other provision of this  
6 30 section, the assessed value per square foot of a  
6 31 structure times the total number of square feet of the  
6 32 structure shall not exceed its fair and reasonable  
6 33 market value for the assessment year, except for  
6 34 agricultural structures which shall be valued  
6 35 exclusively as provided in subsection 4.

6 36 7. For purposes of this section:

6 37 a. "Annual inflation factor" means an index,  
6 38 expressed as a percentage, determined by the  
6 39 department by January 15 of the assessment year for  
6 40 which the factor is determined, which reflects the  
6 41 purchasing power of the dollar as a result of  
6 42 inflation during the twelve-month period ending  
6 43 September 30 of the calendar year preceding the  
6 44 assessment year for which the factor is determined.  
6 45 In determining the annual inflation factor, the  
6 46 department shall use the annual percent change, but  
6 47 not less than zero percent, in the gross domestic  
6 48 product price deflator computed for the calendar year  
6 49 by the bureau of economic analysis of the United  
6 50 States department of commerce and shall add all of  
7 1 that percent change to one hundred percent. The  
7 2 annual inflation factor and the cumulative inflation  
7 3 factor shall each be expressed as a percentage rounded  
7 4 to the nearest one-tenth of one percent. The annual  
7 5 inflation factor shall not be less than one hundred  
7 6 percent. The annual inflation factor for the 2005  
7 7 calendar year is one hundred percent.

7 8 b. "Cumulative inflation factor" means the product  
7 9 of the annual inflation factor for the 2005 calendar  
7 10 year and all annual inflation factors for subsequent  
7 11 calendar years as determined pursuant to this  
7 12 subsection. The cumulative inflation factor applies  
7 13 to the assessment year beginning on January 1 of the  
7 14 calendar year for which the latest annual inflation  
7 15 factor has been determined.

7 16 c. "Newly constructed" includes, but is not  
7 17 limited to, structural replacement, additions that  
7 18 substantially increase the square footage, conversion

7 19 into another class of property, and conversion from  
7 20 exempt property under section 427.1 to taxable  
7 21 property. For commercial and industrial property,  
7 22 "newly constructed" also includes an addition or  
7 23 removal to a structure of personal property taxed as  
7 24 real estate under chapter 427A.

7 25 d. "Structure" means any part of that which is  
7 26 built or constructed, an edifice or building of any  
7 27 kind, or any piece of work artificially built up or  
7 28 composed of parts joined together in some definite  
7 29 manner. For residential structures, structure  
7 30 includes only those parts of the structure, including  
7 31 basements and attics, that are or could be used as  
7 32 living space. "Structure" does not include the land  
7 33 beneath, or horizontal improvements relating to the  
7 34 structure, such as sidewalks, sewers, or retaining  
7 35 walls.

7 36 8. For the purpose of computing the debt  
7 37 limitations for municipalities, political  
7 38 subdivisions, and school districts, the term "actual  
7 39 value" means the "actual value" as determined under  
7 40 this section without application of any percentage  
7 41 reduction and entered opposite each item, and as  
7 42 listed on the tax list as provided in section 443.2,  
7 43 as "actual value".

7 44 Whenever any board of review or other tribunal  
7 45 changes the assessed value of property, all applicable  
7 46 records of assessment shall be adjusted to reflect  
7 47 such change in both assessed value and actual value of  
7 48 such property.

7 49 9. The provisions of this chapter and chapters  
7 50 443, 443A, and 444 shall be subject to legislative  
8 1 review at least once every five years. The review  
8 2 shall be based upon a property tax status report  
8 3 containing the recommendations of a property tax  
8 4 implementation committee appointed to conduct a review  
8 5 of the land tax, square footage tax, the baseline  
8 6 assessment for the square footage tax, and other  
8 7 related provisions, to be prepared with the assistance  
8 8 of the departments of management and revenue and  
8 9 finance. The report shall include recommendations for  
8 10 changes or revisions based upon demographic changes  
8 11 and property tax valuation fluctuations observed  
8 12 during the preceding five-year interval, and a summary  
8 13 of issues that have arisen since the previous review  
8 14 and potential approaches for their resolution. The  
8 15 first such report shall be submitted to the general  
8 16 assembly no later than January 1, 2010, with  
8 17 subsequent reports developed and submitted by January  
8 18 1 at least every fifth year thereafter.

8 19 Sec. 4. NEW SECTION. 441.21A PROPERTY  
8 20 CLASSIFICATIONS.

8 21 1. a. Agricultural land shall be valued at its  
8 22 productivity value. The productivity value of  
8 23 agricultural land shall be determined on the basis of  
8 24 productivity and net earning capacity of the land  
8 25 determined on the basis of its use for agricultural  
8 26 purposes capitalized at a rate of seven percent and  
8 27 applied uniformly among counties and among classes of  
8 28 property. Any formula or method employed to determine  
8 29 productivity and net earning capacity of land shall be  
8 30 adopted in full by rule.

8 31 b. In counties or townships in which field work on  
8 32 a modern soil survey has been completed since January  
8 33 1, 1949, the assessor shall place emphasis upon the  
8 34 results of the survey in spreading the valuation among  
8 35 individual parcels of such agricultural land.

8 36 c. "Agricultural land" includes the land of a  
8 37 vineyard.

8 38 2. a. "Residential property" includes all lands  
8 39 and buildings which are primarily used or intended for  
8 40 human habitation, including those buildings located on  
8 41 agricultural land. Buildings used primarily or  
8 42 intended for human habitation shall include the  
8 43 dwelling as well as structures and improvements used  
8 44 primarily as a part of, or in conjunction with, the  
8 45 dwelling. This includes but is not limited to  
8 46 garages, whether attached or detached, tennis courts,  
8 47 swimming pools, guest cottages, and storage sheds for  
8 48 household goods. Residential property located on  
8 49 agricultural land shall include only buildings.

8 50 b. "Residential property" includes all land and  
9 1 buildings of multiple housing cooperatives organized  
9 2 under chapter 499A and includes land and buildings  
9 3 used primarily for human habitation which land and  
9 4 buildings are owned and operated by organizations that  
9 5 have received tax-exempt status under section  
9 6 501(c)(3) of the Internal Revenue Code and rental  
9 7 income from the property is not taxed as unrelated  
9 8 business income under section 422.33, subsection 1A.

9 9 c. "Residential property" includes an apartment in  
9 10 a horizontal property regime referred to in chapter  
9 11 499B which is used or intended for use for human  
9 12 habitation regardless of who occupies the apartment.  
9 13 Existing structures shall not be converted to a  
9 14 horizontal property regime unless applicable building  
9 15 code requirements have been met.

9 16 d. Buildings for human habitation that are used as  
9 17 commercial ventures, including but not limited to  
9 18 hotels, motels, rest homes, and structures containing  
9 19 three or more separate living quarters shall not be  
9 20 considered residential property.

9 21 Sec. 5. Section 441.23, Code 2003, is amended to  
9 22 read as follows:

9 23 441.23 NOTICE OF VALUATION.

9 24 If there has been an increase or decrease in the  
9 25 valuation of the property, or upon the written request  
9 26 of the person assessed, the assessor shall, at the  
9 27 time of making the assessment, inform the person  
9 28 assessed, in writing, of the valuation put upon the  
9 29 taxpayer's property, and notify the person, if the  
9 30 person feels aggrieved, to appear before the board of  
9 31 review and show why the assessment should be changed.  
9 32 However, if the valuation of ~~a class of~~ agricultural  
9 33 property is uniformly decreased, the assessor may  
9 34 notify the affected property owners by publication in  
9 35 the official newspapers of the county. The owners of  
9 36 real property shall be notified not later than April  
9 37 15 of any adjustment of the real property assessment.  
9 38 The notification shall include a supplemental return  
9 39 form for the person to list the person's property and  
9 40 any additions or modifications completed in the prior  
9 41 year to a structure located on the property, as  
9 42 required in section 441.19.

9 43 Sec. 6. Section 441.24, Code 2003, is amended to  
9 44 read as follows:

9 45 441.24 REFUSAL TO FURNISH STATEMENT.

9 46 1. If a person refuses to furnish the verified  
9 47 statements required in connection with the assessment  
9 48 of property by the assessor, or to list the  
9 49 corporation's or person's property, the director of  
9 50 revenue and finance, or assessor, as the case may be,  
10 1 shall proceed to list and assess the property  
10 2 according to the best information obtainable, and  
10 3 shall add to the ~~taxable~~ agricultural land and square  
10 4 footage valuation one hundred percent thereof, which  
10 5 valuation and penalty shall be separately shown, and  
10 6 shall constitute the assessment; and if the  
10 7 agricultural land or square footage valuation of the  
10 8 property is changed by a board of review, or on appeal  
10 9 from a board of review, a like penalty shall be added  
10 10 to the valuation thus fixed.

10 11 2. However, all or part of the penalty imposed  
10 12 under this section may be waived by the board of  
10 13 review upon application to the board by the assessor  
10 14 or the property owner. The waiver or reduction in the  
10 15 penalty shall be allowed only on the agricultural land  
10 16 or the square footage valuation of ~~real property~~ the  
10 17 structure against which the penalty has been imposed.

10 18 Sec. 7. Section 441.26, unnumbered paragraph 3,  
10 19 Code 2003, is amended to read as follows:

10 20 The notice in ~~1981~~ 2007 and each odd-numbered year

10 21 thereafter shall contain a statement that ~~the~~  
10 22 agricultural property assessments and property

10 23 assessed pursuant to section 441.21, subsection 2,  
10 24 paragraph "b", subparagraph (1), and subsection 3,

10 25 paragraph "b", subparagraph (1), are subject to

10 26 equalization pursuant to an order issued by the  
10 27 director of revenue and finance, that the county  
10 28 auditor shall give notice on or before October 15 by  
10 29 publication in an official newspaper of general  
10 30 circulation to any ~~class of~~ agricultural property

10 31 affected by the equalization order, and that the board  
10 32 of review shall be in session from October 15 to  
10 33 November 15 to hear protests of affected property  
10 34 owners or taxpayers whose valuations have been  
10 35 adjusted by the equalization order.  
10 36 Sec. 8. Section 441.26, unnumbered paragraphs 4  
10 37 and 5, Code 2003, are amended to read as follows:  
10 38 The assessment rolls shall be used in listing the  
10 39 property, the number of structures, and the total  
10 40 square footage of the structures by class of property,  
10 41 and showing the values affixed to agricultural land  
10 42 and the assessed value per square foot affixed to the  
10 43 property the structures by class of property of all  
10 44 persons assessed. The rolls shall be made in  
10 45 duplicate. The duplicate roll shall be signed by the  
10 46 assessor, detached from the original and delivered to  
10 47 the person assessed if there has been an increase or  
10 48 decrease in the valuation of the property. If there  
10 49 has been no change in the evaluation, the information  
10 50 on the roll may be printed on computer stock paper and  
11 1 preserved as required by this chapter. If the person  
11 2 assessed requests in writing a copy of the roll, the  
11 3 copy shall be provided to the person. The pages of  
11 4 the assessor's assessment book shall contain columns  
11 5 ruled and headed for the information required by this  
11 6 chapter and that which the director of revenue and  
11 7 finance deems essential in the equalization work of  
11 8 the director. The assessor shall return all  
11 9 assessment rolls and schedules to the county auditor,  
11 10 along with the completed assessment book, as provided  
11 11 in this chapter, and the county auditor shall  
11 12 carefully keep and preserve the rolls, schedules and  
11 13 book for a period of five years from the time of its  
11 14 filing in the county auditor's office.  
11 15 Beginning with valuations for January 1, ~~1977~~ 2006,  
11 16 and each succeeding year, for each parcel of  
11 17 agricultural property and for each structure entered  
11 18 in the assessment book, the assessor shall list the  
11 19 classification of the property.  
11 20 Sec. 9. Section 441.35, subsection 1, Code 2003,  
11 21 is amended by striking the subsection.  
11 22 Sec. 10. Section 441.35, unnumbered paragraph 2,  
11 23 Code 2003, is amended by striking the unnumbered  
11 24 paragraph.  
11 25 Sec. 11. Section 441.36, Code 2003, is amended to  
11 26 read as follows:  
11 27 441.36 CHANGE OF ASSESSMENT == NOTICE.  
11 28 All changes in assessments authorized by the board  
11 29 of review, and reasons therefor, shall be entered in  
11 30 the minute book kept by ~~said the~~ board and on the  
11 31 assessment roll. ~~Said The~~ minute book shall be filed  
11 32 with the assessor after the adjournment of the board  
11 33 of review and shall at all times be open to public  
11 34 inspection. In case the value of any specific  
11 35 property or structure or the entire assessment of any  
11 36 person, partnership, or association is increased, or  
11 37 new property or a new structure is added by the board,  
11 38 the clerk shall give immediate notice thereof by mail  
11 39 to each at the post-office address shown on the  
11 40 assessment rolls, and at the conclusion of the action  
11 41 of the board therein the clerk shall post an  
11 42 alphabetical list of those whose assessments are thus  
11 43 raised and added, in a conspicuous place in the office  
11 44 or place of meeting of the board, and enter upon the  
11 45 records a statement that such posting has been made,  
11 46 which entry shall be conclusive evidence of the giving  
11 47 of the notice required. The board shall hold an  
11 48 adjourned meeting, with at least five days intervening  
11 49 after the posting of ~~said the~~ notices, before final  
11 50 action with reference to the raising of assessments or  
12 1 the adding of property or structures to the rolls is  
12 2 taken, and the posted notices shall state the time and  
12 3 place of holding such adjourned meeting, which time  
12 4 and place shall also be stated in the proceedings of  
12 5 the board.  
12 6 Sec. 12. Section 441.37, subsection 1, paragraphs  
12 7 a and b, Code 2003, are amended to read as follows:  
12 8 a. That ~~said the~~ assessment is not equitable as  
12 9 compared with assessments of other like property or  
12 10 structures in the taxing district. When this ground  
12 11 is relied upon as the basis of a protest the legal

12 12 description and assessments of a representative number  
12 13 of comparable ~~properties~~ structures, as described by  
12 14 the aggrieved taxpayer shall be listed on the protest,  
12 15 otherwise ~~said~~ the protest shall not be considered on  
12 16 this ground.

12 17 b. That the property or structure is assessed for  
12 18 more than the value authorized by law, stating the  
12 19 specific amount which the protesting party believes  
12 20 the property or structure to be overassessed, and the  
12 21 amount which the party considers to be its actual  
12 22 value and the amount the party considers a fair  
12 23 assessment.

12 24 Sec. 13. Section 441.39, Code 2003, is amended to  
12 25 read as follows:

12 26 441.39 TRIAL ON APPEAL.

12 27 The court shall hear the appeal in equity and  
12 28 determine anew all questions arising before the board  
12 29 which relate to the liability of the property or  
12 30 structure to assessment or the amount thereof. The  
12 31 court shall consider all of the evidence and there  
12 32 shall be no presumption as to the correctness of the  
12 33 ~~valuation of~~ assessment appealed from. Its decision  
12 34 shall be certified by the clerk of the court to the  
12 35 county auditor, and the assessor, who shall correct  
12 36 the assessment books accordingly.

12 37 Sec. 14. Section 441.42, Code 2003, is amended to  
12 38 read as follows:

12 39 441.42 APPEAL ON BEHALF OF PUBLIC.

12 40 Any officer of a county, city, township, drainage  
12 41 district, levee district, or school district  
12 42 interested or a taxpayer thereof may in like manner  
12 43 make complaint before ~~said~~ the board of review in  
12 44 respect to the assessment of any property or structure  
12 45 in the township, drainage district, levee district or  
12 46 city and an appeal from the action of the board of  
12 47 review in fixing the amount of assessment on any  
12 48 property or structure concerning which such complaint  
12 49 is made, may be taken by any of such aforementioned  
12 50 officers.

13 1 Such appeal is in addition to the appeal allowed to  
13 2 the person whose property or structure is assessed and  
13 3 shall be taken in the name of the county, city,  
13 4 township, drainage district, levee district, or school  
13 5 district interested, and tried in the same manner,  
13 6 except that the notice of appeal shall also be served  
13 7 upon the owner of the property or structure concerning  
13 8 which the complaint is made and affected thereby or  
13 9 person required to return said property or structure  
13 10 for assessment.

13 11 Sec. 15. Section 441.43, Code 2003, is amended to  
13 12 read as follows:

13 13 441.43 POWER OF COURT.

13 14 Upon trial of any appeal from the action of the  
13 15 board of review fixing the amount of assessment upon  
13 16 any property or structure concerning which complaint  
13 17 is made, the court may increase, decrease, or affirm  
13 18 the amount of the assessment appealed from.

13 19 Sec. 16. Section 441.45, subsections 1 and 2, Code  
13 20 2003, are amended to read as follows:

13 21 1. The number of acres of land and the aggregate  
13 22 taxable values of the agricultural land, ~~exclusive of~~  
13 23 ~~city lots~~, returned by the assessors, as corrected by  
13 24 the board of review.

13 25 2. The aggregate values of structures and the  
13 26 taxable square footage values of ~~real estate~~  
13 27 structures by class in each township and city in the  
13 28 county and the aggregate value of agricultural land in  
13 29 each township and city in the county, returned as  
13 30 corrected by the board of review.

13 31 Sec. 17. Section 441.47, Code 2003, is amended by  
13 32 adding the following new unnumbered paragraph:

13 33 NEW UNNUMBERED PARAGRAPH. For the assessment year  
13 34 beginning January 1, 2007, and for all subsequent  
13 35 assessment years, only property classified as  
13 36 agricultural property and property assessed pursuant  
13 37 to section 441.21, subsection 2, paragraph "b",  
13 38 subparagraph (1), and subsection 3, paragraph "b",  
13 39 subparagraph (1), shall be subject to equalization by  
13 40 the director of revenue and finance under this section  
13 41 and sections 441.48 and 441.49.

13 42 Sec. 18. NEW SECTION. 441.47A EQUALIZATION OF



13 43 INFLATION FACTORS.

13 44 The director of revenue and finance on or about  
13 45 August 15, 2007, and every two years thereafter, shall  
13 46 order the equalization of the assessed value per  
13 47 square foot resulting from the application of the  
13 48 cumulative inflation factor in the several assessing  
13 49 jurisdictions in each case as may be necessary to  
13 50 bring such values as fixed by the assessor in cases of  
14 1 purchases of property and newly constructed property  
14 2 to the values determined for the assessment year  
14 3 beginning January 1, 2005. In equalizing the effects  
14 4 of the application of the cumulative inflation factor,  
14 5 the department shall make use of reports issued by  
14 6 Iowa state university of science and technology which  
14 7 reports shall more precisely indicate, on a county-by-  
14 8 county basis, annual and cumulative inflation factors  
14 9 for each county. If the cumulative inflation factor  
14 10 for an assessing jurisdiction as reported by Iowa  
14 11 state university of science and technology is five  
14 12 percent above or below the cumulative inflation factor  
14 13 as defined in section 441.21, subsection 7, the  
14 14 director shall notify the assessor by mail of the  
14 15 equalization of the effects of the cumulative  
14 16 inflation factor for the assessing jurisdiction. The  
14 17 assessor shall recompute the assessments made pursuant  
14 18 to section 441.21, subsection 2, paragraph "b",  
14 19 subparagraph (1), subsection 3, paragraph "b",  
14 20 subparagraph (1), and subsection 4, paragraph "b",  
14 21 subparagraph (1), by applying the equalized inflation  
14 22 factor. The assessor shall send notice of the  
14 23 equalized assessments to all affected property owners.

14 24 Sec. 19. Section 441.50, Code 2003, is amended to  
14 25 read as follows:

14 26 441.50 APPRAISERS EMPLOYED.

14 27 The conference board shall have power to employ  
14 28 appraisers or other technical or expert help to assist  
14 29 in the valuation assessment of property as provided in  
14 30 section 441.21, the cost thereof to be paid in the  
14 31 same manner as other expenses of the assessor's  
14 32 office. The conference board may certify for levy  
14 33 annually an amount not to exceed forty and one-half  
14 34 cents per thousand dollars of assessed value of  
14 35 taxable property for the purpose of establishing a  
14 36 special appraiser's fund, to be used only for such  
14 37 purposes. From time to time the conference board may  
14 38 direct the transfer of any unexpended balance in the  
14 39 special appraiser's fund to the assessment expense  
14 40 fund.

14 41 Sec. 20. Section 443.1, Code 2003, is amended to  
14 42 read as follows:

14 43 443.1 CONSOLIDATED TAX.

14 44 All square footage taxes which are uniform  
14 45 throughout any township or school district shall be  
14 46 formed into a single tax and entered upon the tax list  
14 47 in a single column, to be known as a consolidated tax,  
14 48 and each receipt shall show the percentage levied for  
14 49 each separate fund. The land tax shall be separately  
14 50 stated and each receipt shall show the percentage  
15 1 levied for each separate fund.

15 2 Sec. 21. Section 443.2, Code 2003, is amended to  
15 3 read as follows:

15 4 443.2 TAX LIST.

15 5 Before the first day of July in each year, the  
15 6 county auditor shall transcribe the assessments of the  
15 7 townships and cities into a book or record, to be  
15 8 known as the tax list, properly ruled and headed, with  
15 9 separate columns, in which shall be entered the names  
15 10 of the taxpayers, descriptions of lands, number of  
15 11 acres and value, numbers of city lots, their size in  
15 12 acres, and value, and each description of the square  
15 13 footage tax and the land tax, with a column for polls  
15 14 and one for payments, and shall complete it by  
15 15 entering the amount due on each installment,  
15 16 separately, and carrying out the total of both  
15 17 installments. The total of all columns of each page  
15 18 of each book or other record shall balance with the  
15 19 tax totals. After computing the amount of land tax  
15 20 and square footage tax due and payable on each  
15 21 property, the county auditor shall round the total  
15 22 amount of ~~tax~~ taxes due and payable on the property to  
15 23 the nearest even whole dollar.

15 24 The county auditor shall list the aggregate actual  
15 25 value and the aggregate taxable value of all taxable  
15 26 property within the county and each political  
15 27 subdivision including property subject to the  
15 28 statewide property tax imposed under section 437A.18  
15 29 on the tax list in order that the actual value of the  
15 30 taxable property within the county or a political  
15 31 subdivision may be ascertained and shown by the tax  
15 32 list for the purpose of computing the debt-incurring  
15 33 capacity of the county or political subdivision. As  
15 34 used in this section, "actual value" is the value  
15 35 determined under section 441.21, subsections 1 to 3,  
15 36 Code 2005, prior to the reduction to a percentage of  
15 37 actual value as otherwise provided in section 441.21,  
15 38 Code 2005. "Actual value" of property subject to  
15 39 statewide property tax is the assessed value under  
15 40 section 437A.18.

15 41 Sec. 22. Section 443.3, Code 2003, is amended to  
15 42 read as follows:

15 43 443.3 CORRECTION == TAX APPORTIONED.

15 44 At the time of transcribing ~~said the~~ assessments  
15 45 into the tax list, the county auditor shall correct  
15 46 all transfers up to date and place the legal  
15 47 descriptions of all real estate in the name of the  
15 48 owner at ~~said that~~ date as shown by the transfer book  
15 49 in the auditor's office. At the end of the list for  
15 50 each township or city the auditor shall make an  
16 1 abstract thereof, and apportion the consolidated tax  
16 2 among the respective funds to which it belongs,  
16 3 according to the amounts levied for each. The auditor  
16 4 shall apportion the land tax as prescribed in section  
16 5 443A.2.

16 6 Sec. 23. Section 443.6, Code 2003, is amended to  
16 7 read as follows:

16 8 443.6 CORRECTIONS BY AUDITOR.

16 9 The auditor may correct any error in the assessment  
16 10 or tax list, and the assessor or auditor may list for  
16 11 taxation any omitted land and may assess and list for  
16 12 taxation any omitted property structure.

16 13 Sec. 24. Section 443.7, Code 2003, is amended to  
16 14 read as follows:

16 15 443.7 NOTICE.

16 16 Before listing for taxation any omitted land and  
16 17 before assessing and listing for taxation any omitted  
16 18 property structure, the assessor or auditor shall  
16 19 notify by mail the person in whose name the ~~property~~  
16 20 land or structure is taxed, to appear before the  
16 21 assessor or auditor at the assessor's or auditor's  
16 22 office within ten days from the date of the notice and  
16 23 show cause, if any, why the correction or assessment  
16 24 should not be made.

16 25 Sec. 25. Section 443.9, Code 2003, is amended to  
16 26 read as follows:

16 27 443.9 ADJUSTMENT OF ACCOUNTS.

16 28 If such correction or assessment is made after the  
16 29 books or other records approved by the ~~state~~ auditor  
16 30 of state have passed into the hands of the treasurer,  
16 31 the treasurer shall be charged or credited therefor as  
16 32 the case may be. In the event such listing of omitted  
16 33 land or listing and assessment of omitted property

16 34 structure is made by the assessor after the tax  
16 35 records have passed into the hands of the auditor or  
16 36 treasurer, such correction or assessment shall be  
16 37 entered on the records by the auditor or treasurer.

16 38 Sec. 26. Section 443.12, Code 2003, is amended to  
16 39 read as follows:

16 40 443.12 CORRECTIONS BY TREASURER.

16 41 When property land or a structure subject to  
16 42 taxation is withheld, overlooked, or from any other  
16 43 cause is not listed, or is not listed and assessed,  
16 44 the county treasurer shall, when apprised thereof, at  
16 45 any time within two years from the date at which such  
16 46 listing and assessment should have been made, demand  
16 47 of the person, firm, corporation, or other party by  
16 48 whom the same should have been listed, or to whom it  
16 49 should have been listed and assessed, or of the  
16 50 administrator thereof, the amount the property land or  
17 1 structure should have been taxed in each year the same  
17 2 was so withheld or overlooked and not listed or not  
17 3 listed and assessed, together with six percent  
17 4 interest thereon from the time the taxes would have

17 5 become due and payable had such ~~property land~~ been  
17 6 listed or such structure been listed and assessed.  
17 7 Sec. 27. Section 443.13, Code 2003, is amended to  
17 8 read as follows:  
17 9 443.13 ACTION BY TREASURER == APPORTIONMENT.  
17 10 Upon failure to pay such sum within thirty days,  
17 11 with all accrued interest, the treasurer shall cause  
17 12 an action to be brought in the name of the treasurer  
17 13 for the use of the proper county, to be prosecuted by  
17 14 the county attorney, or such other person as the board  
17 15 of supervisors may appoint, and when such ~~property~~  
17 16 land has been fraudulently withheld from listing or  
17 17 such structure fraudulently withheld from listing and  
17 18 assessment, there shall be added to the sum found to  
17 19 be due a penalty of fifty percent upon the amount,  
17 20 which shall be included in the judgment. The amount  
17 21 thus recovered shall be by the treasurer apportioned  
17 22 ratably as the taxes would have been if they had been  
17 23 paid according to law.  
17 24 Sec. 28. Section 443.14, Code 2003, is amended to  
17 25 read as follows:  
17 26 443.14 DUTY OF TREASURER.  
17 27 The treasurer shall assess any ~~real property~~  
17 28 structure and shall list the acreage of any land  
17 29 subject to taxation which may have been omitted by the  
17 30 assessor, board of review, or county auditor, and  
17 31 collect taxes thereon, and in such cases shall note,  
17 32 opposite the tract or lot assessed, the words "by  
17 33 treasurer".  
17 34 Sec. 29. Section 443.15, Code 2003, is amended to  
17 35 read as follows:  
17 36 443.15 TIME LIMIT.  
17 37 The assessment shall be made within two years after  
17 38 the tax list shall have been delivered to the  
17 39 treasurer for collection, and not afterwards, if the  
17 40 ~~property land or structure~~ is then owned by the person  
17 41 who should have paid the tax.  
17 42 Sec. 30. Section 443.17, Code 2003, is amended to  
17 43 read as follows:  
17 44 443.17 PRESUMPTION OF TWO-YEAR OWNERSHIP.  
17 45 In any action or proceeding, now pending or  
17 46 hereafter brought, to recover taxes upon ~~property land~~  
17 47 not listed or agricultural land or a structure not  
17 48 listed and assessed for taxation during the lifetime  
17 49 of any decedent, it shall be presumed that any  
17 50 property, any evidence of ownership of property, and  
18 1 any evidence of a promise to pay, owned by a decedent  
18 2 at the date of the decedent's death, had been acquired  
18 3 and owned by such decedent more than two years before  
18 4 the date of the decedent's death; and the burden of  
18 5 proving that any such property had been acquired by  
18 6 such decedent less than two years before the date of  
18 7 the decedent's death shall be upon the heirs,  
18 8 legatees, and legal representatives of any such  
18 9 decedent.  
18 10 Sec. 31. Section 443.18, Code 2003, is amended to  
18 11 read as follows:  
18 12 443.18 REAL ESTATE == DUTY OF OWNER.  
18 13 In all cases where ~~real estate land~~ subject to  
18 14 taxation has not been listed or agricultural land or a  
18 15 structure subject to taxation has not been listed and  
18 16 assessed, the owner, or an agent of the owner, shall  
18 17 have the same done by the treasurer, and pay the taxes  
18 18 thereon; and if the owner fails to do so the treasurer  
18 19 shall list or list and assess the same and collect the  
18 20 tax assessed as the treasurer does other taxes.  
18 21 Sec. 32. Section 443.19, Code 2003, is amended to  
18 22 read as follows:  
18 23 443.19 IRREGULARITIES, ERRORS AND OMISSIONS ==  
18 24 EFFECT.  
18 25 ~~No~~ A failure of the owner to have such ~~property~~  
18 26 land listed or agricultural land or structure listed  
18 27 and assessed or to have the errors in the listing or  
18 28 assessment corrected, and ~~no~~ an irregularity, error or  
18 29 omission in the listing of such land or listing and  
18 30 assessment of such ~~property~~ agricultural land or  
18 31 structure, shall not affect in any manner the legality  
18 32 of the taxes levied thereon, or affect any right or  
18 33 title to such ~~real estate property~~ which would have  
18 34 accrued to any party claiming or holding under and by  
18 35 virtue of a deed executed by the treasurer as provided

18 36 by this title, had the listing and assessment of such  
18 37 property been in all respects regular and valid.

18 38 Sec. 33. Section 443.21, Code 2003, is amended to  
18 39 read as follows:

18 40 443.21 ASSESSMENTS CERTIFIED TO COUNTY AUDITOR.

18 41 All assessors and assessing bodies, including the  
18 42 department of revenue and finance having authority  
18 43 over the listing of land or listing and assessment of  
18 44 ~~property~~ agricultural land and structures for tax  
18 45 purposes shall certify to the county auditor of each  
18 46 county the number of acres of land and the assessed  
18 47 values of agricultural land and structures for all the  
18 48 taxable property in such county as finally equalized  
~~18 49 and~~ determined, and the same shall be transcribed onto  
18 50 the tax lists as required by section 443.2.

19 1 Sec. 34. Section 443.22, Code 2003, is amended to  
19 2 read as follows:

19 3 443.22 UNIFORM ASSESSMENTS MANDATORY.

19 4 All assessors and assessing bodies, including the  
19 5 department of revenue and finance having authority  
19 6 over the listing of land and listing and assessment of  
19 7 ~~property~~ agricultural land and structures for tax  
19 8 purposes, shall comply with sections 428.4, 428.29,  
19 9 434.15, 438.13, 441.21, and 441.45. The department of  
19 10 revenue and finance, having authority over the listing  
~~19 11 and~~ assessments, shall exercise its powers and perform  
19 12 its duties under section 421.17 and other applicable  
19 13 laws so as to require the uniform and consistent  
19 14 application of ~~said that~~ section.

19 15 Sec. 35. NEW SECTION. 443A.1 LAND TAX.

19 16 Effective for the fiscal year beginning July 1,  
19 17 2007, and all subsequent fiscal years, a land tax  
19 18 shall be imposed against each acre or portion of an  
19 19 acre of land in a county.

19 20 Sec. 36. NEW SECTION. 443A.2 APPORTIONMENT OF  
19 21 LAND TAX.

19 22 1. The land tax for each county shall be  
19 23 apportioned as follows:

19 24 In the unincorporated area of the county, the land  
19 25 tax shall be distributed to the county, the school  
19 26 district located in the unincorporated area of the  
19 27 county, and other taxing entities located in the  
19 28 unincorporated area of the county in the same  
19 29 proportion that property taxes levied in the  
19 30 unincorporated area of the county for the fiscal year  
19 31 beginning July 1, 2006, were allocated to those  
19 32 entities.

19 33 In the incorporated areas of the county, the land  
19 34 tax shall be distributed to the city, the county, each  
19 35 school district located within the city, and other  
19 36 taxing entities located within the city in the same  
19 37 proportion that property taxes levied in the city for  
19 38 the fiscal year beginning July 1, 2006, were allocated  
19 39 to those entities.

19 40 2. The city finance committee and the county  
19 41 finance committee shall jointly determine the  
19 42 adjustments to be made to the allocation of the land  
19 43 tax in the case of boundary adjustments made to a  
19 44 taxing district on or after January 1, 2006.

19 45 3. After the auditor has computed the amount of  
19 46 land tax to be distributed to each taxing district,  
19 47 the auditor shall compute the rate of tax to be levied  
19 48 upon the square footage valuation of structures  
19 49 pursuant to chapter 444.

19 50 Sec. 37. Section 444.1, Code 2003, is amended to  
20 1 read as follows:

20 2 444.1 BASIS FOR AMOUNT OF TAX.

20 3 In all taxing districts in the state, including  
20 4 townships, school districts, cities and counties, when  
20 5 by law then existing the people are authorized to  
20 6 determine by vote, or officers are authorized to  
20 7 estimate or determine, a rate of taxation required for  
20 8 any public purpose, such rate shall in all cases be  
20 9 estimated and based upon the amount of land tax  
~~20 10 available to the district and the~~ adjusted taxable  
20 11 square footage valuation of such taxing district for  
20 12 the preceding calendar year.

20 13 Sec. 38. Section 444.2, Code 2003, is amended to  
20 14 read as follows:

20 15 444.2 AMOUNTS CERTIFIED IN DOLLARS.

20 16 When an authorized square footage tax rate within a

20 17 taxing district, including townships, school  
20 18 districts, cities and counties, has been thus  
20 19 determined as provided by law, the officer or officers  
20 20 charged with the duty of certifying the authorized  
20 21 rate to the county auditor or board of supervisors  
20 22 shall, before certifying the rate, compute upon the  
20 23 adjusted taxable square footage valuation of the  
20 24 taxing district for the preceding fiscal year, the  
20 25 amount of tax the rate will raise, stated in dollars,  
20 26 and shall certify the computed amount in dollars and  
20 27 not by rate, to the county auditor and board of  
20 28 supervisors and shall further certify the percentage  
20 29 of such amount to be levied against each class of  
20 30 property.

20 31 Sec. 39. Section 444.3, Code 2003, is amended to  
20 32 read as follows:

20 33 444.3 COMPUTATION OF SQUARE FOOTAGE RATE.

20 34 When the square footage valuations for the several  
20 35 taxing districts shall have been adjusted by the  
20 36 several boards for the current year, and the amount of  
20 37 land tax to be distributed to each taxing district has  
20 38 been deducted from the dollar amounts certified in  
20 39 section 444.2 for each taxing district, the county  
20 40 auditor shall thereupon apply such a rate, not  
20 41 exceeding the rate authorized by law, or rates as will  
20 42 raise the amount required for such taxing district,  
20 43 and when combined with the land tax amount will raise  
20 44 an amount not exceeding the dollar amount authorized  
20 45 by law for the taxing district, and no will not raise  
20 46 a larger amount. For purposes of computing the square  
20 47 footage rate under this section, the adjusted taxable  
20 48 square footage valuation of the property of a taxing  
20 49 district does not include the valuation of property of  
20 50 a railway corporation or its trustee which corporation  
21 1 has been declared bankrupt or is in bankruptcy  
21 2 proceedings. Nothing in the preceding sentence  
21 3 exempts the property of such railway corporation or  
21 4 its trustee from taxation and the rate computed under  
21 5 this section shall be levied on the taxable property  
21 6 of such railway corporation or its trustee.  
21 7 The square footage tax rate shall be expressed in  
21 8 dollars and cents per one hundred dollars of valuation  
21 9 per square foot.

21 10 Sec. 40. NEW SECTION. 444.9 COMPUTATION OF TAX.

21 11 The amount of tax imposed on any taxable property  
21 12 is the sum of the amounts computed in subsections 1  
21 13 and 2.

21 14 1. LAND TAX. The product of the land tax rate  
21 15 times the number of acres or portion of an acre of the  
21 16 taxable property.

21 17 2. SQUARE FOOTAGE TAX. The product of the square  
21 18 footage tax rate times the valuation per square foot  
21 19 of the taxable structure times the number of square  
21 20 feet of the taxable structure. The square footage tax  
21 21 shall be computed separately for each structure  
21 22 located on the land.

21 23 Sec. 41. PROPERTY TAX IMPLEMENTATION COMMITTEE.

21 24 1. On or before July 1, 2003, the department of  
21 25 revenue and finance, in consultation with the  
21 26 department of management, shall initiate and  
21 27 coordinate the establishment of a property tax  
21 28 implementation committee and provide staffing  
21 29 assistance to the committee. The property tax  
21 30 implementation committee shall include four members of  
21 31 the general assembly, one each appointed by the  
21 32 majority leader of the senate, the speaker of the  
21 33 house of representatives, the minority leader of the  
21 34 senate, and the minority leader of the house of  
21 35 representatives. The committee shall also include  
21 36 members appointed by the department of revenue and  
21 37 finance representing the department of revenue and  
21 38 finance, the department of management, counties,  
21 39 cities, school districts, local assessors, commercial  
21 40 property taxpayers, industrial property taxpayers,  
21 41 residential property taxpayers, and agricultural  
21 42 property taxpayers, and other appropriate  
21 43 stakeholders. The department may consider  
21 44 participation on the committee of former state  
21 45 officials with expertise in budget and tax policy.  
21 46 The chairpersons of the committee shall be those  
21 47 members of the general assembly appointed by the

21 48 majority leader of the senate and the speaker of the  
21 49 house of representatives.

21 50 2. The committee shall study and make  
22 1 recommendations relating to the land tax, square  
22 2 footage tax, the baseline assessment for the square  
22 3 footage tax, and other related provisions. The  
22 4 committee shall also study and make recommendations on  
22 5 issues relating to implementation of a land tax and  
22 6 square footage tax, including, but not limited to,  
22 7 whether or not maximum square footage rates and land  
22 8 tax rates should be imposed and, if such rates are  
22 9 recommended, the imposition of rates that have a  
22 10 revenue neutral impact on classes of property, the  
22 11 property tax financing portion of the school funding  
22 12 formula, treatment of current property tax credits and  
22 13 exemptions under a land tax and square footage tax and  
22 14 continued state reimbursement of any credits or  
22 15 exemptions, implementation of urban revitalization and  
22 16 urban renewal programs under the land tax and square  
22 17 footage tax, implementation of a payment in lieu of  
22 18 taxes program for local government services, and  
22 19 maintenance of equity among classes of taxpayers and  
22 20 among taxpayers within the same class. The property  
22 21 tax implementation committee shall also study the role  
22 22 of property taxes in funding local government services  
22 23 and the types of services currently funded by property  
22 24 taxes.

22 25 3. The property tax implementation committee shall  
22 26 direct three counties and cities within those counties  
22 27 to submit data as prescribed by the committee. The  
22 28 department of revenue and finance, in consultation  
22 29 with the department of management, shall select the  
22 30 three counties and the cities within those counties  
22 31 that will be required to provide data to the  
22 32 committee. The committee shall devise a system for  
22 33 testing the data, including the necessary computer  
22 34 hardware and software to allow the selected counties  
22 35 and cities to prepare projected budgets, to determine  
22 36 the rates for the land tax and the square footage tax  
22 37 for those projected budgets, and to provide a sampling  
22 38 of the effect on the various classes of property in  
22 39 those jurisdictions. The committee shall use the data  
22 40 and the results of the projections to resolve, and  
22 41 make recommendations relating to, the issues described  
22 42 in subsection 2, and related issues, in a revenue  
22 43 neutral manner that will not result in a shift of  
22 44 property tax burden between classes of property. The  
22 45 committee shall submit to the general assembly by  
22 46 October 31, 2003, October 31, 2004, and October 31,  
22 47 2005, a report for each of those years resolving the  
22 48 issues in subsection 2 and other related issues for  
22 49 implementation of this Act. The reports shall include  
22 50 detailed estimates of the cost to the counties and  
23 1 cities of providing the data and an estimate of the  
23 2 cost of statewide implementation of this Act.

23 3 Sec. 42. EFFECTIVE AND APPLICABILITY DATES.

23 4 1. The section of this division of this Act  
23 5 establishing the property tax implementation  
23 6 committee, being deemed of immediate importance, takes  
23 7 effect upon enactment.

23 8 2. The remainder of this division of this Act  
23 9 takes effect July 1, 2005, and applies to assessment  
23 10 years beginning on or after January 1, 2006, and  
23 11 applies to tax collections for fiscal years beginning  
23 12 on or after July 1, 2007.

23 13 Sec. 43. FUTURE REPEAL. This division of this Act  
23 14 is repealed effective June 30, 2005.

23 15 DIVISION II

23 16 INDIVIDUAL INCOME TAX

23 17 2004=2006 TAX YEARS

23 18 Sec. 44. Section 422.5, subsection 1, paragraphs a  
23 19 through i, Code 2003, are amended to read as follows:

23 20 For tax years beginning  
23 21 in the calendar year:  
23 22 2004 2005 2006

23 23 a. On all taxable income from  
23 24 zero through one thousand dollars,  
23 25 ~~thirty-six hundredths of one~~  
23 26 ~~percent~~: ..... .35% .34% .33%

23 27 b. On all taxable income exceeding  
23 28 one thousand dollars but not

23 29	exceeding two thousand dollars,			
23 30	<del>seventy-two hundredths of one</del>			
23 31	<del>percent.</del>	<del>.....</del>	<del>.71%</del>	<del>.68%</del> <del>.65%</del>
23 32	c. On all taxable income exceeding			
23 33	two thousand dollars but not			
23 34	exceeding four thousand dollars,			
23 35	<del>two and forty-three hundredths</del>			
23 36	<del>percent.</del>	<del>.....</del>	<del>2.39%</del>	<del>2.30%</del> <del>2.21%</del>
23 37	d. On all taxable income exceeding			
23 38	four thousand dollars but not			
23 39	exceeding nine thousand dollars,			
23 40	<del>four and one-half percent.</del>	<del>.....</del>	<del>4.42%</del>	<del>4.25%</del> <del>4.09%</del>
23 41	e. On all taxable income exceeding			
23 42	nine thousand dollars but not			
23 43	exceeding fifteen thousand			
23 44	dollars, <del>six and twelve hundredths</del>			
23 45	<del>percent.</del>	<del>.....</del>	<del>6.01%</del>	<del>5.78%</del> <del>5.56%</del>
23 46	f. On all taxable income exceeding			
23 47	fifteen thousand dollars but not			
23 48	exceeding twenty thousand			
23 49	dollars, <del>six and forty-eight hundredths</del>			
23 50	<del>percent.</del>	<del>.....</del>	<del>6.36%</del>	<del>6.12%</del> <del>5.88%</del>
24 1	g. On all taxable income exceeding			
24 2	twenty thousand dollars but not			
24 3	exceeding thirty thousand			
24 4	dollars, <del>six and eight-tenths</del>			
24 5	<del>percent.</del>	<del>.....</del>	<del>6.68%</del>	<del>6.42%</del> <del>6.17%</del>
24 6	h. On all taxable income exceeding			
24 7	thirty thousand dollars but not			
24 8	exceeding forty-five thousand			
24 9	dollars, <del>seven and ninety-two hundredths</del>			
24 10	<del>percent.</del>	<del>.....</del>	<del>7.78%</del>	<del>7.48%</del> <del>7.19%</del>
24 11	i. On all taxable income exceeding			
24 12	forty-five thousand dollars, <del>eight</del>			
24 13	<del>and ninety-eight hundredths</del>			
24 14	<del>percent.</del>	<del>.....</del>	<del>8.82%</del>	<del>8.48%</del> <del>8.15%</del>
24 15	Sec. 45. EFFECTIVE AND APPLICABILITY DATE			
24 16	PROVISIONS. This division of this Act takes effect			
24 17	January 1, 2004, for tax years beginning on or after			
24 18	January 1, 2004, but before January 1, 2007.			
24 19	DIVISION III			
24 20	INDIVIDUAL INCOME TAX			
24 21	2007 AND SUBSEQUENT TAX YEARS			
24 22	Sec. 46. Section 422.5, subsection 1, paragraphs a			
24 23	through i, Code 2003, are amended to read as follows:			
24 24				<u>For tax years beginning</u>
24 25				<u>in the calendar year:</u>
24 26				<u>2007 and subsequent</u>
24 27				<u>calendar years</u>
24 28	a. On all taxable income from			
24 29	zero through one thousand dollars,			
24 30	<del>thirty-six hundredths of one</del>			
24 31	<del>percent.</del>	<del>.....</del>	<del>.31%</del>	
24 32	b. On all taxable income exceeding			
24 33	one thousand dollars but not			
24 34	exceeding two thousand dollars,			
24 35	<del>seventy-two hundredths of one</del>			
24 36	<del>percent.</del>	<del>.....</del>	<del>.61%</del>	
24 37	c. On all taxable income exceeding			
24 38	two thousand dollars but not			
24 39	exceeding four thousand dollars,			
24 40	<del>two and forty-three hundredths</del>			
24 41	<del>percent.</del>	<del>.....</del>	<del>2.06%</del>	
24 42	d. On all taxable income exceeding			
24 43	four thousand dollars but not			
24 44	exceeding nine thousand dollars,			
24 45	<del>four and one-half percent.</del>	<del>.....</del>	<del>3.81%</del>	
24 46	e. On all taxable income exceeding			
24 47	nine thousand dollars but not			
24 48	exceeding fifteen thousand			
24 49	dollars, <del>six and twelve hundredths</del>			
24 50	<del>percent.</del>	<del>.....</del>	<del>5.19%</del>	
25 1	f. On all taxable income exceeding			
25 2	fifteen thousand dollars but not			
25 3	exceeding twenty thousand			
25 4	dollars, <del>six and forty-eight hundredths</del>			
25 5	<del>percent.</del>	<del>.....</del>	<del>5.49%</del>	
25 6	g. On all taxable income exceeding			
25 7	twenty thousand dollars but not			
25 8	exceeding thirty thousand			
25 9	dollars, <del>six and eight-tenths</del>			

~~25 10 percent.:~~ ..... 5.76%

25 11 h. On all taxable income exceeding  
25 12 thirty thousand dollars but not  
25 13 exceeding forty-five thousand  
25 14 dollars, ~~seven and ninety-two hundredths~~

~~25 15 percent.:~~ ..... 6.71%

25 16 i. On all taxable income exceeding  
25 17 forty-five thousand dollars, ~~eight~~  
~~25 18 and ninety-eight hundredths~~

~~25 19 percent.:~~ ..... 7.61%

25 20 Sec. 47. EFFECTIVE AND APPLICABILITY DATE  
25 21 PROVISIONS. This division of this Act takes effect  
25 22 January 1, 2007, for tax years beginning on or after  
25 23 January 1, 2007.

25 24 DIVISION IV  
25 25 INDIVIDUAL INCOME TAX  
25 26 2007 AND SUBSEQUENT TAX YEARS

25 27 Sec. 48. Section 422.4, subsection 1, paragraphs b  
25 28 and c, Code 2003, are amended to read as follows:

25 29 b. "Cumulative inflation factor" means the product  
25 30 of the annual inflation factor for the ~~1988~~ 2007  
25 31 calendar year and all annual inflation factors for  
25 32 subsequent calendar years as determined pursuant to  
25 33 this subsection. The cumulative inflation factor  
25 34 applies to all tax years beginning on or after January  
25 35 1 of the calendar year for which the latest annual  
25 36 inflation factor has been determined.

25 37 c. The annual inflation factor for the ~~1988~~ 2007  
25 38 calendar year is one hundred percent.

25 39 Sec. 49. Section 422.4, subsection 16, Code 2003,  
25 40 is amended to read as follows:

25 41 16. ~~The words "taxable~~ "Taxable income" ~~mean~~  
25 42 the net income as defined in section 422.7 minus the  
25 43 deductions allowed by section 422.9, in the case of  
25 44 individuals ~~in~~. In the case of estates or trusts,  
25 45 ~~the words "taxable income" mean~~ means the taxable  
25 46 income, ~~(without a deduction for personal exemption),~~ 25 47 as computed for federal income  
tax purposes under the

25 48 Internal Revenue Code, but with the adjustments  
25 49 specified in section 422.7 ~~plus the Iowa income tax~~  
~~25 50 deducted in computing the federal taxable income and~~  
~~26 1 minus federal income taxes as provided in section~~  
~~26 2 422.9.~~

26 3 Sec. 50. Section 422.5, subsection 1, Code 2003,  
26 4 as amended by 2003 Iowa Acts, Senate File 442, section  
26 5 4, is amended by striking the subsection and inserting  
26 6 in lieu thereof the following:

26 7 1. a. A tax is imposed upon every resident and  
26 8 nonresident of the state which tax shall be levied,  
26 9 collected, and paid annually upon and with respect to  
26 10 the entire taxable income at rates as follows:

26 11 (1) On all taxable income from zero through eight  
26 12 thousand dollars, two and five hundredths percent.

26 13 (2) On all taxable income exceeding eight thousand  
26 14 dollars but not exceeding one hundred thousand  
26 15 dollars, four and sixty-five hundredths percent.

26 16 (3) On all taxable income exceeding one hundred  
26 17 thousand dollars, four and nine-tenths percent.

26 18 b. (1) The tax imposed upon the taxable income of  
26 19 a nonresident shall be computed by reducing the amount  
26 20 determined pursuant to paragraph "a" by the amounts of  
26 21 nonrefundable credits under this division and by  
26 22 multiplying this resulting amount by a fraction of  
26 23 which the nonresident's net income allocated to Iowa,  
26 24 as determined in section 422.8, subsection 2,  
26 25 paragraph "a", is the numerator and the nonresident's  
26 26 total net income computed under section 422.7 is the  
26 27 denominator. This provision also applies to  
26 28 individuals who are residents of Iowa for less than  
26 29 the entire tax year.

26 30 (2) The tax imposed upon the taxable income of a  
26 31 resident shareholder in an S corporation which has in  
26 32 effect for the tax year an election under subchapter S  
26 33 of the Internal Revenue Code and carries on business  
26 34 within and without the state may be computed by  
26 35 reducing the amount determined pursuant to paragraph  
26 36 "a" by the amounts of nonrefundable credits under this  
26 37 division and by multiplying this resulting amount by a  
26 38 fraction of which the resident's net income allocated  
26 39 to Iowa, as determined in section 422.8, subsection 2,  
26 40 paragraph "b", is the numerator and the resident's



26 41 total net income computed under section 422.7 is the  
26 42 denominator. If a resident shareholder has elected to  
26 43 take advantage of this subparagraph, and for the next  
26 44 tax year elects not to take advantage of this  
26 45 subparagraph, the resident shareholder shall not  
26 46 reelect to take advantage of this subparagraph for the  
26 47 three tax years immediately following the first tax  
26 48 year for which the shareholder elected not to take  
26 49 advantage of this subparagraph, unless the director  
26 50 consents to the reelection. This subparagraph also  
27 1 applies to individuals who are residents of Iowa for  
27 2 less than the entire tax year.

27 3 Sec. 51. Section 422.5, subsection 2, Code 2003,  
27 4 is amended by striking the subsection and inserting in  
27 5 lieu thereof the following:

27 6 2. a. However, if the married persons' filing  
27 7 jointly or separately on a combined return, unmarried  
27 8 head of household's, or surviving spouse's net income  
27 9 exceeds thirteen thousand five hundred dollars or nine  
27 10 thousand dollars in the case of all other persons, the  
27 11 regular tax imposed under this division shall be the  
27 12 lesser of the product of eight percent times the  
27 13 portion of the net income in excess of thirteen  
27 14 thousand five hundred dollars or nine thousand  
27 15 dollars, as applicable, or the regular tax liability  
27 16 computed without regard to this paragraph.

27 17 b. Paragraph "a" does not apply to estates and  
27 18 trusts. Married taxpayers electing to file separately  
27 19 shall compute the alternate tax described in paragraph  
27 20 "a" using the total net income of the husband and  
27 21 wife. The alternate tax described in paragraph "a"  
27 22 does not apply if one spouse elects to carry back or  
27 23 carry forward the loss as provided in section 422.9,  
27 24 subsection 3. A person who is claimed as a dependent  
27 25 by another person as defined in section 422.12 shall  
27 26 not receive the benefit of paragraph "a" if the person  
27 27 claiming the dependent has net income exceeding  
27 28 thirteen thousand five hundred dollars or nine  
27 29 thousand dollars as applicable or the person claiming  
27 30 the dependent and the person's spouse have combined  
27 31 net income exceeding thirteen thousand five hundred  
27 32 dollars or nine thousand dollars as applicable.

27 33 Sec. 52. Section 422.5, subsection 5, Code 2003,  
27 34 is amended to read as follows:

27 35 5. Upon determination of the latest cumulative  
27 36 inflation factor, the director shall multiply each  
27 37 dollar amount set forth in subsection 1, ~~paragraphs~~  
27 38 ~~"a" through "i" of this section paragraph "a"~~, by this  
27 39 cumulative inflation factor, shall round off the  
27 40 resulting product to the nearest one dollar, and shall  
27 41 incorporate the result into the income tax forms and  
27 42 instructions for each tax year.

27 43 Sec. 53. Section 422.5, subsection 7, Code 2003,  
27 44 is amended by striking the subsection.

27 45 Sec. 54. Section 422.7, Code 2003, as amended by  
27 46 2003 Iowa Acts, Senate File 442, section 5, and House  
27 47 File 674, sections 5 and 6, is amended by striking the  
27 48 section and inserting in lieu thereof the following:

27 49 422.7 "NET INCOME" == HOW COMPUTED.

27 50 The term "net income" means the adjusted gross  
28 1 income before the net operating loss deduction as  
28 2 properly computed for federal income tax purposes  
28 3 under the Internal Revenue Code, with the following  
28 4 adjustments:

28 5 1. The adjusted gross income is adjusted by adding  
28 6 the sum of the following:

28 7 a. Add the amount of federal income tax refunds  
28 8 received in a tax year beginning on or after January  
28 9 1, 2007, but before January 1, 2010, to the extent  
28 10 that the federal income tax was deducted on an Iowa  
28 11 individual income tax return for a tax year beginning  
28 12 prior to January 1, 2007.

28 13 b. Add interest and dividends from foreign  
28 14 securities and from securities of state and other  
28 15 political subdivisions exempt from federal income tax  
28 16 under the Internal Revenue Code.

28 17 c. Add interest and dividends from regulated  
28 18 investment companies exempt from federal income tax  
28 19 under the Internal Revenue Code.

28 20 d. Add, to the extent not already included, income  
28 21 from the sale of obligations of the state and its

28 22 political subdivisions. Income from the sale of these  
28 23 obligations is exempt from the taxes imposed by this  
28 24 division only if the law authorizing these obligations  
28 25 specifically exempts the income from the sale from the  
28 26 state individual income tax.

28 27 e. Add the amount resulting from the cancellation  
28 28 of a participation agreement refunded to the taxpayer  
28 29 as a participant in the Iowa educational savings plan  
28 30 trust under chapter 12D to the extent previously  
28 31 deducted as a contribution to the trust.

28 32 2. The adjusted gross income is adjusted by  
28 33 subtracting the sum of the following:

28 34 a. Subtract the amount of federal income taxes  
28 35 paid or accrued, as the case may be, in a tax year  
28 36 beginning on or after January 1, 2007, but before  
28 37 January 1, 2010, to the extent the federal tax payment  
28 38 is for a tax year beginning prior to January 1, 2007.

28 39 b. Subtract interest and dividends from federal  
28 40 securities.

28 41 c. Subtract the loss on the sale or exchange of a  
28 42 share of a regulated investment company held for six  
28 43 months or less to the extent the loss was disallowed  
28 44 under section 852(b)(4)(B) of the Internal Revenue  
28 45 Code.

28 46 d. (1) Subtract, to the extent included, the  
28 47 amount of additional social security benefits taxable  
28 48 under the Internal Revenue Code for tax years  
28 49 beginning on or after January 1, 1994. The amount of  
28 50 social security benefits taxable as provided in  
29 1 section 86 of the Internal Revenue Code, as amended up  
29 2 to and including January 1, 1993, continues to apply  
29 3 for state income tax purposes for tax years beginning  
29 4 on or after January 1, 1994.

29 5 (2) Married taxpayers, who file a joint federal  
29 6 income tax return and who elect to file separate  
29 7 returns or who elect separate filing on a combined  
29 8 return for state income tax purposes, shall allocate  
29 9 between the spouses the amount of benefits subtracted  
29 10 under subparagraph (1) from net income in the ratio of  
29 11 the social security benefits received by each spouse  
29 12 to the total of these benefits received by both  
29 13 spouses.

29 14 e. (1) For a person who is disabled, or is fifty=  
29 15 five years of age or older, or is the surviving spouse  
29 16 of an individual or a survivor having an insurable  
29 17 interest in an individual who would have qualified for  
29 18 the exemption under this paragraph for the tax year,  
29 19 subtract, to the extent included, the total amount of  
29 20 a governmental or other pension or retirement pay,  
29 21 including, but not limited to, defined benefit or  
29 22 defined contribution plans, annuities, individual  
29 23 retirement accounts, plans maintained or contributed  
29 24 to by an employer, or maintained or contributed to by  
29 25 a self-employed person as an employer, and deferred  
29 26 compensation plans or any earnings attributable to the  
29 27 deferred compensation plans, up to a maximum of six  
29 28 thousand dollars for a person, other than a husband or  
29 29 wife, who files a separate state income tax return and  
29 30 up to a maximum of twelve thousand dollars for a  
29 31 husband and wife who file a joint state income tax  
29 32 return.

29 33 (2) However, a surviving spouse who is not  
29 34 disabled or fifty-five years of age or older can only  
29 35 exclude the amount of pension or retirement pay  
29 36 received as a result of the death of the other spouse.  
29 37 A husband and wife filing separate state income tax  
29 38 returns or separately on a combined return are allowed  
29 39 a combined maximum exclusion under this paragraph "e"  
29 40 of up to the amount allowed for a husband and wife who  
29 41 file a joint state income tax return. The exclusion  
29 42 shall be allocated to the husband or wife in the  
29 43 proportion that each spouse's respective pension and  
29 44 retirement pay received bears to total combined  
29 45 pension and retirement pay received.

29 46 f. Notwithstanding the method for computing income  
29 47 from an installment sale under section 453 of the  
29 48 Internal Revenue Code, as defined in section 422.3,  
29 49 the method to be used in computing income from an  
29 50 installment sale shall be the method under section 453  
30 1 of the Internal Revenue Code, as amended up to and  
30 2 including January 1, 2000. A taxpayer affected by

30 3 this paragraph shall make adjustments in the adjusted  
30 4 gross income pursuant to rules adopted by the  
30 5 director.

30 6 The adjustment to net income provided in this  
30 7 paragraph "f" is repealed for tax years beginning on  
30 8 or after January 1, 2002. However, to the extent that  
30 9 a taxpayer using the accrual method of accounting  
30 10 reported the entire capital gain from the sale or  
30 11 exchange of property on the Iowa return for the tax  
30 12 year beginning in the 2001 calendar year and the  
30 13 capital gain was reported on the installment method on  
30 14 the federal income tax return, any additional  
30 15 installment from the capital gain reported for federal  
30 16 income tax purposes is not to be included in net  
30 17 income in tax years beginning on or after January 1,  
30 18 2002.

30 19 g. Subtract, if the taxpayer is the owner of an  
30 20 individual development account certified under chapter  
30 21 541A at any time during the tax year, all of the  
30 22 following:

30 23 (1) Contributions made to the account by persons  
30 24 and entities, other than the taxpayer, as authorized  
30 25 in chapter 541A.

30 26 (2) The amount of any savings refund authorized  
30 27 under section 541A.3, subsection 1.

30 28 (3) Earnings from the account.

30 29 h. (1) Subtract the maximum contribution that may  
30 30 be deducted for income tax purposes as a participant  
30 31 in the Iowa educational savings plan trust pursuant to  
30 32 section 12D.3, subsection 1, paragraph "a".

30 33 (2) Subtract, to the extent included, income from  
30 34 interest and earnings received from the Iowa  
30 35 educational savings plan trust created in chapter 12D.

30 36 (3) Subtract, to the extent not deducted for  
30 37 federal income tax purposes, the amount of any gift,  
30 38 grant, or donation made to the Iowa educational  
30 39 savings plan trust for deposit in the endowment fund  
30 40 of that trust.

30 41 i. Subtract, to the extent included, active duty  
30 42 pay received by a person in the national guard or  
30 43 armed forces military reserve for services performed  
30 44 on or after August 2, 1990, pursuant to military  
30 45 orders related to the Persian Gulf Conflict.

30 46 j. Subtract, to the extent included, active duty  
30 47 pay received by a person in the national guard or  
30 48 armed forces military reserve for service performed on  
30 49 or after November 21, 1995, pursuant to military  
30 50 orders related to peacekeeping in Bosnia=Herzegovina.

31 1 k. Subtract, to the extent included, the  
31 2 following:

31 3 (1) Payments made to the taxpayer because of the  
31 4 taxpayer's status as a victim of persecution for  
31 5 racial, ethnic, or religious reasons by Nazi Germany  
31 6 or any other Axis regime or as an heir of such victim.

31 7 (2) Items of income attributable to, derived from,  
31 8 or in any way related to assets stolen from, hidden  
31 9 from, or otherwise lost to a victim of persecution for  
31 10 racial, ethnic, or religious reasons by Nazi Germany  
31 11 or any other Axis regime immediately prior to, during,  
31 12 and immediately after World War II, including, but not  
31 13 limited to, interest on the proceeds receivable as  
31 14 insurance under policies issued to a victim of  
31 15 persecution for racial, ethnic, or religious reasons  
31 16 by Nazi Germany or any other Axis regime by European  
31 17 insurance companies immediately prior to and during  
31 18 World War II. However, income from assets acquired  
31 19 with such assets or with the proceeds from the sale of  
31 20 such assets shall not be subtracted. This  
31 21 subparagraph shall only apply to a taxpayer who was  
31 22 the first recipient of such assets after recovery of  
31 23 the assets and who is a victim of persecution for  
31 24 racial, ethnic, or religious reasons by Nazi Germany  
31 25 or any other Axis regime or is an heir of such victim.

31 26 l. Subtract, to the extent included, active duty  
31 27 pay received by a person in the national guard or  
31 28 armed forces military reserve for service performed on  
31 29 or after January 1, 2003, pursuant to military orders  
31 30 related to Operation Iraqi Freedom, Operation Noble  
31 31 Eagle, and Operation Enduring Freedom.

31 32 m. Subtract, not to exceed one thousand five  
31 33 hundred dollars, the overnight transportation, meals,

31 34 and lodging expenses, to the extent not reimbursed,  
31 35 incurred by the taxpayer for travel away from home of  
31 36 more than one hundred miles for the performance of  
31 37 services by the taxpayer as a member of the national  
31 38 guard or armed forces military reserve.  
31 39 n. Subtract, to the extent included, military  
31 40 student loan repayments received by the taxpayer  
31 41 serving on active duty in the national guard or armed  
31 42 forces military reserve or on active duty status in  
31 43 the armed forces.  
31 44 o. Subtract, to the extent not otherwise excluded,  
31 45 the amount of the death gratuity payable under 10  
31 46 U.S.C. } 1475=1491 for deaths occurring after  
31 47 September 10, 2001.

31 48 3. a. In determining the amount of federal income  
31 49 tax refunds or taxes paid or accrued under subsection  
31 50 1 or 2, for tax years beginning in the 2001 calendar  
32 1 year, the amount shall not be adjusted by the amount  
32 2 received during the tax year of the advanced refund of  
32 3 the rate reduction tax credit provided pursuant to the  
32 4 federal Economic Growth and Tax Relief Reconciliation  
32 5 Act of 2001, Pub. L. No. 107=16, and the advanced  
32 6 refund of such credit shall not be subject to taxation  
32 7 under this division.

32 8 b. In determining the amount of federal income tax  
32 9 refunds or taxes paid or accrued under subsection 1 or  
32 10 2, for tax years beginning in the 2002 calendar year,  
32 11 the amount shall not be adjusted by the amount of the  
32 12 rate reduction credit received during the tax year to  
32 13 the extent that the credit is attributable to the rate  
32 14 reduction credit provided pursuant to the federal  
32 15 Economic Growth and Tax Relief Reconciliation Act of  
32 16 2001, Pub. L. No. 107=16, and the amount of such  
32 17 credit shall not be taxable under this division.

32 18 4. The additional first-year depreciation  
32 19 allowance authorized in section 168(k) of the Internal  
32 20 Revenue Code, as enacted by Pub. L. No. 107=147,  
32 21 section 101, does not apply in computing net income  
32 22 for state tax purposes. If the taxpayer has taken  
32 23 such deduction in computing federal adjusted gross  
32 24 income, the following adjustments shall be made:

32 25 a. Add the total amount of depreciation taken on  
32 26 all property for which the election under section  
32 27 168(k) of the Internal Revenue Code was made for the  
32 28 tax year.

32 29 b. Subtract an amount equal to depreciation taken  
32 30 on such property for the tax year using the modified  
32 31 accelerated cost recovery system depreciation method  
32 32 applicable under section 168 of the Internal Revenue  
32 33 Code without regard to section 168(k).

32 34 c. Any other adjustments to gains or losses to  
32 35 reflect the adjustments made in paragraphs "a" and "b"  
32 36 pursuant to rules adopted by the director.

32 37 Sec. 55. Section 422.8, subsection 2, paragraph a,  
32 38 Code 2003, is amended to read as follows:

32 39 a. Nonresident's net income allocated to Iowa is  
32 40 the net income, or portion of net income, which is  
32 41 derived from a business, trade, profession, or  
32 42 occupation carried on within this state or income from  
32 43 any property, trust, estate, or other source within  
32 44 Iowa. However, income derived from a business, trade,  
32 45 profession, or occupation carried on within this state  
32 46 and income from any property, trust, estate, or other  
32 47 source within Iowa shall not include distributions  
32 48 from pensions, including defined benefit or defined  
32 49 contribution plans, annuities, individual retirement  
32 50 accounts, and deferred compensation plans or any  
33 1 earnings attributable thereto so long as the  
33 2 distribution is directly related to an individual's  
33 3 documented retirement and received while the  
33 4 individual is a nonresident of this state. If a  
33 5 business, trade, profession, or occupation is carried  
33 6 on partly within and partly without the state, only  
33 7 the portion of the net income which is fairly and  
33 8 equitably attributable to that part of the business,  
33 9 trade, profession, or occupation carried on within the  
33 10 state is allocated to Iowa for purposes of section  
33 11 422.5, subsection 1, paragraph "j" "b", and section  
33 12 422.13 and income from any property, trust, estate, or  
33 13 other source partly within and partly without the  
33 14 state is allocated to Iowa in the same manner, except

33 15 that annuities, interest on bank deposits and  
33 16 interest-bearing obligations, and dividends are  
33 17 allocated to Iowa only to the extent to which they are  
33 18 derived from a business, trade, profession, or  
33 19 occupation carried on within the state.  
33 20 Sec. 56. Section 422.8, subsection 4, Code 2003,  
33 21 is amended by striking the subsection.  
33 22 Sec. 57. Section 422.9, subsection 1, Code 2003,  
33 23 is amended to read as follows:  
33 24 1. An optional standard deduction, ~~after deduction~~  
~~33 25 of federal income tax,~~ equal to one thousand two  
33 26 hundred thirty dollars for a married person who files  
33 27 separately or a single person or equal to three  
33 28 thousand thirty dollars for a husband and wife who  
33 29 file a joint return, a surviving spouse, or an  
33 30 unmarried head of household. ~~The optional standard~~  
~~33 31 deduction shall not exceed the amount remaining after~~  
~~33 32 deduction of the federal income tax.~~  
33 33 Sec. 58. Section 422.9, subsection 2, paragraph b,  
33 34 Code 2003, is amended by striking the paragraph.  
33 35 Sec. 59. Section 422.9, subsections 6 and 7, Code  
33 36 2003, are amended by striking the subsections.  
33 37 Sec. 60. Section 422.11B, subsection 1, Code 2003,  
33 38 is amended to read as follows:  
33 39 1. There is allowed as a credit against the tax  
33 40 determined in section 422.5, subsection 1, paragraphs  
33 41 "a" through "j" for a tax year an amount equal to the  
33 42 minimum tax credit for that tax year.  
33 43 The minimum tax credit for a tax year is the  
33 44 excess, if any, of the adjusted net minimum tax  
33 45 imposed for all prior tax years beginning on or after  
33 46 January 1, 1987, but before January 1, 2007, over the  
33 47 amount allowable as a credit under this section for  
33 48 those prior tax years.  
33 49 If a minimum tax credit is available to a tax  
33 50 period beginning on or after January 1, 2007, the  
34 1 credit can be carried over to tax years beginning on  
34 2 or after January 1, 2007, but before January 1, 2010.  
34 3 The minimum tax credit is limited to the tax  
34 4 determined in section 422.5, subsection 1, paragraphs  
34 5 "a" and "b".  
34 6 Sec. 61. Section 422.13, subsection 1, paragraph  
34 7 c, and subsection 1A, Code 2003, are amended to read  
34 8 as follows:  
34 9 c. However, if that part of the net income of a  
34 10 nonresident which is allocated to Iowa pursuant to  
34 11 section 422.8, subsection 2, is less than one thousand  
34 12 dollars the nonresident is not required to make and  
34 13 sign a return ~~except when the nonresident is subject~~  
~~34 14 to the state alternative minimum tax imposed pursuant~~  
~~34 15 to section 422.5, subsection 1, paragraph "k".~~  
34 16 1A. Notwithstanding any other provision in this  
34 17 section, a resident of this state is not required to  
34 18 make and file a return if the person's net income is  
34 19 equal to or less than the appropriate dollar amount  
34 20 listed in section 422.5, subsection 2, upon which tax  
34 21 is not imposed. A nonresident of this state is not  
34 22 required to make and file a return if the person's  
34 23 total net income in section 422.5, subsection 1,  
34 24 paragraph "j", "b", is equal to or less than the  
34 25 appropriate dollar amount provided in section 422.5,  
34 26 subsection 2, upon which tax is not imposed. For  
34 27 purposes of this subsection, the amount of a lump sum  
34 28 distribution subject to separate federal tax shall be  
34 29 included in net income for purposes of determining if  
34 30 a resident is required to file a return and the  
34 31 portion of the lump sum distribution that is allocable  
34 32 to Iowa is included in total net income for purposes  
34 33 of determining if a nonresident is required to make  
34 34 and file a return.  
34 35 Sec. 62. Section 422.21, unnumbered paragraph 5,  
34 36 Code 2003, is amended to read as follows:  
34 37 The director shall determine for the ~~1989~~ 2008 and  
34 38 each subsequent calendar year the annual and  
34 39 cumulative inflation factors for each calendar year to  
34 40 be applied to tax years beginning on or after January  
34 41 1 of that calendar year. The director shall compute  
34 42 the new dollar amounts as specified to be adjusted in  
34 43 section 422.5 by the latest cumulative inflation  
34 44 factor and round off the result to the nearest one  
34 45 dollar. The annual and cumulative inflation factors

34 46 determined by the director are not rules as defined in  
34 47 section 17A.2, subsection 11. The director shall  
34 48 determine for the 1990 calendar year and each  
34 49 subsequent calendar year the annual and cumulative  
34 50 standard deduction factors to be applied to tax years  
35 1 beginning on or after January 1 of that calendar year.  
35 2 The director shall compute the new dollar amounts of  
35 3 the standard deductions specified in section 422.9,  
35 4 subsection 1, by the latest cumulative standard  
35 5 deduction factor and round off the result to the  
35 6 nearest ten dollars. The annual and cumulative  
35 7 standard deduction factors determined by the director  
35 8 are not rules as defined in section 17A.2, subsection  
35 9 11.

35 10 Sec. 63. Section 422.11B, Code 2003, is repealed.  
35 11 COORDINATING AMENDMENTS

35 12 Sec. 64. Section 12D.9, subsection 2, Code 2003,  
35 13 is amended to read as follows:

35 14 2. State income tax treatment of the Iowa  
35 15 educational savings plan trust shall be as provided in  
35 16 section 422.7, ~~subsections 32, 33, and 34~~ subsection  
35 17 1, paragraph "e", and subsection 2, paragraph "h", and  
35 18 section 422.35, subsection 14.

35 19 Sec. 65. Section 217.39, Code 2003, is amended to  
35 20 read as follows:

35 21 217.39 PERSECUTED VICTIMS OF WORLD WAR II ==  
35 22 REPARATIONS == HEIRS.

35 23 Notwithstanding any other law of this state,  
35 24 payments paid to and income from lost property of a  
35 25 victim of persecution for racial, ethnic, or religious  
35 26 reasons by Nazi Germany or any other Axis regime or as  
35 27 an heir of such victim which is exempt from state  
35 28 income tax as provided in section 422.7, subsection 35  
35 29 2, paragraph "k", shall not be considered as income or  
35 30 an asset for determining the eligibility for state or  
35 31 local government benefit or entitlement programs. The  
35 32 proceeds are not subject to recoupment for the receipt  
35 33 of governmental benefits or entitlements, and liens,  
35 34 except liens for child support, are not enforceable  
35 35 against these sums for any reason.

35 36 Sec. 66. Section 422.120, subsection 1, paragraph  
35 37 b, subparagraph (3), Code 2003, is amended to read as  
35 38 follows:

35 39 (3) The annual index factor for the 1997 calendar  
35 40 year is one hundred percent. For ~~each subsequent the~~  
35 41 ~~1998 through 2006~~ calendar year years, the annual  
35 42 index factor equals the annual inflation factor for  
35 43 that calendar year as computed in section 422.4 for  
35 44 purposes of the individual income tax. For the 2007  
35 45 calendar year and each subsequent calendar year the  
35 46 annual index factor shall be determined by the  
35 47 department by October 15 of the calendar year  
35 48 preceding the calendar year for which the factor is  
35 49 determined, which reflects the purchasing power of the  
35 50 dollar as a result of inflation during the fiscal year  
36 1 ending in the calendar year preceding the calendar  
36 2 year for which the factor is determined. In  
36 3 determining the annual index factor, the department  
36 4 shall use the annual percent change, but not less than  
36 5 zero percent, in the gross domestic product price  
36 6 deflator computed for the second quarter of the  
36 7 calendar year by the bureau of economic analysis of  
36 8 the United States department of commerce and shall add  
36 9 all of that percent change to one hundred percent.  
36 10 The annual index factor and the cumulative index  
36 11 factor shall each be expressed as a percentage rounded  
36 12 to the nearest one-tenth of one percent. The annual  
36 13 index factor shall not be less than one hundred  
36 14 percent.

36 15 Sec. 67. Section 425.23, subsection 4, paragraph  
36 16 b, Code 2003, is amended to read as follows:

36 17 b. The annual adjustment factor for the 1998 base  
36 18 year is one hundred percent. For ~~each subsequent the~~  
36 19 ~~1999 through 2006~~ base year years, the annual  
36 20 adjustment factor equals the annual inflation factor  
36 21 for the calendar year, in which the base year begins,  
36 22 as computed in section 422.4 for purposes of the  
36 23 individual income tax. For the 2007 base year and  
36 24 each subsequent base year, the annual adjustment  
36 25 factor equals the annual index factor, in which the  
36 26 base year begins, as computed in section 422.120.

36 27 subsection 1, for purposes of the livestock production  
36 28 tax credit.

36 29 Sec. 68. Section 450.4, subsection 8, Code 2003,  
36 30 is amended to read as follows:  
36 31 8. On the value of that portion of any lump sum or  
36 32 installment payments which are received by a  
36 33 beneficiary under an annuity which was purchased under  
36 34 an employee's pension or retirement plan which was  
36 35 excluded from net income ~~as set forth in~~ under section  
36 36 422.7, ~~subsection 31.~~

36 37 Sec. 69. Section 541A.2, subsection 7, unnumbered  
36 38 paragraph 1, Code 2003, is amended to read as follows:  
36 39 An individual development account closed in  
36 40 accordance with this subsection is not subject to the  
36 41 limitations and benefits provided by this chapter but  
36 42 is subject to state tax in accordance with the  
36 43 provisions of section 422.7, subsection ~~28~~ 2,

36 44 ~~paragraph "g"~~, and section 450.4, subsection 6. An  
36 45 individual development account may be closed for any  
36 46 of the following reasons:

36 47 Sec. 70. Section 541A.3, subsection 2, Code 2003,  
36 48 is amended to read as follows:

36 49 2. Income earned by an individual development  
36 50 account is not subject to state tax, in accordance  
37 1 with the provisions of section 422.7, subsection ~~28~~ 2,  
37 2 ~~paragraph "g"~~.

37 3 Sec. 71. Division III of this Act is repealed.  
37 4 CONTINGENT EFFECTIVE AND APPLICABILITY DATE PROVISION

37 5 Sec. 72.

37 6 1. This division of this Act takes effect upon  
37 7 ratification prior to January 1, 2007, of an amendment  
37 8 to the Constitution of the State of Iowa requiring a  
37 9 three-fifths majority vote of each house of the  
37 10 general assembly in order to pass a bill that amends  
37 11 the state individual income tax by raising the rate or  
37 12 rates of the individual income tax or of an amendment  
37 13 to the Constitution of the State of Iowa requiring a  
37 14 statewide referendum in order to approve a bill that  
37 15 amends the state individual income tax by raising the  
37 16 rate or rates of the individual income tax.

37 17 2. If this division of this Act takes effect as  
37 18 provided in subsection 1, this division of this Act,  
37 19 except as provided in subsection 3, applies to tax  
37 20 years beginning on or after January 1, 2007.

37 21 3. The section of this division of this Act  
37 22 repealing section 422.11B applies to tax years  
37 23 beginning on or after January 1, 2010.

37 24 DIVISION V  
37 25 SALES AND USE TAX STUDIES

37 26 Sec. 73. INDUSTRIAL PROCESSING EXEMPTION STUDY  
37 27 COMMITTEE. On or before July 1, 2003, the department  
37 28 of revenue and finance shall initiate and coordinate  
37 29 the establishment of an industrial processing  
37 30 exemption study committee and provide staffing  
37 31 assistance to the committee. It is the intent of the  
37 32 general assembly that the committee shall include  
37 33 representatives of the department of revenue and  
37 34 finance, department of management, industrial  
37 35 producers including manufacturers, fabricators,  
37 36 printers and publishers, and an association that  
37 37 specifically represents business tax issues, and other  
37 38 stakeholders.

37 39 The industrial processing exemption under the sales  
37 40 and use tax is a significant exemption for business.  
37 41 The committee shall study and make legislative and  
37 42 administrative recommendations relating to Iowa's  
37 43 processing exemption to ensure maximum utilization by  
37 44 Iowa's industries.

37 45 The committee shall study and make recommendations  
37 46 regarding all of the following:

37 47 1. The current sales and use tax industrial  
37 48 processing exemption.

37 49 2. The corresponding administrative rules,  
37 50 including a review and recommendation of an  
38 1 administrative rules process relating to the  
38 2 industrial processing exemption prior to filing with  
38 3 the administrative rules review committee.

38 4 3. Other states' industrial processing exemptions.

38 5 4. Recommendations for change for issues including  
38 6 effectiveness and competitiveness.

38 7 5. Development of additional publications to

38 8 improve compliance.  
38 9 The committee shall annually report to the general  
38 10 assembly by January 1 of each year through January 1,  
38 11 2013.  
38 12 Sec. 74. IOWA SALES, SERVICES, AND USE TAX STUDY  
38 13 COMMITTEE. On or before July 1, 2003, the department  
38 14 of revenue and finance shall initiate and coordinate  
38 15 the establishment of a state sales, services, and use  
38 16 tax study committee and provide staffing assistance to  
38 17 the committee. It is the intent of the general  
38 18 assembly that the committee shall include  
38 19 representatives of the department of revenue and  
38 20 finance, department of management, an association of  
38 21 Iowa farmers and other agricultural interests, retail  
38 22 associations, contractors, taxpayers, an association  
38 23 that specifically represents business tax issues, and  
38 24 other stakeholders, two members of the general  
38 25 assembly, and a representative of the governor's  
38 26 office.

38 27 The committee shall study the current sales,  
38 28 services, and use tax law. Programs funded through  
38 29 special features of the tax code often escape regular  
38 30 review. It is intended that the study committee shall  
38 31 review the current sales, services, and use tax  
38 32 exemptions to improve government accountability.

38 33 The committee shall study and make recommendations  
38 34 regarding all of the following:

38 35 1. Retaining or eliminating current sales,  
38 36 services, and use tax exemptions or providing new  
38 37 exemptions. Such decisions shall be based at least  
38 38 partially on the issues of effectiveness and  
38 39 competitiveness and their impact on economic behavior.

38 40 2. Tax simplification and consistency issues in  
38 41 applying the tax, including recordkeeping burdens on  
38 42 retailers and application by the department of revenue  
38 43 and finance.

38 44 3. Streamlining sales tax implementation in Iowa.

38 45 4. The tax rate.

38 46 5. Comparison of Iowa sales, services, and use tax  
38 47 structure with other states.

38 48 The committee shall report to the general assembly  
38 49 by January 1, 2004. The report shall provide  
38 50 rationale for each decision made by the study  
39 1 committee.

39 2 Sec. 75. EFFECTIVE DATE. This division of this  
39 3 Act, being deemed of immediate importance, takes  
39 4 effect July 1, 2003.

39 5 DIVISION VI  
39 6 GROW IOWA BOARD AND FUND

39 7 Sec. 76. Section 15.108, subsection 9, Code 2003,  
39 8 is amended by adding the following new paragraph:

39 9 NEW PARAGRAPH. g. Administer the marketing  
39 10 strategy selected pursuant to section 15G.108.

39 11 Sec. 77. NEW SECTION. 15G.101 DEFINITIONS.

39 12 As used in this chapter, unless the context  
39 13 otherwise requires:

39 14 1. "Board" means the grow Iowa board established  
39 15 in section 15G.102.

39 16 2. "Department" means the Iowa department of  
39 17 economic development created in section 15.105.

39 18 3. "Director" means the director of the department  
39 19 of economic development.

39 20 4. "Fund" means the grow Iowa fund created in  
39 21 section 15G.107.

39 22 5. "Grow Iowa geographic regions" means the  
39 23 geographic regions defined in section 15G.105.

39 24 Sec. 78. NEW SECTION. 15G.102 GROW IOWA BOARD.

39 25 1. The grow Iowa board is established consisting  
39 26 of nine voting members. The grow Iowa board shall be  
39 27 located for administrative purposes within the  
39 28 department and the director shall provide office  
39 29 space, staff assistance, and necessary supplies and  
39 30 equipment for the board. The director shall budget  
39 31 moneys to pay the compensation and expenses of the  
39 32 board. In performing its functions, the board is  
39 33 performing a public function on behalf of the state  
39 34 and is a public instrumentality of the state.

39 35 2. a. The members of the board shall be appointed  
39 36 as follows:

39 37 (1) Five individuals appointed by the governor,  
39 38 subject to confirmation by the senate.



39 39 (2) Four individuals appointed by the legislative  
39 40 council.  
39 41 b. All appointments shall comply with sections  
39 42 69.16 and 69.16A.  
39 43 c. At least one member of the board shall be from  
39 44 each grow Iowa geographic region.  
39 45 d. Each of the following areas of expertise shall  
39 46 be represented by at least one member of the board who  
39 47 has professional experience in that area of expertise:  
39 48 (1) Accounting and finance.  
39 49 (2) Business development for employers with less  
39 50 than two hundred employees and sales of less than ten  
40 1 million dollars per year.  
40 2 (3) Insurance.  
40 3 (4) Economics.  
40 4 (5) Personnel.  
40 5 e. All members of the board shall be actively  
40 6 employed in the private, for-profit sector of the  
40 7 economy.  
40 8 f. The board membership shall be balanced between  
40 9 representation by employers with less than two hundred  
40 10 employees and employers with two hundred or more  
40 11 employees.  
40 12 3. The chairperson and vice chairperson shall be  
40 13 elected by the members of the board from the  
40 14 membership of the board. In the case of the absence  
40 15 or disability of the chairperson and vice chairperson,  
40 16 the members of the board shall elect a temporary  
40 17 chairperson by a majority vote of those members who  
40 18 are present and voting, provided a quorum is present.  
40 19 4. The members of the board shall be appointed to  
40 20 three-year staggered terms and the terms shall  
40 21 commence and end as provided in section 69.19. If a  
40 22 vacancy occurs, a successor shall be appointed in the  
40 23 same manner and subject to the same qualifications as  
40 24 the original appointment to serve the unexpired term.  
40 25 5. A majority of the board constitutes a quorum.  
40 26 6. A member of the board shall abstain from voting  
40 27 on the provision of financial assistance to a project  
40 28 which is located in the county in which the member of  
40 29 the board resides.  
40 30 7. The members of the board are entitled to  
40 31 receive reimbursement for actual expenses incurred  
40 32 while engaged in the performance of official duties.  
40 33 A board member may also be eligible to receive  
40 34 compensation as provided in section 7E.6.  
40 35 Sec. 79. NEW SECTION. 15G.103 BOARD DUTIES.  
40 36 The board shall do all of the following:  
40 37 1. Organize.  
40 38 2. Receive advice and recommendations from the  
40 39 grow Iowa investment board, the economic development  
40 40 marketing board, and the grow Iowa review commission.  
40 41 3. Provide advice and recommendations to the  
40 42 department and the Iowa economic development board for  
40 43 making appropriations from and administering the grow  
40 44 Iowa fund. A recommendation made by the grow Iowa  
40 45 board to the department or the Iowa economic  
40 46 development board shall be either approved or denied  
40 47 by the department or the Iowa economic development  
40 48 board.  
40 49 4. Assist the department in implementing programs  
40 50 and activities in a manner designed to achieve the  
41 1 goals set out in section 15G.106.  
41 2 5. By December 15 of each year, submit a written  
41 3 report to the general assembly reviewing the  
41 4 activities of the board during the calendar year. The  
41 5 report shall include information necessary for the  
41 6 review of the goals and performance measures set out  
41 7 in section 15G.106. State agencies and other entities  
41 8 receiving moneys from the fund shall cooperate with  
41 9 and assist the board in compilation of the report.  
41 10 6. Adopt administrative rules pursuant to chapter  
41 11 17A necessary to administer this chapter. This  
41 12 delegation shall be construed narrowly.  
41 13 Sec. 80. NEW SECTION. 15G.104 GROW IOWA  
41 14 INVESTMENT BOARD.  
41 15 1. A grow Iowa investment board is established  
41 16 consisting of three members and is located for  
41 17 administrative purposes within the department. The  
41 18 director of the department shall provide office space,  
41 19 staff assistance, and necessary supplies and equipment

41 20 for the board. The director shall budget moneys to  
41 21 pay the compensation and expenses of the board. In  
41 22 performing its functions, the board is performing a  
41 23 public function on behalf of the state and is a public  
41 24 instrumentality of the state.

41 25 2. a. Membership of the grow Iowa investment  
41 26 board shall include all of the following:

41 27 (1) One member appointed by the governor from a  
41 28 list of three banking representatives provided by the  
41 29 superintendent of banking. This member shall serve a  
41 30 three-year term.

41 31 (2) One member appointed by the governor from a  
41 32 list of entrepreneurs provided jointly by the Iowa  
41 33 association of business and industry and the national  
41 34 federation of independent business. This member shall  
41 35 serve a three-year term.

41 36 (3) The entrepreneur of the year as selected by  
41 37 the Iowa small business development centers shall be  
41 38 offered a one-year membership on the investment board.  
41 39 If the entrepreneur of the year declines to serve on  
41 40 the investment board, a member shall be appointed by  
41 41 the governor from the list provided pursuant to  
41 42 subparagraph (2) for the one-year term.

41 43 b. The chairperson and vice chairperson of the  
41 44 grow Iowa investment board shall be elected by and  
41 45 from the investment board members. The terms of the  
41 46 members shall commence and end as provided by section  
41 47 69.19. If a vacancy occurs, a successor shall be  
41 48 appointed in the same manner and subject to the same  
41 49 qualifications as the original appointment to serve  
41 50 the unexpired term. A majority of the investment

42 1 board constitutes a quorum.  
42 2 3. The grow Iowa investment board, after a  
42 3 thorough review, shall determine whether a proposed  
42 4 project using moneys from the grow Iowa fund is  
42 5 practical and shall provide recommendations to the  
42 6 grow Iowa board regarding any moneys proposed to be  
42 7 expended from the grow Iowa fund, with the exception  
42 8 of moneys appropriated for purposes of the loan and  
42 9 credit guarantee program and regarding whether a  
42 10 proposed project is practical. The recommendations  
42 11 shall be based on whether the expenditure would make  
42 12 the achievement of the goals in accordance with the  
42 13 performance measures set out in section 15G.106 more  
42 14 likely. The recommendations may include conditions or  
42 15 that proposed expenditure be rejected. The grow Iowa  
42 16 board shall consider the recommendations of the grow  
42 17 Iowa investment board and shall make an independent  
42 18 recommendation to the department and the Iowa economic  
42 19 development board regarding the expenditure. The  
42 20 recommendations of the grow Iowa board shall include  
42 21 the recommendations made by the grow Iowa investment  
42 22 board.

42 23 4. The members of the board are entitled to  
42 24 receive reimbursement for actual expenses incurred  
42 25 while engaged in the performance of official duties.  
42 26 A board member may also be eligible to receive  
42 27 compensation as provided in section 7E.6.

42 28 Sec. 81. NEW SECTION. 15G.104A GROW IOWA REVIEW  
42 29 COMMISSION.

42 30 1. A grow Iowa review commission is established  
42 31 consisting of three members and is located for  
42 32 administrative purposes within the department. The  
42 33 director of the department shall provide office space,  
42 34 staff assistance, and necessary supplies and equipment  
42 35 for the review commission. The director shall budget  
42 36 moneys to pay the compensation and expenses of the  
42 37 commission, including the actual expenses of the  
42 38 auditor of state incurred while engaged in the  
42 39 performance of official commission duties. In  
42 40 performing its functions, the review commission is  
42 41 performing a public function on behalf of the state  
42 42 and is a public instrumentality of the state.

42 43 2. Membership of the review commission shall  
42 44 include the auditor of state, an economist for the  
42 45 Iowa state university cooperative extension service in  
42 46 agriculture and home economics appointed by the  
42 47 president of the senate after consultation with the  
42 48 minority leader of the senate, and a private sector  
42 49 economist with broad experience reviewing and  
42 50 analyzing the Iowa economy and the economy of the

43 1 upper midwest appointed by the speaker of the house of  
43 2 representatives after consultation with the minority  
43 3 leader of the house of representatives. The  
43 4 appointments shall comply with sections 69.16 and  
43 5 69.16A. The chairperson of the review commission  
43 6 shall be the auditor of state. The members shall be  
43 7 appointed to three-year staggered terms and the terms  
43 8 shall commence and end as provided by section 69.19.  
43 9 If a vacancy occurs, a successor shall be appointed in  
43 10 the same manner and subject to the same qualifications  
43 11 as the original appointment to serve the unexpired  
43 12 term. A majority of the review commission constitutes  
43 13 a quorum. For purposes of this subsection, "upper  
43 14 midwest" includes the states of Iowa, Kansas,  
43 15 Minnesota, Missouri, Nebraska, North Dakota, and South  
43 16 Dakota.

43 17 3. The review commission shall analyze all annual  
43 18 reports of the grow Iowa board for purposes of  
43 19 determining if the goals and performance measures set  
43 20 out in section 15G.106 have been met. By January 1,  
43 21 2007, the review commission shall submit a report to  
43 22 the grow Iowa board, the department, and the general  
43 23 assembly. The report shall include findings, itemized  
43 24 by grow Iowa geographic regions, regarding whether the  
43 25 goals and performance measures were met. The report  
43 26 shall also include recommendations regarding the  
43 27 continuation, elimination, or modification of any  
43 28 programs receiving moneys from the grow Iowa fund and  
43 29 whether moneys should continue to be appropriated to  
43 30 and from the grow Iowa fund. The recommendations  
43 31 shall be based on whether the goals in accordance with  
43 32 the performance measures are being achieved.

43 33 4. The members of the commission, including the  
43 34 auditor of state, are entitled to receive  
43 35 reimbursement for actual expenses incurred while  
43 36 engaged in the performance of official duties. A  
43 37 commission member may also be eligible to receive  
43 38 compensation as provided in section 7E.6.

43 39 Sec. 82. NEW SECTION. 15G.105 GROW IOWA  
43 40 GEOGRAPHIC REGIONS.

43 41 For purposes of applying the goals and performance  
43 42 measurements, the state shall be divided into five  
43 43 grow Iowa geographic regions. The regions shall be  
43 44 the following:

43 45 1. The northwest region shall include the counties  
43 46 of Lyon, Osceola, Dickinson, Emmet, Kossuth,  
43 47 Winnebago, Sioux, O'Brien, Clay, Palo Alto, Hancock,  
43 48 Plymouth, Cherokee, Buena Vista, Pocahontas, Humboldt,  
43 49 Wright, Woodbury, Ida, Sac, Calhoun, Webster, and  
43 50 Hamilton.

44 1 2. The northeast region shall include the counties  
44 2 of Worth, Mitchell, Howard, Winneshiek, Allamakee,  
44 3 Cerro Gordo, Floyd, Chickasaw, Fayette, Clayton,  
44 4 Franklin, Butler, Bremer, Hardin, Grundy, Black Hawk,  
44 5 Buchanan, Delaware, Dubuque, Tama, Benton, Linn,  
44 6 Jones, and Jackson.

44 7 3. The southeast region shall include the counties  
44 8 of Poweshiek, Iowa, Johnson, Cedar, Clinton, Scott,  
44 9 Muscatine, Mahaska, Keokuk, Washington, Louisa,  
44 10 Monroe, Wapello, Jefferson, Henry, Des Moines,  
44 11 Appanoose, Davis, Van Buren, and Lee.

44 12 4. The southwest region shall include the counties  
44 13 of Monona, Crawford, Carroll, Greene, Harrison,  
44 14 Shelby, Audubon, Guthrie, Pottawattamie, Cass, Adair,  
44 15 Mills, Montgomery, Adams, Union, Clarke, Lucas,  
44 16 Fremont, Page, Taylor, Ringgold, Decatur, and Wayne.

44 17 5. The central region shall include the counties  
44 18 of Boone, Story, Marshall, Dallas, Polk, Jasper,  
44 19 Madison, Warren, and Marion.

44 20 Sec. 83. NEW SECTION. 15G.106 GOALS ==  
44 21 PERFORMANCE MEASURES.

44 22 1. In performing the duties provided in this  
44 23 chapter, chapter 15, and chapter 15E, the grow Iowa  
44 24 board, the grow Iowa investment board, the economic  
44 25 development marketing board, the grow Iowa review  
44 26 commission, and the department shall achieve the goals  
44 27 of expanding and stimulating the state economy,  
44 28 increasing the wealth of Iowans, and increasing the  
44 29 population of the state. For purposes of this  
44 30 section, "upper midwest region" includes the states of  
44 31 Iowa, Kansas, Minnesota, Missouri, Nebraska, North

44 32 Dakota, and South Dakota.

44 33 2. Goal achievement shall be examined on a  
44 34 regional basis using the grow Iowa geographic regions  
44 35 and not on a statewide basis. The performance of the  
44 36 grow Iowa geographic regions shall be compared to the  
44 37 performance of the state, the upper midwest region,  
44 38 and the United States. The baseline year shall be the  
44 39 calendar year 2000. In each grow Iowa geographic  
44 40 region, the goal shall be to increase the baseline  
44 41 performance measures listed in subsections 3, 4, and  
44 42 5, by thirty percent.

44 43 3. a. In determining whether the goal of  
44 44 expanding and stimulating the state economy has been  
44 45 met, the following performance measures shall be  
44 46 considered:

- 44 47 (1) An increase in Iowa's gross domestic product.
- 44 48 (2) A net increase in business start-ups.
- 44 49 (3) A net increase in business expansion.
- 44 50 (4) A net increase in business modernization.
- 45 1 (5) A net increase in attracting new businesses to  
45 2 the state.
- 45 3 (6) A net increase in business retention.
- 45 4 (7) A net increase in job creation and retention.
- 45 5 (8) A decrease in Iowa of the ratio of the

45 6 government wage earnings as a percentage share of the  
45 7 earnings of private industry in Iowa at a rate at  
45 8 least equal to the ratio of the upper midwest region.

45 9 b. By December 15 of each year, the department  
45 10 shall submit a report to the grow Iowa review  
45 11 commission and the grow Iowa board that identifies  
45 12 information pertinent to the performance measures in  
45 13 paragraph "a", subparagraphs (3), (4), and (6), that  
45 14 the department gains through interviews with  
45 15 businesses in the state that close all or a portion of  
45 16 operations in the state. By December 15 of each year,  
45 17 based on the same interviews, the department shall  
45 18 submit a report to the general assembly providing  
45 19 suggested amendments to the Code of Iowa and the Iowa  
45 20 administrative code designed to stimulate and expand  
45 21 the state's economy.

45 22 c. By December 15 of each year the department  
45 23 shall submit a report to the grow Iowa review  
45 24 commission and the grow Iowa board that identifies  
45 25 lost sale reports information pertinent to the  
45 26 performance measures in paragraph "a", subparagraphs  
45 27 (2) and (5), which indicate that the state has not  
45 28 been successful in the performance measures in  
45 29 paragraph "a", subparagraphs (2) and (5).

45 30 d. For purposes of the performance measure in  
45 31 paragraph "a", subparagraph (7), the department of  
45 32 economic development, in consultation with the  
45 33 department of workforce development and the auditor of  
45 34 state, shall determine an average annual job creation  
45 35 and retention rate based on the ten years prior to  
45 36 2003. During the fiscal years beginning July 1, 2003,  
45 37 July 1, 2004, and July 1, 2005, the department of  
45 38 economic development shall report the job creation and  
45 39 retention rate of those businesses that receive moneys  
45 40 originating from the grow Iowa fund and the job  
45 41 creation and retention rate of those businesses that  
45 42 do not receive moneys originating from the grow Iowa  
45 43 fund. The ten-year average annual job creation and  
45 44 retention rate shall be compared to the job creation  
45 45 and retention rates determined under this paragraph  
45 46 for the fiscal years beginning July 1, 2003, July 1,  
45 47 2004, and July 1, 2005. The department of economic  
45 48 development shall assist the department of workforce  
45 49 development in maintaining detailed employment  
45 50 statistics on businesses that receive moneys  
46 1 originating from the grow Iowa fund, on businesses  
46 2 that do not receive moneys originating from the grow  
46 3 Iowa fund, and on industries in Iowa that those  
46 4 businesses represent. The auditor of state shall  
46 5 audit the reliability and validity of the statistics  
46 6 compiled pursuant to this paragraph.

46 7 4. In determining whether the goal of increasing  
46 8 the wealth of Iowans has been met, the following  
46 9 performance measures shall be considered:

46 10 a. The per capita personal income in Iowa shall  
46 11 equal or exceed the average per capita personal income  
46 12 for the upper midwest region.

46 13 b. The average earnings per job in Iowa shall  
46 14 equal or exceed the average earnings per job in the  
46 15 upper midwest region.

46 16 c. The average manufacturing earnings per employee  
46 17 in Iowa shall equal or exceed the average  
46 18 manufacturing earnings per employee in the upper  
46 19 midwest region.

46 20 d. The average service earnings per employee in  
46 21 Iowa shall equal or exceed the average service  
46 22 earnings per employee in the upper midwest region.

46 23 e. The average earnings per employee in the  
46 24 financial, insurance, and real estate industries in  
46 25 Iowa shall equal or exceed the average earnings per  
46 26 employee in the financial, insurance, and real estate  
46 27 industries in the upper midwest region.

46 28 5. In determining whether the goal of increasing  
46 29 the population of the state has been met, the  
46 30 following performance measures shall be considered:

46 31 a. The net increase in new residents in the state  
46 32 gained through attracting new businesses to the state.

46 33 b. The increase in the retention of high school  
46 34 graduates and college graduates from private and  
46 35 public colleges and universities in the state after  
46 36 graduation.

46 37 c. The ability to retain fifty percent of all  
46 38 undergraduate graduates of universities under the  
46 39 control of the state board of regents in the state  
46 40 after graduation.

46 41 d. The net population growth of Iowa equals or  
46 42 exceeds the population growth in the upper midwest  
46 43 region.

46 44 Sec. 84. NEW SECTION. 15G.107 GROW IOWA FUND.  
46 45 A grow Iowa fund is created in the state treasury  
46 46 under the control of the grow Iowa board consisting of  
46 47 moneys appropriated to the grow Iowa board. Moneys in  
46 48 the fund are not subject to section 8.33.  
46 49 Notwithstanding section 12C.7, interest or earnings on  
46 50 moneys in the fund shall be credited to the fund. The  
47 1 fund shall be administered by the grow Iowa board,  
47 2 which shall make expenditures from the fund consistent  
47 3 with this chapter and pertinent Acts of the general  
47 4 assembly.

47 5 Sec. 85. NEW SECTION. 15G.108 ECONOMIC  
47 6 DEVELOPMENT MARKETING BOARD == MARKETING STRATEGIES.

47 7 1. a. An economic development marketing board is  
47 8 established consisting of seven members and is located  
47 9 for administrative purposes within the department.  
47 10 The director of the department shall provide office  
47 11 space, staff assistance, and necessary supplies and  
47 12 equipment for the board. The director shall budget  
47 13 moneys to pay the compensation and expenses of the  
47 14 board. In performing its functions, the board is  
47 15 performing a public function on behalf of the state  
47 16 and is a public instrumentality of the state.

47 17 b. The membership of the board shall be as  
47 18 follows:

47 19 (1) Three members with significant demonstrated  
47 20 experience in marketing or advertising appointed by  
47 21 the governor.

47 22 (2) Four members with significant demonstrated  
47 23 experience in marketing or advertising appointed by  
47 24 the legislative council.

47 25 c. The appointments made by the governor shall  
47 26 comply with sections 69.16 and 69.16A and shall be  
47 27 subject to confirmation by the senate.

47 28 d. The chairperson and vice chairperson of the  
47 29 board shall be elected by and from the board members  
47 30 listed in paragraph "b". In case of the absence or  
47 31 disability of the chairperson and vice chairperson,  
47 32 the members of the board shall elect a temporary  
47 33 chairperson by a majority vote of those members who  
47 34 are present and voting.

47 35 e. The members shall be appointed to three-year  
47 36 staggered terms and the terms shall commence and end  
47 37 as provided by section 69.19. If a vacancy occurs, a  
47 38 successor shall be appointed to serve the unexpired  
47 39 term. A successor shall be appointed in the same  
47 40 manner and subject to the same qualifications as the  
47 41 original appointment to serve the unexpired term.

47 42 f. A majority of the board constitutes a quorum.

47 43 2. The board shall administer and implement the

47 44 approval process for marketing strategies provided in  
47 45 subsection 3.  
47 46 3. The economic development marketing board shall  
47 47 accept proposals for marketing strategies for purposes  
47 48 of selecting a strategy for the department to  
47 49 administer. The marketing strategies shall be  
47 50 designed to market Iowa as a lifestyle, increase the  
48 1 population of the state, increase the wealth of  
48 2 Iowans, and expand and stimulate the state economy.  
48 3 The economic development marketing board shall submit  
48 4 a recommendation regarding the proposal to the grow  
48 5 Iowa board. In selecting a marketing strategy for  
48 6 recommendation, the economic development marketing  
48 7 board shall base the selection on the goals and  
48 8 performance measures provided in section 15G.106. The  
48 9 grow Iowa board shall either approve or deny the  
48 10 recommendation.

48 11 4. The department shall implement and administer  
48 12 the marketing strategy approved by the grow Iowa board  
48 13 as provided in subsection 3. The department shall  
48 14 provide the economic development marketing board with  
48 15 assistance in implementing administrative functions of  
48 16 the board and provide technical assistance to the  
48 17 board.

48 18 5. The members of the board are entitled to  
48 19 receive reimbursement for actual expenses incurred  
48 20 while engaged in the performance of official duties.  
48 21 A board member may also be eligible to receive  
48 22 compensation as provided in section 7E.6.

48 23 Sec. 86. NEW SECTION. 15G.109 FUTURE  
48 24 CONSIDERATION.

48 25 Not later than February 1, 2007, the legislative  
48 26 services agency shall prepare and deliver to the  
48 27 secretary of the senate and the chief clerk of the  
48 28 house of representatives identical bills that repeal  
48 29 the provisions of this chapter. It is the intent of  
48 30 this section that the general assembly shall bring the  
48 31 bill to a vote in either the senate or the house of  
48 32 representatives expeditiously. It is further the  
48 33 intent of this chapter that if the bill is approved by  
48 34 the first house in which it is considered, it shall  
48 35 expeditiously be brought to a vote in the second  
48 36 house.

#### 48 37 DIVISION VII

#### 48 38 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES 48 39 FINANCIAL ASSISTANCE PROGRAM

48 40 Sec. 87. Section 15E.111, subsection 1, Code 2003,  
48 41 is amended to read as follows:

48 42 1. a. The department shall establish a value=  
48 43 added agricultural products and processes financial  
48 44 assistance program. The department shall consult with  
48 45 ~~the Iowa corn growers association and the Iowa soybean~~  
48 46 ~~association Iowa commodity groups.~~ The purpose of the  
48 47 program is to encourage the increased utilization of  
48 48 agricultural commodities produced in this state. The  
48 49 program shall assist in efforts to revitalize rural  
48 50 regions of this state, by committing resources to  
49 1 provide financial assistance to new or existing value=  
49 2 added production facilities. The department of  
49 3 economic development may consult with other state  
49 4 agencies regarding any possible future environmental,  
49 5 health, or safety issues linked to technology related  
49 6 to the biotechnology industry. In awarding financial  
49 7 assistance, the department shall prefer producer=  
49 8 owned, value-added businesses and public and private  
49 9 joint ventures involving an institution of higher  
49 10 learning under the control of the state board of  
49 11 regents or a private college or university acquiring  
49 12 assets, research facilities, and leveraging moneys in  
49 13 a manner that meets the goals of the grow Iowa fund  
49 14 and shall commit resources to assist the following:

49 15 ~~a-~~ (1) Facilities which are involved in the  
49 16 development of new innovative products and processes  
49 17 related to agriculture. The facility must do either  
49 18 of the following: produce a good derived from an  
49 19 agricultural commodity, if the good is not commonly  
49 20 produced from an agricultural commodity; or use a  
49 21 process to produce a good derived from an agricultural  
49 22 process, if the process is not commonly used to  
49 23 produce the good.

49 24 ~~b-~~ (2) Renewable fuel production facilities. As

49 25 used in this section, "renewable fuel" means an energy  
49 26 source which is derived from an organic compound  
49 27 capable of powering machinery, including an engine or  
49 28 power plant.

49 29 (3) Agricultural business facilities in the  
49 30 agricultural biotechnology industry, agricultural  
49 31 biomass industry, and alternative energy industry.

49 32 For purposes of this subsection:

49 33 (a) "Agricultural biomass industry" means  
49 34 businesses that utilize agricultural commodity crops,  
49 35 agricultural by-products, or animal feedstock in the  
49 36 production of chemicals, protein products, or other  
49 37 high-value products.

49 38 (b) "Agricultural biotechnology industry" means  
49 39 businesses that utilize scientifically enhanced plants  
49 40 or animals that can be raised by producers and used in  
49 41 the production of high-value products.

49 42 (c) "Alternative energy industry" includes  
49 43 businesses involved in the production of ethanol,  
49 44 including gasoline with a mixture of seventy percent  
49 45 or more ethanol, biodiesel, biomass, hydrogen, or in  
49 46 the production of wind energy.

49 47 (4) Facilities that add value to Iowa agricultural  
49 48 commodities through further processing and development  
49 49 of organic products and emerging markets.

49 50 (5) Producer-owned, value-added businesses,  
50 1 education of producers and management boards in value=  
50 2 added businesses, and other activities that would  
50 3 support the infrastructure in the development of  
50 4 value-added agriculture. Public and private joint  
50 5 ventures involving an institution of higher learning  
50 6 under the control of the state board of regents or a  
50 7 private college or university to acquire assets,  
50 8 research facilities, and leverage moneys in a manner  
50 9 that meets the goals of the grow Iowa fund. For  
50 10 purposes of this subsection, "producer-owned, valued=  
50 11 added business" means a person who holds an equity  
50 12 interest in the agricultural business and is  
50 13 personally involved in the production of crops or  
50 14 livestock on a regular, continuous, and substantial  
50 15 basis.

50 16 b. Financial assistance awarded under this section  
50 17 may be in the form of a loan, loan guarantee, grant,  
50 18 production incentive payment, or a combination of  
50 19 financial assistance. The department shall not award  
50 20 more than twenty-five percent of the amount allocated  
50 21 to the value-added agricultural products and processes  
50 22 financial assistance fund during any fiscal year to  
50 23 support a single person. The department may finance  
50 24 any size of facility. However, the department ~~shall~~  
50 25 may reserve up to fifty percent of the total amount  
50 26 allocated to the fund, for purposes of assisting  
50 27 persons requiring ~~one~~ five hundred thousand dollars or  
50 28 less in financial assistance. The amount shall be  
50 29 reserved until the end of the third quarter of the  
50 30 fiscal year. The department shall not provide  
50 31 financial assistance to support a value-added  
50 32 production facility if the facility or a person owning  
50 33 a controlling interest in the facility has  
50 34 demonstrated a continuous and flagrant disregard for  
50 35 the health and safety of its employees or the quality  
50 36 of the environment. Evidence of such disregard shall  
50 37 include a history of serious or uncorrected violations  
50 38 of state or federal law protecting occupational health  
50 39 and safety or the environment, including but not  
50 40 limited to serious or uncorrected violations of  
50 41 occupational safety and health standards enforced by  
50 42 the division of labor services of the department of  
50 43 workforce development pursuant to chapter 84A, or  
50 44 rules enforced by the department of natural resources  
50 45 pursuant to chapter 455B or 459, subchapters II and  
50 46 III.

50 47 DIVISION VIII

50 48 ENDOW IOWA GRANTS

50 49 Sec. 88. NEW SECTION. 15E.301 SHORT TITLE.

50 50 This division shall be known as and may be cited as  
51 1 the "Endow Iowa Program Act".

51 2 Sec. 89. NEW SECTION. 15E.302 PURPOSE.

51 3 The purpose of this division is to enhance the  
51 4 quality of life for citizens of this state through  
51 5 increased philanthropic activity by providing capital

51 6 to new and existing citizen groups of this state  
51 7 organized to establish endowment funds that will  
51 8 address community needs. The purpose of this division  
51 9 is also to encourage individuals, businesses, and  
51 10 organizations to invest in community foundations.  
51 11 Sec. 90. NEW SECTION. 15E.303 DEFINITIONS.  
51 12 As used in this division, unless the context  
51 13 otherwise requires:  
51 14 1. "Board" means the governing board of the lead  
51 15 philanthropic entity identified by the department  
51 16 pursuant to section 15E.304.  
51 17 2. "Business" means a business operating within  
51 18 the state and includes individuals operating a sole  
51 19 proprietorship or having rental, royalty, or farm  
51 20 income in this state and includes a consortium of  
51 21 businesses.  
51 22 3. "Community affiliate organization" means a  
51 23 group of five or more community leaders or advocates  
51 24 organized for the purpose of increasing philanthropic  
51 25 activity in an identified community or geographic area  
51 26 in this state with the intention of establishing a  
51 27 community affiliate endowment fund.  
51 28 4. "Endowment gift" means an irrevocable  
51 29 contribution to a permanent endowment held by a  
51 30 qualified community foundation.  
51 31 5. "Lead philanthropic entity" means the entity  
51 32 identified by the department pursuant to section  
51 33 15E.304.  
51 34 6. "Qualified community foundation" means a  
51 35 community foundation organized or operating in this  
51 36 state that meets or exceeds the national standards  
51 37 established by the national council on foundations.  
51 38 Sec. 91. NEW SECTION. 15E.304 ENDOW IOWA GRANTS.  
51 39 1. The department shall identify a lead  
51 40 philanthropic entity for purposes of encouraging the  
51 41 development of qualified community foundations in this  
51 42 state. A lead philanthropic entity shall meet all of  
51 43 the following qualifications:  
51 44 a. The entity shall be a nonprofit entity which is  
51 45 exempt from federal income taxation pursuant to  
51 46 section 501(c)(3) of the Internal Revenue Code.  
51 47 b. The entity shall be a statewide organization  
51 48 with membership consisting of organizations, such as  
51 49 community, corporate, and private foundations, whose  
51 50 principal function is the making of grants within the  
52 1 state of Iowa.  
52 2 c. The entity shall have a minimum of forty  
52 3 members and that membership shall include qualified  
52 4 community foundations.  
52 5 2. A lead philanthropic entity may receive a grant  
52 6 from the department. The board shall use the grant  
52 7 moneys to award endow Iowa grants to new and existing  
52 8 qualified community foundations and to community  
52 9 affiliate organizations that do all of the following:  
52 10 a. Provide the board with all information required  
52 11 by the board.  
52 12 b. Demonstrate a dollar-for-dollar funding match  
52 13 in a form approved by the board.  
52 14 c. Identify a qualified community foundation to  
52 15 hold all funds. A qualified community foundation  
52 16 shall not be required to meet this requirement.  
52 17 d. Provide a plan to the board demonstrating the  
52 18 method for distributing grant moneys received from the  
52 19 board to organizations within the community or  
52 20 geographic area as defined by the qualified community  
52 21 foundation or the community affiliate organization.  
52 22 3. Endow Iowa grants awarded to new and existing  
52 23 qualified community foundations and to community  
52 24 affiliate organizations shall not exceed twenty-five  
52 25 thousand dollars per foundation or organization unless  
52 26 a foundation or organization demonstrates a multiple  
52 27 county or regional approach. Endow Iowa grants may be  
52 28 awarded on an annual basis with not more than three  
52 29 grants going to one county in a fiscal year.  
52 30 4. In ranking applications for grants, the board  
52 31 shall consider a variety of factors including the  
52 32 following:  
52 33 a. The demonstrated need for financial assistance.  
52 34 b. The potential for future philanthropic activity  
52 35 in the area represented by or being considered for  
52 36 assistance.



52 37 c. The proportion of the funding match being  
52 38 provided.  
52 39 d. For community affiliate organizations, the  
52 40 demonstrated need for the creation of a community  
52 41 affiliate endowment fund in the applicant's geographic  
52 42 area.  
52 43 e. The identification of community needs and the  
52 44 manner in which additional funding will address those  
52 45 needs.  
52 46 f. The geographic diversity of awards.  
52 47 5. Of any moneys received by a lead philanthropic  
52 48 entity from the state, not more than five percent of  
52 49 such moneys shall be used by the entity for  
52 50 administrative purposes.

53 1 Sec. 92. NEW SECTION. 15E.306 REPORTS == AUDITS.  
53 2 By January 31 of each year, the lead philanthropic  
53 3 entity, in cooperation with the department, shall  
53 4 publish an annual report of the activities conducted  
53 5 pursuant to this division during the previous calendar  
53 6 year and shall submit the report to the governor and  
53 7 the general assembly. The annual report shall include  
53 8 a listing of endowment funds and the amount of tax  
53 9 credits authorized by the department.  
53 10 Sec. 93. EFFECTIVE AND RETROACTIVE APPLICABILITY  
53 11 DATES. This division of this Act, being deemed of  
53 12 immediate importance, takes effect upon enactment and  
53 13 is retroactively applicable to January 1, 2003, for  
53 14 tax years beginning on or after that date.

53 15 DIVISION IX  
53 16 TECHNOLOGY TRANSFER ADVISORS

53 17 Sec. 94. NEW SECTION. 7.23 TECHNOLOGY TRANSFER  
53 18 ADVISOR.  
53 19 Two technology transfer advisors shall be appointed  
53 20 by the governor, serve at the pleasure of the  
53 21 governor, and be located at offices at the university  
53 22 of Iowa and Iowa state university of science and  
53 23 technology. A technology transfer advisor is not a  
53 24 state agency and is not subject to chapter 17A. A  
53 25 technology transfer advisor shall do all of the  
53 26 following:

53 27 1. Facilitate the transfer of technology developed  
53 28 at the university of Iowa, the university of northern  
53 29 Iowa, Iowa state university of science and technology,  
53 30 community colleges, and private colleges and  
53 31 universities.

53 32 2. Coordinate the technology transfer activities  
53 33 at each of the public and private universities to  
53 34 encourage the implementation of best practices in  
53 35 technology transfer, establish measures of  
53 36 performance, and design programs of continuous quality  
53 37 improvement for each technology transfer office.

53 38 3. Establish technology transfer goals for the  
53 39 state.

53 40 4. Provide technical assistance to Iowa-based  
53 41 entrepreneurs associated with or unrelated to the  
53 42 universities under the control of the state board of  
53 43 regents regarding technology transfer-related issues.  
53 44 The technical assistance shall include assistance in  
53 45 the areas of patents and licensing, business  
53 46 development and management, finance, production,  
53 47 sales, and marketing.

53 48 5. Receive the technology transfer-related report  
53 49 submitted by the state board of regents pursuant to  
53 50 section 262.9, subsection 31.

54 1 6. To ensure economic growth, serve as a  
54 2 coordinator between Iowa-based businesses and  
54 3 businesses intending to locate in Iowa.

54 4 Sec. 95. Section 15.108, Code 2003, is amended by  
54 5 adding the following new subsection:  
54 6 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS.  
54 7 The department shall cooperate with and provide  
54 8 staffing support to the technology transfer advisors  
54 9 appointed pursuant to section 7.23.

54 10 Sec. 96. Section 262.9, Code 2003, is amended by  
54 11 adding the following new subsections:

54 12 NEW SUBSECTION. 29. Actively encourage and  
54 13 promote the transfer of technology and research at  
54 14 universities under the control of the board to  
54 15 commercial application, including the start-up of  
54 16 business entities.

54 17 NEW SUBSECTION. 30. Give preference and technical

54 18 support to those faculty members and staff members  
54 19 desiring to obtain licenses for intellectual property  
54 20 rights created in whole or in part by the faculty  
54 21 member or staff member. However, such preference  
54 22 shall not be construed to be a right accruing to that  
54 23 faculty member or staff member.

54 24 NEW SUBSECTION. 31. By January 15 of each year,  
54 25 submit a report to the governor, through the  
54 26 technology transfer advisors, and the general assembly  
54 27 containing information from the previous calendar year  
54 28 regarding all of the following:

54 29 a. Patents secured or applied for by each  
54 30 university under the control of the board delineated  
54 31 by university and by faculty member and staff member  
54 32 responsible for the research or activity that resulted  
54 33 in the patent. In the initial report filed by January  
54 34 15, 2004, the board shall include an inventory of  
54 35 patent portfolios with details concerning which  
54 36 patents are creating financial benefit and the amount  
54 37 of financial benefit and which patents are not  
54 38 creating financial benefit and the amount invested in  
54 39 those patents.

54 40 b. Research grants secured by each university  
54 41 under the control of the board from both public and  
54 42 private sources delineated by university and by  
54 43 faculty member and staff member. The board shall also  
54 44 include the same information for grant applications  
54 45 that are denied.

54 46 c. The number of faculty members and staff members  
54 47 at each university under the control of the board  
54 48 involved in a start-up company.

54 49 d. The number of grant applications for research  
54 50 received by each university under the control of the  
55 1 board for start-up companies, the number of  
55 2 applications approved, and the number of applications  
55 3 denied.

55 4 e. The number of agreements entered into by  
55 5 faculty members and staff members at each university  
55 6 under the control of the board with foundations  
55 7 affiliated with the universities relating to business  
55 8 start-ups.

55 9 f. An accounting of the financial gain received by  
55 10 each university under the control of the board  
55 11 relating to patents sold, royalties received,  
55 12 licensing fees, and any other remuneration received by  
55 13 the university related to technology transfer.

55 14 g. The number of professional employees at each  
55 15 university under the control of the board who assist  
55 16 in the transfer of technology and research to  
55 17 commercial application.

#### 55 18 DIVISION X

#### 55 19 IOWA ECONOMIC DEVELOPMENT

#### 55 20 LOAN AND CREDIT GUARANTEE FUND

55 21 Sec. 97. NEW SECTION. 15E.221 SHORT TITLE.

55 22 This division shall be known and may be cited as  
55 23 the "Iowa Economic Development Loan and Credit  
55 24 Guarantee Fund Act".

55 25 Sec. 98. NEW SECTION. 15E.222 LEGISLATIVE  
55 26 FINDING == PURPOSES.

55 27 1. The general assembly finds all of the  
55 28 following:

55 29 a. That small and medium-sized businesses, in  
55 30 general, and certain targeted industry businesses and  
55 31 other qualified businesses, in particular, may not  
55 32 qualify for conventional financing.

55 33 b. That the limited availability of credit for  
55 34 export transactions limits the ability of small and  
55 35 medium-sized businesses in this state to compete in  
55 36 international markets.

55 37 c. That, to enhance competitiveness and foster  
55 38 economic development, this state must focus on growth  
55 39 in certain specific targeted industry businesses and  
55 40 other qualified businesses, especially during a time  
55 41 of war.

55 42 d. That the challenge for the public economic  
55 43 sector is to create an atmosphere conducive to  
55 44 economic growth, in conjunction with financial  
55 45 institutions in the private sector, which fill the  
55 46 gaps in credit availability and export finance, and  
55 47 that allow the private sector to identify the lending  
55 48 opportunities and foster decision making at the local

55 49 level.

55 50 2. The general assembly declares the purposes of  
56 1 this division to be all of the following:

56 2 a. To create incentives and assistance to increase  
56 3 the flow of private capital to targeted industry  
56 4 businesses and other qualified businesses.

56 5 b. To promote industrial modernization and  
56 6 technology adoption.

56 7 c. To encourage the retention and creation of  
56 8 jobs.

56 9 d. To encourage the export of goods and services  
56 10 sold by Iowa businesses in national and international  
56 11 markets.

56 12 Sec. 99. NEW SECTION. 15E.223 DEFINITIONS.

56 13 As used in this division, unless the context  
56 14 otherwise requires:

56 15 1. "Financial institution" means an institution  
56 16 listed in section 422.61, subsection 1, or such other  
56 17 financial institution as defined by the department for  
56 18 purposes of this division.

56 19 2. "Program" means the loan and credit guarantee  
56 20 program established in this division.

56 21 3. "Qualified business" means an existing or  
56 22 proposed business entity with an annual average number  
56 23 of employees not exceeding two hundred employees.  
56 24 "Qualified business" does not include businesses  
56 25 engaged primarily in retail sales, real estate, or the  
56 26 provision of health care or other professional  
56 27 services. "Qualified business" includes professional  
56 28 services businesses that provide services to targeted  
56 29 industry businesses or other entities within and  
56 30 outside of this state.

56 31 4. "Targeted industry business" means an existing  
56 32 or proposed business entity, including an emerging  
56 33 small business or qualified business which is operated  
56 34 for profit and which has a primary business purpose of  
56 35 doing business in at least one of the targeted  
56 36 industries designated by the department which include  
56 37 life sciences, software and information technology,  
56 38 advanced manufacturing, value-added agriculture, and  
56 39 any other industry designated as a targeted industry  
56 40 by the loan and credit guarantee advisory board.

56 41 Sec. 100. NEW SECTION. 15E.224 LOAN AND CREDIT  
56 42 GUARANTEE PROGRAM.

56 43 1. The department shall, with the advice of the  
56 44 loan and credit guarantee advisory board, establish  
56 45 and administer a loan and credit guarantee program.  
56 46 The department, pursuant to agreements with financial  
56 47 institutions, shall provide loan and credit  
56 48 guarantees, or other forms of credit guarantees for  
56 49 qualified businesses and targeted industry businesses  
56 50 for eligible project costs. A loan or credit  
57 1 guarantee provided under the program may stand alone  
57 2 or may be used in conjunction with or to enhance other  
57 3 loans or credit guarantees, offered by private, state,  
57 4 or federal entities. However, the department shall  
57 5 not in any manner directly or indirectly pledge the  
57 6 credit of the state. Eligible project costs include  
57 7 expenditures for productive equipment and machinery,  
57 8 working capital for operations and export  
57 9 transactions, research and development, marketing, and  
57 10 such other costs as the department may so designate.

57 11 2. A loan or credit guarantee or other form of  
57 12 credit guarantee provided under the program to a  
57 13 participating financial institution for a single  
57 14 qualified business or targeted industry business shall  
57 15 not exceed one million dollars in value. Loan or  
57 16 credit guarantees or other forms of credit guarantees  
57 17 provided under the program to more than one  
57 18 participating financial institution for a single  
57 19 qualified business or targeted industry business shall  
57 20 not exceed ten million dollars in value.

57 21 3. In administering the program, the department  
57 22 shall consult and cooperate with financial  
57 23 institutions in this state and with the loan and  
57 24 credit guarantee advisory board. Administrative  
57 25 procedures and application procedures, as practicable,  
57 26 shall be responsive to the needs of qualified  
57 27 businesses, targeted industry businesses, and  
57 28 financial institutions, and shall be consistent with  
57 29 prudent investment and lending practices and criteria.

57 30 4. Each participating financial institution shall  
57 31 identify and underwrite potential lending  
57 32 opportunities with qualified businesses and targeted  
57 33 industry businesses. Upon a determination by a  
57 34 participating financial institution that a qualified  
57 35 business or targeted industry business meets the  
57 36 underwriting standards of the financial institution,  
57 37 subject to the approval of a loan or credit guarantee,  
57 38 the financial institution shall submit the  
57 39 underwriting information and a loan or credit  
57 40 guarantee application to the department.

57 41 5. The department, with the advice of the loan and  
57 42 credit guarantee advisory board, shall adopt a loan or  
57 43 credit guarantee application procedure for a financial  
57 44 institution on behalf of a qualified business or  
57 45 targeted industry business.

57 46 6. Upon approval of a loan or credit guarantee,  
57 47 the department shall enter into a loan or credit  
57 48 guarantee agreement with the participating financial  
57 49 institution. The agreement shall specify all of the  
57 50 following:

58 1 a. The fee to be charged to the financial  
58 2 institution.

58 3 b. The evidence of debt assurance of, and security  
58 4 for, the loan or credit guarantee.

58 5 c. A loan or credit guarantee that does not exceed  
58 6 fifteen years.

58 7 d. Any other terms and conditions considered  
58 8 necessary or desirable by the department.

58 9 7. The department, with the advice of the loan and  
58 10 credit guarantee advisory board, may adopt loan and  
58 11 credit guarantee application procedures that allow a  
58 12 qualified business or targeted industry business to  
58 13 apply directly to the department for a preliminary  
58 14 guarantee commitment. A preliminary guarantee  
58 15 commitment may be issued by the department subject to  
58 16 the qualified business or targeted industry business  
58 17 securing a commitment for financing from a financial  
58 18 institution. The application procedures shall specify  
58 19 the process by which a financial institution may  
58 20 obtain a final loan and credit guarantee.

58 21 Sec. 101. NEW SECTION. 15E.225 TERMS == FEES.

58 22 1. When entering into a loan or credit guarantee  
58 23 agreement, the department, with the advice of the loan  
58 24 and credit guarantee advisory board, shall establish  
58 25 fees and other terms for participation in the program  
58 26 by qualified businesses and targeted industry  
58 27 businesses.

58 28 2. The department, with due regard for the  
58 29 possibility of losses and administrative costs and  
58 30 with the advice of the loan and credit guarantee  
58 31 advisory board, shall set fees and other terms at  
58 32 levels sufficient to assure that the program is self=  
58 33 financing.

58 34 3. For a preliminary guarantee commitment, the  
58 35 department may charge a qualified business or targeted  
58 36 industry business a preliminary guarantee commitment  
58 37 fee. The application fee shall be in addition to any  
58 38 other fees charged by the department under this  
58 39 section and shall not exceed one thousand dollars for  
58 40 an application.

58 41 Sec. 102. NEW SECTION. 15E.226 LOAN AND CREDIT  
58 42 GUARANTEE ADVISORY BOARD.

58 43 The department, in consultation with the  
58 44 superintendent of banking, shall establish a loan and  
58 45 credit guarantee advisory board. The advisory board  
58 46 shall provide the department with technical advice  
58 47 regarding the administration of the program, including  
58 48 the adoption of administrative rules pursuant to  
58 49 chapter 17A. The advisory board shall review and  
58 50 provide recommendations regarding all applications  
59 1 under the program. Members of the advisory board are  
59 2 entitled to receive reimbursement for actual expenses  
59 3 incurred while engaged in the performance of official  
59 4 duties. Advisory board members may also be eligible  
59 5 to receive compensation as provided in section 7E.6.  
59 6 The director of the department shall budget moneys to  
59 7 pay the compensation and expenses of the advisory  
59 8 board. The provisions of this section relating to the  
59 9 adoption of administrative rules shall be construed  
59 10 narrowly.

DIVISION XI

ECONOMIC DEVELOPMENT ASSISTANCE AND DATA COLLECTION

Sec. 103. NEW SECTION. 15E.118 BUSINESS START-UP INFORMATION == INTERNET WEB SITE.

The department shall provide information through an internet web site and a toll-free telephone service to assist persons interested in establishing a commercial facility or engaging in a commercial activity. The information shall include all of the following:

1. Assistance, information, and guidance for start-up businesses.
2. Information gathered by the department pursuant to section 15E.17, subsection 2.
3. Personal and corporate income tax information.
4. Information regarding financial assistance and incentives available to businesses.
5. Workforce availability in the state presented in a regional format.

Sec. 104. NEW SECTION. 15E.119 ECONOMIC DEVELOPMENT-RELATED DATA COLLECTION.

1. The department shall interview any business that considered locating in Iowa but decided to locate elsewhere. The department shall attempt to determine factors that affected the location decision of the business.

2. The department shall interview any business that closes major operations in the state or dissolves the business's corporate status in an effort to identify factors that led to the closure or dissolution.

3. By January 15 of each year, the department shall submit a written report to the general assembly that summarizes the information collected pursuant to this section and provides suggested amendments to the Code of Iowa and the Iowa administrative code designed to stimulate and expand the state's economy.

Sec. 105. INTERNET WEB SITE DEVELOPMENT. In developing the internet web site required in section 15E.118, the department of economic development shall examine similar efforts in other states and incorporate the best practices.

DIVISION XII

CULTURAL AND ENTERTAINMENT DISTRICTS

Sec. 106. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT DISTRICTS.

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

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

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

DIVISION XIII

WORKFORCE ISSUES

Sec. 107. NEW SECTION. 15A.10 JOB RETENTION == INCENTIVES.

1. In order to assure the retention of existing jobs that would otherwise be lost, the director of the

60 42 department of economic development may authorize  
60 43 incentives and assistance provided to a business under  
60 44 this section for a period not to exceed ten years upon  
60 45 finding the following:  
60 46 a. The business currently employing, at one place  
60 47 of business, at least one thousand employees is likely  
60 48 to close or substantially reduce employment.  
60 49 b. The business agrees to remain in the state for  
60 50 at least ten years and invest at least fifteen million  
61 1 dollars to retool or upgrade facilities.  
61 2 2. Incentives and assistance that may be  
61 3 authorized by the director include any of the  
61 4 following:  
61 5 a. New jobs credit from withholding, as provided  
61 6 in section 15.331.  
61 7 b. Sales, services, and use tax refund, as  
61 8 provided in section 15.331A.  
61 9 c. Investment tax credit, as provided in section  
61 10 15.333.  
61 11 d. Research activities tax credit, as provided in  
61 12 section 15.335.  
61 13 3. A business shall enter into an agreement with  
61 14 the department and the city or county specifying the  
61 15 terms and conditions that must be met in exchange for  
61 16 the incentives and assistance authorized in this  
61 17 section. The agreement shall specify how the  
61 18 incentives will be repaid in the event the business  
61 19 fails to meet or maintain the terms and conditions of  
61 20 the agreement.

#### 61 21 DIVISION XIV

#### 61 22 UNIVERSITY=BASED RESEARCH UTILIZATION PROGRAM

61 23 Sec. 108. NEW SECTION. 262B.11 UNIVERSITY=BASED  
61 24 RESEARCH UTILIZATION PROGRAM.

61 25 1. The department of economic development shall  
61 26 establish and administer a university-based research  
61 27 utilization program for purposes of encouraging the  
61 28 utilization of university-based research, primarily in  
61 29 the area of high technology, in new or existing  
61 30 businesses. The program shall include the three  
61 31 universities under the control of the state board of  
61 32 regents and all accredited private universities  
61 33 located in the state.

61 34 2. A new or existing business that utilizes a  
61 35 technology developed by an employee at a university  
61 36 under the control of the state board of regents may  
61 37 apply to the department of economic development for  
61 38 approval to participate in the university-based  
61 39 research utilization program. The department shall  
61 40 approve an applicant if the applicant meets all of the  
61 41 following criteria:

61 42 a. The applicant utilizes a technology developed  
61 43 by an employee at a university under the control of  
61 44 the state board of regents, provided that the  
61 45 technology has received a patent after the effective  
61 46 date of this Act. If the applicant has been in  
61 47 existence more than one year prior to applying, the  
61 48 applicant shall organize a separate company to utilize  
61 49 the technology. For purposes of this section, the  
61 50 separate company shall be considered the applicant  
62 1 and, if approved, the approved business.

62 2 b. The applicant develops a five-year business  
62 3 plan approved by the department. The plan shall  
62 4 include information concerning the applicant's Iowa  
62 5 employment goals and projected impact on the Iowa  
62 6 economy. The department shall only approve plans  
62 7 showing sufficient potential impact on Iowa employment  
62 8 and economic development.

62 9 c. The applicant meets a minimum-size business  
62 10 standard determined by the department.

62 11 d. The applicant provides annual reports to the  
62 12 department that include employment statistics for the  
62 13 applicant and the total taxable wages paid to Iowa  
62 14 employees and reported to the department of revenue  
62 15 and finance pursuant to section 422.16.

62 16 3. A business approved under the program and the  
62 17 university employee responsible for the development of  
62 18 the technology utilized by the approved business shall  
62 19 be eligible for a tax credit. The credit shall be  
62 20 allowed against the taxes imposed in chapter 422,  
62 21 divisions II and III. An individual may claim a tax  
62 22 credit under this section of a partnership, limited

62 23 liability company, S corporation, estate, or trust  
62 24 electing to have income taxed directly to the  
62 25 individual. The amount claimed by the individual  
62 26 shall be based upon the pro rata share of the  
62 27 individual's earnings from the partnership, limited  
62 28 liability company, S corporation, estate, or trust. A  
62 29 tax credit shall not be claimed under this subsection  
62 30 unless a tax credit certificate issued by the  
62 31 department of economic development is attached to the  
62 32 taxpayer's tax return for the tax year for which the  
62 33 tax credit is claimed. The amount of a tax credit  
62 34 allowed under this subsection shall equal the amount  
62 35 listed on a tax credit certificate issued by the  
62 36 department of economic development pursuant to  
62 37 subsection 4. A tax credit certificate shall not be  
62 38 transferable. Any tax credit in excess of the  
62 39 taxpayer's liability for the tax year may be credited  
62 40 to the taxpayer's tax liability for the following five  
62 41 years or until depleted, whichever occurs first. A  
62 42 tax credit shall not be carried back to a tax year  
62 43 prior to the tax year in which the taxpayer redeems  
62 44 the tax credit.

62 45 4. For the five tax years following the tax year  
62 46 in which a business is approved under the program, the  
62 47 department of revenue and finance shall provide the  
62 48 department of economic development with information  
62 49 required by the department of economic development  
62 50 from each tax return filed by the approved business.

63 1 Upon receiving the tax return-related information, the  
63 2 department of economic development shall do all of the  
63 3 following:

63 4 a. Review the information provided by the  
63 5 department of revenue and finance pursuant to this  
63 6 subsection and the annual report submitted by the  
63 7 applicant pursuant to subsection 2, paragraph "d". If  
63 8 the department determines that the business activities  
63 9 of the applicant are not providing the benefits to  
63 10 Iowa employment and economic development projected in  
63 11 the applicant's approved five-year business plan, the  
63 12 department shall not issue tax credit certificates for  
63 13 that year to the applicant or university employee and  
63 14 shall determine any related university share to be  
63 15 equal to zero for that year.

63 16 b. Effective for the fiscal year beginning July 1,  
63 17 2004, and for subsequent fiscal years, issue a tax  
63 18 credit certificate to the approved business and the  
63 19 university employee responsible for the development of  
63 20 the technology utilized by the approved business in an  
63 21 amount determined pursuant to subsection 5. A tax  
63 22 credit certificate shall contain the taxpayer's name,  
63 23 address, tax identification number, the amount of the  
63 24 tax credit, and other information required by the  
63 25 department of revenue and finance.

63 26 c. (1) Determine the university share which is  
63 27 equal to the value of thirty percent of the tax  
63 28 liability of the approved business for purposes of  
63 29 making an appropriation pursuant to section 262B.12,  
63 30 if enacted by 2003 Iowa Acts, House File 683 or  
63 31 another Act, to the university where the technology  
63 32 utilized by the approved business was developed. A  
63 33 university share shall not exceed two hundred twenty=  
63 34 five thousand dollars per year per technology  
63 35 utilized. For each technology utilized, the aggregate  
63 36 university share over a five-year period shall not  
63 37 exceed six hundred thousand dollars.

63 38 (2) The department shall maintain records for each  
63 39 university during each fiscal year regarding the  
63 40 university share each university is entitled to  
63 41 receive through the appropriation in section 262B.12,  
63 42 if enacted by 2003 Iowa Acts, House File 683 or  
63 43 another Act. A university shall be entitled to  
63 44 receive the total university share for that particular  
63 45 university during the previous fiscal year.

63 46 d. For the fiscal year beginning July 1, 2004, not  
63 47 more than two million dollars worth of certificates  
63 48 shall be issued pursuant to paragraph "b". For the  
63 49 fiscal year beginning July 1, 2005, and every fiscal  
63 50 year thereafter, not more than ten million dollars  
64 1 worth of certificates shall be issued pursuant to  
64 2 paragraph "b".

64 3 5. The tax credit certificates issued by the

64 4 department for each of the five years following the  
64 5 tax year in which the business is approved under the  
64 6 program shall be for the following amounts:  
64 7 a. For the approved business, the value of the tax  
64 8 credit certificate shall equal thirty percent of the  
64 9 tax liability of the approved business. The value of  
64 10 a certificate issued to an approved business shall not  
64 11 exceed two hundred twenty-five thousand dollars. The  
64 12 total aggregate value of certificates issued over a  
64 13 five-year period to an approved business shall not  
64 14 exceed six hundred thousand dollars.

64 15 b. For the university employee responsible for the  
64 16 development of the technology utilized by the approved  
64 17 business, the value of the tax credit certificate  
64 18 shall equal ten percent of the tax liability of the  
64 19 approved business. If more than one employee is  
64 20 responsible for the development of the technology, the  
64 21 value equal to ten percent of the tax liability of the  
64 22 approved business shall be divided equally and  
64 23 individual tax credit certificates shall be issued to  
64 24 each employee responsible for the development of the  
64 25 technology. Each year, the total value of a  
64 26 certificate or certificates issued for a utilized  
64 27 technology shall not exceed seventy-five thousand  
64 28 dollars. For each technology utilized, the total  
64 29 aggregate value of certificates issued over a five=  
64 30 year period to the university employee responsible for  
64 31 the development of the technology shall not exceed two  
64 32 hundred thousand dollars.

64 33 6. The department of economic development shall  
64 34 notify the department of revenue and finance when a  
64 35 tax credit certificate is issued pursuant to  
64 36 subsection 4. The notification shall include the name  
64 37 and tax identification number appearing on any tax  
64 38 credit certificate.

64 39 Sec. 109. NEW SECTION. 422.11H UNIVERSITY=BASED  
64 40 RESEARCH UTILIZATION PROGRAM TAX CREDIT.

64 41 The taxes imposed under this division, less the  
64 42 credits allowed under sections 422.12 and 422.12B,  
64 43 shall be reduced by a university-based research  
64 44 utilization program tax credit authorized pursuant to  
64 45 section 262B.11.

64 46 Sec. 110. Section 422.33, Code 2003, is amended by  
64 47 adding the following new subsection:

64 48 NEW SUBSECTION. 14. The taxes imposed under this  
64 49 division shall be reduced by a university-based  
64 50 research utilization program tax credit authorized  
65 1 pursuant to section 262B.11.

65 2 DIVISION XV  
65 3 FUTURE REPEAL

65 4 Sec. 111. The divisions of this Act designated the  
65 5 grow Iowa board and fund, the value-added agricultural  
65 6 products and processes financial assistance program,  
65 7 the endow Iowa grants, the technology transfer  
65 8 advisors, the Iowa economic development loan and  
65 9 credit guarantee fund, the economic development  
65 10 assistance and data collection, the cultural and  
65 11 entertainment districts, the workforce issues, and the  
65 12 university-based research utilization program, are  
65 13 repealed effective June 30, 2010.

65 14 DIVISION XVI  
65 15 LIABILITY REFORM

65 16 Sec. 112. Section 668.12, Code 2003, is amended to  
65 17 read as follows:

65 18 668.12 LIABILITY FOR PRODUCTS == ~~STATE OF THE ART~~  
65 19 ~~DEFENSE DEFENSES~~.

65 20 1. In any action brought pursuant to this chapter  
65 21 against an assembler, designer, supplier of  
65 22 specifications, distributor, manufacturer, or seller  
65 23 for damages arising from an alleged defect in the  
65 24 design, testing, manufacturing, formulation,  
65 25 packaging, warning, or labeling of a product, a  
65 26 percentage of fault shall not be assigned to such  
65 27 persons if they plead and prove that the product  
65 28 conformed to the state of the art in existence at the  
65 29 time the product was designed, tested, manufactured,  
65 30 formulated, packaged, provided with a warning, or  
65 31 labeled.

65 32 2. Nothing contained in ~~this section~~ subsection 1  
65 33 shall diminish the duty of an assembler, designer,  
65 34 supplier of specifications, distributor, manufacturer



65 35 or seller to warn concerning subsequently acquired  
65 36 knowledge of a defect or dangerous condition that  
65 37 would render the product unreasonably dangerous for  
65 38 its foreseeable use or diminish the liability for  
65 39 failure to so warn.

65 40 3. An assembler, designer, supplier of  
65 41 specifications, distributor, manufacturer, or seller  
65 42 shall not be subject to liability under a theory of  
65 43 civil conspiracy unless the person knowingly and  
65 44 voluntarily entered into an agreement, express or  
65 45 implied, to participate in a common plan with the  
65 46 intent to commit a tortious act upon another. Mere  
65 47 membership in a trade or industrial association or  
65 48 group is not, in and of itself, evidence of such an  
65 49 agreement.

65 50 Sec. 113. Section 668A.1, subsection 1, Code 2003,  
66 1 is amended to read as follows:

66 2 1. In a trial of a claim involving the request for  
66 3 punitive or exemplary damages, the court shall  
66 4 instruct the jury to answer special interrogatories  
66 5 or, if there is no jury, shall make findings,  
66 6 indicating all of the following:

~~66 7 a. Whether, by a preponderance of clear,~~  
~~66 8 convincing, and satisfactory evidence, the conduct of~~  
~~66 9 the defendant from which the claim arose constituted~~  
~~66 10 willful and wanton disregard for the rights or safety~~  
~~66 11 of another.~~

66 12 b. Whether the conduct of the defendant was  
66 13 directed specifically at the claimant, or at the  
66 14 person from which the claimant's claim is derived.  
66 15 b. Whether, by a preponderance of clear and  
66 16 convincing evidence, the conduct of the defendant from  
66 17 which the claim arose constituted actual malice.

66 18 Sec. 114. NEW SECTION. 668A.2 DEFINITIONS.

66 19 As used in this chapter, the following terms shall  
66 20 have the following meanings:

66 21 1. "Clear and convincing evidence" means evidence  
66 22 which leaves no serious or substantial doubt about the  
66 23 correctness of the conclusions drawn from the  
66 24 evidence. It is more than a preponderance of  
66 25 evidence, but less than beyond a reasonable doubt.

66 26 2. "Malice" means either conduct which is  
66 27 specifically intended by the defendant to cause  
66 28 tangible or intangible serious injury to the plaintiff  
66 29 or conduct that is carried out by the defendant both  
66 30 with a flagrant indifference to the rights of the  
66 31 plaintiff and with a subjective awareness that such  
66 32 conduct will result in tangible serious injury.

66 33 Sec. 115. NEW SECTION. 668A.3 AWARD OF PUNITIVE  
66 34 OR EXEMPLARY DAMAGES == PROOF == STANDARD.

66 35 Punitive or exemplary damages shall only be awarded  
66 36 where the plaintiff proves by clear and convincing  
66 37 evidence that the plaintiff's harm was the result of  
66 38 actual malice. This burden of proof shall not be  
66 39 satisfied by proof of any degree of negligence,  
66 40 including gross negligence.

66 41 Sec. 116. APPLICABILITY. This division of this  
66 42 Act, relating to liability reform, applies to cases  
66 43 filed on or after July 1, 2003.

#### DIVISION XVII

#### WORKERS' COMPENSATION

66 46 Sec. 117. Section 85.34, subsection 2, unnumbered  
66 47 paragraph 1, Code 2003, is amended to read as follows:

66 48 Compensation for permanent partial disability shall  
66 49 begin at the termination of the healing period  
66 50 provided in subsection 1. The compensation shall be  
67 1 in addition to the benefits provided by sections 85.27  
67 2 and 85.28. The compensation shall be based only upon  
67 3 the extent of the disability related to the injury  
67 4 received and upon the basis of eighty percent per week

67 5 of the employee's average spendable weekly earnings,  
67 6 but not more than a weekly benefit amount, rounded to  
67 7 the nearest dollar, equal to one hundred eighty-four  
67 8 percent of the statewide average weekly wage paid  
67 9 employees as determined by the department of workforce  
67 10 development under section 96.19, subsection 36, and in  
67 11 effect at the time of the injury. The minimum weekly  
67 12 benefit amount shall be equal to the weekly benefit  
67 13 amount of a person whose gross weekly earnings are  
67 14 thirty-five percent of the statewide average weekly  
67 15 wage. For all cases of permanent partial disability

67 16 compensation shall be paid as follows:

67 17 Sec. 118. Section 85.34, subsection 2, paragraph  
67 18 u, Code 2003, is amended by adding the following new  
67 19 unnumbered paragraph after unnumbered paragraph 2 as  
67 20 follows:

67 21 NEW UNNUMBERED PARAGRAPH. When an employee makes a  
67 22 claim for benefits under this subsection, the employer  
67 23 is not liable for that portion of the employee's  
67 24 present disability caused by a prior work-related  
67 25 injury or illness that was sustained by the employee  
67 26 while the employee was employed by a different  
67 27 employer. When an employee's present disability  
67 28 includes disability caused by a prior work-related  
67 29 injury or illness that was sustained by the employee  
67 30 while in the employ of the same employer, the employer  
67 31 is liable for compensating all of the employee's work-  
67 32 related disability sustained by the employee while in  
67 33 the employ of the employer, except that any portion of  
67 34 the disability that was previously compensated by the  
67 35 employer shall be deducted from the employer's  
67 36 obligation to pay benefits for the employee's present  
67 37 disability. If an employee's present disability is  
67 38 reduced by a portion of disability sustained from  
67 39 prior work-related injuries or illnesses for which the  
67 40 employee has already been compensated by the same  
67 41 employer, then the employee shall receive compensation  
67 42 for the remaining disability caused by the present  
67 43 work-related injury or illness plus an additional ten  
67 44 percent of the amount of the increase in disability.  
67 45 Sec. 119. APPLICABILITY. This division of this  
67 46 Act, relating to workers' compensation, applies to an  
67 47 injury occurring on or after July 1, 2003.

67 48 DIVISION XVIII  
67 49 FINANCIAL SERVICES

67 50 Sec. 120. Section 537.2502, subsections 3 and 6,  
68 1 Code 2003, are amended to read as follows:

68 2 3. A delinquency charge shall not be collected  
68 3 under subsection 1, paragraph "a", on an installment  
68 4 ~~which that~~ is paid in full within ten days after its  
68 5 scheduled or deferred installment due date even though  
68 6 an earlier maturing installment or a delinquency or  
68 7 deferral charge on an earlier installment may not have  
68 8 been paid in full. For purposes of this subsection,  
68 9 payments associated with a precomputed transaction are  
68 10 applied first to current installments and then to  
68 11 delinquent installments.

68 12 6. A delinquency charge shall not be collected  
68 13 under subsection 4 on a payment ~~which associated with~~  
68 14 a precomputed transaction that is paid in full on or  
68 15 before its scheduled or deferred due date even though  
68 16 an earlier maturing payment or a delinquency or  
68 17 deferred charge on an earlier payment has not been  
68 18 paid in full. For purposes of this subsection,  
68 19 payments are applied first to amounts due for the  
68 20 current billing cycle and then to delinquent payments.

68 21 Sec. 121. Section 537.2601, subsection 1, Code  
68 22 2003, is amended to read as follows:

68 23 1. ~~Except as provided in subsection 2, with With~~  
68 24 ~~respect to a credit transaction other than a consumer~~  
68 25 ~~credit transaction, the parties may contract for the~~  
68 26 ~~payment by the debtor of any finance or other charge~~  
68 27 ~~as permitted by law. Except with respect to debt~~  
68 28 ~~obligations issued by a government, governmental~~  
68 29 ~~agency or instrumentality, in calculating any finance~~  
68 30 ~~charge contracted for, any month may be counted as~~  
68 31 ~~one-twelfth of a year, but a day is to be counted as~~  
68 32 ~~one three-hundred sixty-fifth of a year.~~

68 33 DIVISION XIX

68 34 UNEMPLOYMENT COMPENSATION SURCHARGE

68 35 Sec. 122. Section 96.7, subsection 12, paragraph  
68 36 a, Code 2003, is amended to read as follows:

68 37 a. An employer other than a governmental entity or  
68 38 a nonprofit organization, subject to this chapter,  
68 39 shall pay an administrative contribution surcharge  
68 40 equal in amount to one-tenth of one percent of federal  
68 41 taxable wages, as defined in section 96.19, subsection  
68 42 37, paragraph "b", subject to the surcharge formula to  
68 43 be developed by the department under this paragraph.  
68 44 The department shall develop a surcharge formula that  
68 45 provides a target revenue level of no greater than six  
68 46 million five hundred twenty-five thousand dollars

68 47 ~~annually for calendar years 2003, 2004, and 2005 and a~~  
68 48 ~~target revenue level of no greater than three million~~  
68 49 ~~two hundred sixty-two thousand five hundred dollars~~  
68 50 ~~for calendar year 2006 and each subsequent calendar~~  
69 1 ~~year.~~ The department shall reduce the administrative  
69 2 contribution surcharge established for any calendar  
69 3 year proportionate to any federal government funding  
69 4 that provides an increased allocation of moneys for  
69 5 workforce development offices, under the federal  
69 6 employment services financing reform legislation. Any  
69 7 administrative contribution surcharge revenue that is  
69 8 collected in calendar year ~~2002~~ 2003, 2004, or 2005 in  
69 9 excess of six million five hundred twenty-five  
69 10 thousand dollars or in calendar year 2006 or a  
69 11 ~~subsequent calendar year in excess of three million~~  
69 12 ~~two hundred sixty-two thousand five hundred dollars~~  
69 13 shall be deducted from the amount to be collected in  
69 14 ~~the subsequent~~ calendar year 2003 before the  
69 15 department establishes the administrative contribution  
69 16 surcharge. The department shall recompute the amount  
69 17 as a percentage of taxable wages, as defined in  
69 18 section 96.19, subsection 37, and shall add the  
69 19 percentage surcharge to the employer's contribution  
69 20 rate determined under this section. The percentage  
69 21 surcharge shall be capped at a maximum of seven  
69 22 dollars per employee. The department shall adopt  
69 23 rules prescribing the manner in which the surcharge  
69 24 will be collected. Interest shall accrue on all  
69 25 unpaid surcharges under this subsection at the same  
69 26 rate as on regular contributions and shall be  
69 27 collectible in the same manner. Interest accrued and  
69 28 collected under this paragraph and interest earned and  
69 29 credited to the fund under paragraph "b" shall be used  
69 30 by the department only for the purposes set forth in  
69 31 paragraph "c".

69 32 Sec. 123. Section 96.7, subsection 12, paragraph  
69 33 d, Code 2003, is amended to read as follows:  
69 34 d. This subsection is repealed July 1, ~~2003~~ 2006,  
69 35 and the repeal is applicable to contribution rates for  
69 36 calendar year ~~2004~~ 2007 and subsequent calendar years.  
69 37 Sec. 124. EFFECTIVE DATE. This division of this  
69 38 Act, concerning the unemployment compensation  
69 39 surcharge, being deemed of immediate importance, takes  
69 40 effect upon enactment.

69 41 DIVISION XX  
69 42 ECONOMIC DEVELOPMENT

69 43 Sec. 125. NEW SECTION. 15E.18 CITIES, COUNTIES,  
69 44 AND REGIONS == SITE PREPARATION FOR TARGETED ECONOMIC  
69 45 DEVELOPMENT.

69 46 1. For purposes of this section, "region" means a  
69 47 group of two or more contiguous counties that  
69 48 establishes a single, focused economic development  
69 49 effort.

69 50 2. A city, county, or region, subject to the  
70 1 approval of the property owner, may designate an area  
70 2 within the boundaries of the city, county, or region  
70 3 for a specific type of targeted economic development.  
70 4 The specific type of targeted economic development  
70 5 shall be one of the following:

- 70 6 a. Manufacturing.
- 70 7 b. Light industrial.
- 70 8 c. Warehouse and distribution.
- 70 9 d. Office parks.
- 70 10 e. Business and commerce parks.
- 70 11 f. Research and development.

70 12 3. A city, county, or region that designates an  
70 13 area for a specific type of targeted economic  
70 14 development may apply to the department for purposes  
70 15 of certifying the area as a preapproved development  
70 16 site. The department shall develop criteria for the  
70 17 certification process.

70 18 4. Prior to a specific project being developed, a  
70 19 city, county, or region designating the area for  
70 20 targeted economic development pursuant to this section  
70 21 may apply for and obtain appropriate licenses,  
70 22 permits, and approvals for the type of targeted  
70 23 economic development project desired for the area.

70 24 Sec. 126. NEW SECTION. 15E.19 REGULATORY  
70 25 ASSISTANCE.

70 26 1. The department of economic development shall  
70 27 coordinate all regulatory assistance for the state of

70 28 Iowa. Each state agency with regulatory programs for  
70 29 business shall maintain a coordinator within the  
70 30 office of the director or the administrative division  
70 31 of the state agency. Each coordinator shall do all of  
70 32 the following:

- 70 33 a. Serve as the department of economic  
70 34 development's primary contact for regulatory affairs.
- 70 35 b. Provide regulatory requirements to businesses  
70 36 and represent the agency in the private sector.
- 70 37 c. Monitor permit applications and provide timely  
70 38 permit status information to the department of  
70 39 economic development.
- 70 40 d. Have the ability to require regulatory staff  
70 41 participation in negotiations and discussions with  
70 42 businesses.
- 70 43 e. Notify the department of economic development  
70 44 regarding proposed rulemaking activities that impact a  
70 45 regulatory program and any subsequent changes to a  
70 46 regulatory program.

70 47 2. The department of economic development shall,  
70 48 in consultation with the coordinators described in  
70 49 this section, examine, and to the extent permissible,  
70 50 assist in the implementation of methods, including the  
71 1 possible establishment of an electronic database, to  
71 2 streamline the process for issuing permits to  
71 3 business.

71 4 3. By January 15 of each year, the department of  
71 5 economic development shall submit a written report to  
71 6 the general assembly regarding the provision of  
71 7 regulatory assistance by state agencies, including the  
71 8 department's efforts, and its recommendations and  
71 9 proposed solutions, to streamline the process of  
71 10 issuing permits to business.

71 11 Sec. 127. NEW SECTION. 15E.20 PERMIT APPROVAL  
71 12 REQUIREMENTS.

71 13 A state agency which requires a permit, license, or  
71 14 other regulatory approval shall issue or deny the  
71 15 permit, license, or other regulatory approval within  
71 16 ninety days of the receipt by the state agency of an  
71 17 application. Unless such a state agency communicates  
71 18 any concerns to or requests additional information  
71 19 from an applicant within ten days of the receipt of  
71 20 the application, the application shall be considered  
71 21 complete. A permit, license, or other regulatory  
71 22 approval not issued or denied within the ninety days  
71 23 shall be deemed to be issued and valid.

#### 71 24 DIVISION XXI

#### 71 25 UTILITY SALES TAX EXEMPTION

71 26 Sec. 128. Section 422.45, subsection 61, paragraph  
71 27 b, subparagraphs (2), (3), (4), and (5), Code 2003,  
71 28 are amended to read as follows:

71 29 (2) If the date of the utility billing or meter  
71 30 reading cycle of the residential customer for the  
71 31 sale, furnishing, or service of metered gas and  
71 32 electricity is on or after January 1, 2003, through  
71 33 ~~December 31, 2003~~ June 30, 2008, or if the sale,  
71 34 furnishing, or service of fuel for purposes of  
71 35 residential energy and the delivery of the fuel occurs  
71 36 on or after January 1, 2003, through ~~December 31, 2003~~  
71 37 June 30, 2008, the rate of tax is three percent of the  
71 38 gross receipts.

71 39 (3) If the date of the utility billing or meter  
71 40 reading cycle of the residential customer for the  
71 41 sale, furnishing, or service of metered gas and  
71 42 electricity is on or after ~~January 1, 2004~~ July 1,  
71 43 2008, through ~~December 31, 2004~~ June 30, 2009, or if  
71 44 the sale, furnishing, or service of fuel for purposes  
71 45 of residential energy and the delivery of the fuel  
71 46 occurs on or after ~~January 1, 2004~~ July 1, 2008,  
71 47 through ~~December 31, 2004~~ June 30, 2009, the rate of  
71 48 tax is two percent of the gross receipts.

71 49 (4) If the date of the utility billing or meter  
71 50 reading cycle of the residential customer for the  
72 1 sale, furnishing, or service of metered gas and  
72 2 electricity is on or after ~~January 1, 2005~~ July 1,  
72 3 2009, through ~~December 31, 2005~~ June 30, 2010, or if  
72 4 the sale, furnishing, or service of fuel for purposes  
72 5 of residential energy and the delivery of the fuel  
72 6 occurs on or after ~~January 1, 2005~~ July 1, 2009,  
72 7 through ~~December 31, 2005~~ June 30, 2010, the rate of  
72 8 tax is one percent of the gross receipts.

72 9 (5) If the date of the utility billing or meter  
72 10 reading cycle of the residential customer for the  
72 11 sale, furnishing, or service of metered gas and  
72 12 electricity is on or after ~~January 1, 2006~~ July 1,  
72 13 2010, or if the sale, furnishing, or service of fuel  
72 14 for purposes of residential energy and the delivery of  
72 15 the fuel occurs on or after ~~January 1, 2006~~ July 1,  
72 16 2010, the rate of tax is zero percent of the gross  
72 17 receipts.

72 18 DIVISION XXII

72 19 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE

72 20 Sec. 129. NEW SECTION. 292A.1 DEFINITIONS.

72 21 As used in this chapter, unless the context  
72 22 otherwise requires:

72 23 1. "Capacity per pupil" means the sum of a school  
72 24 district's property tax infrastructure capacity per  
72 25 pupil and the sales tax capacity per pupil.

72 26 2. "Committee" means the school budget review  
72 27 committee established in section 257.30.

72 28 3. "Department" means the department of education  
72 29 established in section 256.1.

72 30 4. "Fund" means the state assistance for  
72 31 educational infrastructure fund created in section  
72 32 292A.3.

72 33 5. "Local match percentage" means a percentage  
72 34 equivalent to either of the following, whichever is  
72 35 less:

72 36 a. Fifty percent.

72 37 b. The quotient of a school district's capacity  
72 38 per pupil divided by the capacity per pupil of the  
72 39 school district at the fortieth percentile, multiplied  
72 40 by fifty percent, except that the percentage in this  
72 41 paragraph shall not be less than twenty percent.

72 42 6. "Program" means the state assistance for  
72 43 educational infrastructure program established in  
72 44 section 292A.2.

72 45 7. "Property tax infrastructure capacity per  
72 46 pupil" means the sum of a school district's levies  
72 47 under sections 298.2 and 298.18 when the levies are  
72 48 imposed to the maximum extent allowable under law in  
72 49 the budget year divided by the school district's basic  
72 50 enrollment for the budget year.

73 1 8. "Sales tax capacity per pupil" means the  
73 2 estimated amount of revenues that a school district  
73 3 receives or would receive if a local sales and  
73 4 services tax for school infrastructure is imposed at  
73 5 one percent pursuant to section 422E.2, divided by the  
73 6 school district's basic enrollment for the budget  
73 7 year.

73 8 9. "School infrastructure" means activities  
73 9 initiated on or after July 1, 2003, for which a school  
73 10 district is authorized to contract indebtedness and  
73 11 issue general obligation bonds under section 296.1,  
73 12 except those activities related to a teacher's or  
73 13 superintendent's home or homes, to stadiums, to the  
73 14 improving of a site for an athletic field, or to the  
73 15 improving of a site already owned for an athletic  
73 16 field. These activities include the construction,  
73 17 reconstruction, repair, demolition work, purchasing,  
73 18 or remodeling of schoolhouses and bus garages and the  
73 19 procurement of schoolhouse construction sites and the  
73 20 making of site improvements and those activities for  
73 21 which revenues under section 298.3 or 300.2 may be  
73 22 spent.

73 23 Sec. 130. NEW SECTION. 292A.2 STATE ASSISTANCE  
73 24 FOR EDUCATIONAL INFRASTRUCTURE PROGRAM.

73 25 1. a. The department shall establish and  
73 26 administer a state assistance for educational  
73 27 infrastructure program to provide financial assistance  
73 28 in the form of grants to school districts with school  
73 29 infrastructure needs.

73 30 b. The department of education, in consultation  
73 31 with the department of management, shall annually  
73 32 compute the property tax infrastructure capacity per  
73 33 pupil for each school district in the state.

73 34 c. The department of education, in consultation  
73 35 with the department of revenue and the legislative  
73 36 services agency, shall annually calculate the  
73 37 estimated sales and services tax for school  
73 38 infrastructure, if imposed at one percent, that is or  
73 39 would be received by each school district in the state

73 40 pursuant to section 422E.3. These calculations shall  
73 41 be made on a total tax and on a tax per pupil basis  
73 42 for each school district.

73 43 d. The department of education, in consultation  
73 44 with the department of revenue and the department of  
73 45 management, shall annually compute capacity per pupil  
73 46 and the local match percentage for each school  
73 47 district in the state. The calculations shall be  
73 48 released not later than September 1 of each year.

73 49 2. a. A school district's local match requirement  
73 50 is equivalent to the total investment of a project  
74 1 multiplied by the school district's local match  
74 2 percentage. A school district may submit an  
74 3 application to the department for financial assistance  
74 4 under the program if the school district meets the  
74 5 district's local match requirement through one or more  
74 6 of the following sources:

74 7 (1) The issuance of bonds pursuant to section  
74 8 298.18.

74 9 (2) Local sales and services tax moneys received  
74 10 pursuant to section 422E.3.

74 11 (3) A physical plant and equipment levy under  
74 12 chapter 298.

74 13 (4) Other moneys locally obtained by the school  
74 14 district excluding other state or federal grant  
74 15 moneys.

74 16 b. If the project is in collaboration with other  
74 17 public or private entities, the school district shall  
74 18 be eligible to apply for only the school district's  
74 19 portion of the project. As such, state or federal  
74 20 grants received by the other entities cannot be used  
74 21 toward the local match requirement under paragraph  
74 22 "a", subparagraph (4).

74 23 c. A school district may submit an application for  
74 24 a project which includes activities at more than one  
74 25 attendance center. However, if the activities relate  
74 26 to new construction, the project shall only relate to  
74 27 one attendance center.

74 28 d. A school district may submit an application for  
74 29 conditional approval to the department for financial  
74 30 assistance under the program if the school district  
74 31 submits a plan for securing the school district's  
74 32 local match requirement under paragraph "a". If a  
74 33 school district does not meet the local match  
74 34 requirement of paragraph "a" within nine months of  
74 35 receiving conditional approval from the department,  
74 36 the application for financial assistance shall be  
74 37 denied by the department and the financial assistance  
74 38 shall be carried forward to be made available under  
74 39 the allocation provided under subsection 5, paragraph  
74 40 "d", for the next available grant cycle.

74 41 e. For the fiscal year beginning July 1, 2003, and  
74 42 every fiscal year thereafter, applications shall be  
74 43 submitted to the department by October 15 of each  
74 44 year.

74 45 f. For the fiscal year beginning July 1, 2003, and  
74 46 every fiscal year thereafter, the department shall  
74 47 notify all approved applicants by December 15 of each  
74 48 year regarding the approval of the application.

74 49 g. An applicant which is not successful in  
74 50 obtaining financial assistance under the program may  
75 1 reapply for financial assistance in succeeding years.

75 2 3. The application shall include, but shall not be  
75 3 limited to, the following information:

75 4 a. The total capital investment of the project.

75 5 b. The amount and percentage of moneys which the  
75 6 school district will be providing for the project.

75 7 c. The infrastructure needs of the school  
75 8 district, especially the fire and health safety needs  
75 9 of the school district, and including the extent to  
75 10 which the project would allow the school district to  
75 11 meet the infrastructure needs of the school district  
75 12 on a long-term basis.

75 13 d. The financial assistance needed by the school  
75 14 district based upon the capacity per pupil.

75 15 e. Any previous efforts by the school district to  
75 16 secure infrastructure funding from federal, state, or  
75 17 local resources, including any funding received for  
75 18 any project under the school infrastructure program  
75 19 provided in chapter 292. The previous efforts shall  
75 20 be evaluated on a case-by-case basis.

75 21 f. Evidence that the school district meets or will  
75 22 meet the local match requirement in subsection 2,  
75 23 paragraph "a".

75 24 g. The nature of the proposed project and its  
75 25 relationship to improving educational opportunities  
75 26 for the students.

75 27 h. Evidence that the school district has  
75 28 reorganized on or after July 1, 2002, or that the  
75 29 school district has initiated a resolution to  
75 30 reorganize by July 1, 2005, or entered into an  
75 31 innovative collaboration with another school district  
75 32 or school districts.

75 33 i. Evidence that the school district receives  
75 34 sales and services tax for school infrastructure  
75 35 funding under section 422E.3.

75 36 4. A school district with less than two hundred  
75 37 fifty actual enrollment or less than one hundred  
75 38 actual enrollment in the high school that submits an  
75 39 application for assistance for new construction or for  
75 40 payments for bonds issued for new construction shall  
75 41 include on the application, in addition to that in  
75 42 subsection 3, all of the following:

75 43 a. Enrollment trends in the grades that will be  
75 44 served at the new construction site.

75 45 b. The infeasibility of remodeling,  
75 46 reconstructing, or repairing existing buildings.

75 47 c. The fire and health safety needs of the school  
75 48 district.

75 49 d. The distance, convenience, cost of  
75 50 transportation, and accessibility of the new  
76 1 construction site to the students to be served at the  
76 2 new construction site.

76 3 e. Availability of alternative, less costly, or  
76 4 more effective means of serving the needs of the  
76 5 students.

76 6 f. The financial condition of the district,  
76 7 including the effect of the decline of the budget  
76 8 guarantee and unspent balance.

76 9 g. Broad and long-term ability of the district to  
76 10 support the facility and the quality of the academic  
76 11 program.

76 12 h. Cooperation with other educational entities  
76 13 including other school districts, area education  
76 14 agencies, postsecondary institutions, and local  
76 15 communities.

76 16 5. A school district shall not receive more than  
76 17 one grant under the program. The financial assistance  
76 18 shall be in the form of grants and shall be allocated  
76 19 in the following manner:

76 20 a. Twenty-five percent of the financial assistance  
76 21 each year shall be awarded to school districts with an  
76 22 enrollment of one thousand one hundred ninety-nine  
76 23 students or less.

76 24 b. Twenty-five percent of the financial assistance  
76 25 each year shall be awarded to school districts with an  
76 26 enrollment of more than one thousand one hundred  
76 27 ninety-nine students but not more than four thousand  
76 28 seven hundred fifty students.

76 29 c. Twenty-five percent of the financial assistance  
76 30 each year shall be awarded to school districts with an  
76 31 enrollment of more than four thousand seven hundred  
76 32 fifty students.

76 33 d. Twenty-five percent of the financial assistance  
76 34 each year, any financial assistance not awarded under  
76 35 paragraphs "a" through "c", and financial assistance  
76 36 not awarded in previous fiscal years shall be awarded  
76 37 to school districts with any size enrollment.

76 38 6. A district shall receive the lesser of one  
76 39 million dollars of financial assistance under the  
76 40 program, or the total capital investment of the  
76 41 project minus the local match requirement. If the  
76 42 amount of grants awarded in a fiscal year is less than  
76 43 the maximum amount provided for grants for that fiscal  
76 44 year, the amount of the difference shall be carried  
76 45 forward to subsequent fiscal years for purposes of  
76 46 providing grants under the program and the maximum  
76 47 amount of grants for each fiscal year shall be  
76 48 adjusted accordingly.

76 49 7. The school budget review committee shall review  
76 50 all applications for financial assistance under the  
77 1 program and make recommendations regarding the

77 2 applications to the department. The department shall  
77 3 make the final determination on grant awards. The  
77 4 school budget review committee shall base the  
77 5 recommendations on the criteria established pursuant  
77 6 to subsections 3 and 8 and subsection 4, if  
77 7 applicable.

77 8 8. The department shall form a task force to  
77 9 review applications for financial assistance and  
77 10 provide recommendations to the school budget review  
77 11 committee. The task force shall include, at a  
77 12 minimum, representatives from the kindergarten through  
77 13 grade twelve education community, the state fire  
77 14 marshal, and individuals knowledgeable in school  
77 15 infrastructure and construction issues. The  
77 16 department, in consultation with the task force, shall  
77 17 establish the parameters and the details of the  
77 18 criteria for awarding grants based on the information  
77 19 listed in subsection 3, including greater priority to  
77 20 the following:

- 77 21 a. A school district with a lower capacity per  
77 22 pupil.
- 77 23 b. A school district whose plans address specific  
77 24 occupant safety issues.
- 77 25 c. A school district reorganizing or collaborating  
77 26 as described in subsection 3, paragraph "h".
- 77 27 d. A school district for which a sales and  
77 28 services tax for school infrastructure has not been  
77 29 imposed pursuant to section 422E.2 or a school  
77 30 district receiving minimal revenues under section  
77 31 422E.3 when the total enrollment of the school  
77 32 district is considered.

77 33 9. An applicant receiving financial assistance  
77 34 under the program shall submit a progress report to  
77 35 the department as requested by the department which  
77 36 shall include a description of the activities under  
77 37 the project, the status of the implementation of the  
77 38 project, and any other information required by the  
77 39 department.

77 40 10. A school district located in whole or in part  
77 41 in a county which has imposed the maximum rate of  
77 42 sales and services tax for school infrastructure  
77 43 pursuant to section 422E.2 and has sales and services  
77 44 tax for school infrastructure revenue of more than the  
77 45 statewide average of sales tax capacity per pupil, as  
77 46 defined in section 292.1, subsection 8, shall not be  
77 47 eligible for financial assistance under the program.  
77 48 For purposes of this subsection, an individual school  
77 49 district's sales tax capacity per pupil is the  
77 50 estimated total sales and services tax for  
78 1 infrastructure revenue to be actually received by the  
78 2 school district divided by the school district's  
78 3 enrollment as specified in section 292.1, subsection  
78 4 8.

78 5 Sec. 131. NEW SECTION. 292A.3 STATE ASSISTANCE  
78 6 FOR EDUCATIONAL INFRASTRUCTURE FUND.

78 7 A state assistance for educational infrastructure  
78 8 fund is created as a separate and distinct fund in the  
78 9 state treasury under the control of the department.  
78 10 Moneys in the fund include revenues credited to the  
78 11 fund pursuant to this chapter, appropriations made to  
78 12 the fund, and other moneys deposited into the fund.  
78 13 Any amounts disbursed from the fund shall be utilized  
78 14 for school infrastructure purposes as provided in this  
78 15 chapter.

78 16 Sec. 132. NEW SECTION. 292A.4 RULES.

78 17 The department shall adopt rules, pursuant to  
78 18 chapter 17A, necessary for administering the state  
78 19 assistance for educational infrastructure program and  
78 20 fund.

78 21 DIVISION XXIII  
78 22 EFFECTIVE DATE

78 23 Sec. 133. EFFECTIVE DATE. Unless otherwise  
78 24 provided in this Act, this Act takes effect July 1,  
78 25 2003.>

78 26 #\_\_\_\_. Title page, by striking lines 1 and 2 and  
78 27 inserting the following: 78 28 regulatory, taxation, and statutory requirements  
78 29 affecting individuals and business relating to  
78 30 taxation of property, income and utilities, liability  
78 31 reform, workers' compensation, financial services,  
78 32 unemployment compensation employer surcharges,  
78 33 economic development, and school infrastructure



78 34 assistance, and including effective date,  
78 35 applicability, and retroactive applicability  
78 36 provisions.>  
78 37 [#3.](#) By renumbering as necessary.

3

78 38 HF 692.S  
78 39 sc/cc/26