



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

May 22, 2009

The Honorable Michael Mauro
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 344, an Act relating to the requirements of certain financial assistance programs administered by the department of economic development including a reorganization of the grow Iowa values fund and creating a grow Iowa values financial assistance program.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester J. Culver", with a long, sweeping horizontal line extending to the right.

Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





SENATE FILE 344

AN ACT

RELATING TO THE REQUIREMENTS OF CERTAIN FINANCIAL ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ECONOMIC DEVELOPMENT INCLUDING A REORGANIZATION OF THE GROW IOWA VALUES FUND AND CREATING A GROW IOWA VALUES FINANCIAL ASSISTANCE PROGRAM.

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

DIVISION I

GROW IOWA VALUES FUND REORGANIZATION

Section 1. NEW SECTION. 15G.108A DEFINITIONS.

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

1. "Base employment level" means the number of full-time equivalent positions at a business, as established by the department and a business using the business's payroll records, as of the date a business applies for financial assistance under the program.
2. "Benefit" means nonwage compensation provided to an employee. Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.
3. "Board" means the Iowa economic development board.
4. "County wage" means the county wage calculation performed by the department pursuant to section 15G.112, subsection 3.
5. "Created job" means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

6. "Department" means the department of economic development.

7. "Financial assistance" means assistance provided only from the funds, rights, and assets legally available to the department pursuant to this chapter and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty payments.

8. "Fiscal impact ratio" means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain financial incentives to the business, reflecting a ten-year period of taxation and incentives and expressed in terms of current dollars. For purposes of the grow Iowa values financial assistance program, "fiscal impact ratio" does not include taxes received by political subdivisions.

9. "Full-time equivalent position" means a non-part-time position for the number of hours or days per week considered to be full-time work for the kind of service or work performed for an employer. Typically, a full-time equivalent position requires two thousand eighty hours of work in a calendar year, including all paid holidays, vacations, sick time, and other paid leave.

10. "Fund" means the grow Iowa values fund created in section 15G.111.

11. "Maintenance period" means the period of time between the project completion date and maintenance period completion date.

12. "Maintenance period completion date" means the date on which the maintenance period ends.

13. "Project completion date" means the date by which a recipient of financial assistance has agreed to meet all the terms and obligations contained in an agreement with the department as described in section 15G.112, subsection 1, paragraph "d".

14. "Project completion period" means the period of time between the date financial assistance is awarded and the project completion date.

15. "Qualifying wage threshold" means the county wage or the regional wage, as calculated by the department pursuant to section 15G.112, subsection 3, whichever is lower.

16. "Regional wage" means the regional wage calculation performed by the department pursuant to section 15G.112, subsection 3.

17. "Retained job" means a full-time equivalent position, in existence at the time an employer applies for financial assistance which remains continuously filled or authorized to be filled as soon as possible and which is at risk of elimination if the project for which the employer is seeking assistance does not proceed.

Sec. 2. Section 15G.111, Code 2009, is amended to read as follows:

15G.111 APPROPRIATIONS GROW IOWA VALUES FUND --
APPROPRIATION -- ALLOCATION OF FUND MONEYS.

~~1.--a.--For the fiscal period beginning July 1, 2007, and ending June 30, 2015, there is appropriated each fiscal year from the grow Iowa values fund created in section 15G.108, the following amounts for the purposes designated:~~

~~(1)--For each fiscal year of the fiscal period beginning July 1, 2007, and ending June 30, 2009, to the department of economic development thirty million dollars for the following programs administered by the department:~~

~~(a)--The targeted small-business financial assistance program established pursuant to section 15.247.~~

~~(b)--The community economic betterment program established pursuant to section 15.317.~~

~~(c)--The entrepreneurial ventures assistance program established pursuant to section 15.339.~~

~~(d)--The value-added agricultural products and processes financial assistance program established pursuant to section 15E.111.~~

~~(e)--The physical infrastructure financial assistance program established pursuant to section 15E.175.~~

~~(f)--The loan and credit guarantee program established pursuant to section 15E.224.~~

~~(2)--For each fiscal year of the fiscal period beginning July 1, 2009, and ending June 30, 2015, to the department of economic development thirty-two million dollars for the following programs administered by the department:~~

~~(a)--The targeted small-business financial assistance program established pursuant to section 15.247.~~

(b)--The community-economic-betterment-program-established pursuant-to-section-15.317.

(c)--The-entrepreneurial-ventures-assistance-program established-pursuant-to-section-15.339.

(d)--The-value-added-agricultural-products-and-processes financial-assistance-program-established-pursuant-to-section 15E.111.

(e)--The-physical-infrastructure-financial-assistance program-established-pursuant-to-section-15E.175.

(f)--The-loan-and-credit-guarantee-program-established pursuant-to-section-15E.224.

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

(1)--Business-start-ups.

(2)--Business-expansion.

(3)--Business-modernization.

(4)--Business-attraction.

(5)--Business-retention.

(6)--Marketing.

(7)--Research-and-development.

c.--The-department-shall-require-an-applicant-for-moneys appropriated-under-this-subsection-to-include-in-the application-a-statement-regarding-the-intended-return-on investment.--A-recipient-of-moneys-appropriated-under-this subsection-shall-annually-submit-a-statement-to-the-department regarding-the-progress-achieved-on-the-intended-return-on investment-stated-in-the-application.--A-recipient-of-moneys appropriated-under-this-subsection-shall-also-annually-submit a-statement-to-the-department-regarding-the-type-and-amount-of funds-spent-on-any-major-maintenance, repair, or-renovation-of any-new-or-existing-building.--The-department, in-cooperation with-the-department-of-revenue, shall-develop-a-method-of identifying-and-tracking-each-new-job-created-and-the leveraging-of-moneys-through-financial-assistance-from-moneys appropriated-under-this-subsection.--The-department-of economic-development-shall-identify-research-and-development activities-funded-through-financial-assistance-from-not-more than-ten-percent-of-the-moneys-appropriated-under-this subsection, and, instead-of-determining-return-on-investment

and job creation for the identified funding, determine the potential impact on the state's economy. The department's annual project status report satisfies the reporting requirement contained in this section.

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

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

f. The Iowa economic development board shall approve or deny applications for financial assistance provided with moneys appropriated under this subsection. In providing such financial assistance, the board shall, whenever possible, coordinate the assistance with other programs administered by the department of economic development, including the community economic betterment program established in section 15.317 and the value added agricultural products and processes financial assistance program established in section 15E.111.

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

2. a. For the fiscal period beginning July 1, 2005, and ending June 30, 2015, there is appropriated each fiscal year from the grow Iowa values fund created in section 156.108 to the department of economic development

1. FUND CREATED. A grow Iowa values fund is created in the state treasury under the control of the department of economic development consisting of the following:

a. The moneys appropriated to the department pursuant to section 15G.110.

b. Payments of interest, repayments of moneys loaned, and recaptures of grants and loans made pursuant to this chapter.

c. All moneys accruing to the department, including payments of interest, repayments of moneys loaned, royalty payments received, and recaptures of grants, loans, or other forms of financial assistance provided to recipients, from the department's administration of the following preexisting programs:

(1) The community economic betterment program established pursuant to section 15.317, Code 2009.

(2) The entrepreneurial ventures assistance program established pursuant to section 15.339, Code 2009.

(3) The value-added agricultural products and processes financial assistance program established pursuant to section 15E.111, Code 2009.

(4) The physical infrastructure assistance program established pursuant to section 15E.175, Code 2009.

(5) The loan and credit guarantee program established pursuant to section 15E.224, Code 2009.

2. FUND ADMINISTRATION.

a. The department shall administer the fund consistent with the provisions of this chapter and with other pertinent Acts of the general assembly, including providing financial assistance awards pursuant to section 15G.112.

b. Moneys credited to the fund are not subject to section 8.33. Notwithstanding section 12C.7, interest or earnings on moneys in the fund shall be credited to the fund.

c. Of the moneys accruing to the fund pursuant to subsection 1, paragraph "c", the department, with the approval of the board, may allocate an amount necessary to fund administrative and operations costs. An allocation pursuant to this section may be made in addition to any allocations made pursuant to subsection 4, paragraph "a".

3. APPROPRIATION. For each fiscal year of the fiscal period beginning July 1, 2009, and ending June 30, 2015, there

is appropriated from the fund to the department of economic development for purposes of making expenditures pursuant to this chapter fifty million dollars.

4. DEPARTMENTAL PURPOSES. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate thirty-two million dollars each fiscal year as follows:

a. For administrative costs, an amount not more than one and one-half percent of the moneys subject to allocation under this subsection.

b. For awards of financial assistance pursuant to section 15G.112, an amount approved by the board.

c. For marketing proposals pursuant to section 15G.109, an amount approved by the board.

d. For a statewide labor shed study conducted in coordination with the department of workforce development, an amount approved by the board.

e. For responding to opportunities and threats, as described in section 15G.113, an amount approved by the board.

f. For procuring technical assistance from either the public or private sector and for information technology purposes, an amount approved by the board.

g. For covering existing guarantees made under the loan and credit guarantee program established pursuant to section 15E.224, Code 2009, an amount approved by the board.

h. During the fiscal year beginning July 1, 2009, and ending June 30, 2010, for deposit in the renewable fuel infrastructure fund as provided in section 15G.205, two million dollars. This paragraph is repealed on July 1, 2010.

5. BOARD OF REGENTS INSTITUTIONS. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate five million dollars each fiscal year for financial assistance to institutions of higher learning under the control of the state board of regents.

a. The financial assistance allocated pursuant to this subsection is for capacity building infrastructure in areas related to technology commercialization, for marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth, and for infrastructure projects and programs needed to assist in the implementation of activities under chapter 262B.

b. In allocating moneys to institutions under the control of the state board of regents, the board shall require the institutions to provide a one-to-one match of additional moneys for the activities funded with moneys appropriated under this subsection.

c. The state board of regents shall annually prepare a report for submission to the governor, the general assembly, the department, and the legislative services agency regarding the activities, projects, and programs funded with moneys ~~appropriated~~ allocated under this subsection.

~~b.~~ d. The state board of regents may ~~allocate~~ disburse any moneys ~~appropriated~~ allocated under this subsection and received from the department for financial assistance to a single biosciences development organization determined by the department to possess expertise in promoting the area of bioscience entrepreneurship. The organization must be composed of representatives of both the public and the private sector and shall be composed of subunits or subcommittees in the areas of existing identified biosciences platforms, education and workforce development, commercialization, communication, policy and governance, and finance. Such financial assistance shall be used for purposes of activities related to biosciences and bioeconomy development under chapter 262B, and to accredited private universities in this state.

~~3.--For-the-fiscal-period-beginning-July-17-20057-and ending-June-307-20157-there-is-appropriated-each-fiscal-year from-the-grow-Iowa-values-fund-created-in-section-156.108-to the-department-of-economic-development~~

6. STATE PARKS. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate one million dollars each fiscal year for purposes of providing financial assistance for projects in targeted state parks, state banner parks, and destination parks.

a. The department of natural resources shall submit a plan to the ~~department-of-economic-development~~ board for the proposed expenditure of moneys ~~appropriated-under~~ received from the department pursuant to this subsection. The plan shall focus on improving state parks, state banner parks, and destination parks for economic development purposes. The

board shall approve, deny, modify, or defer proposed expenditures under the plan. Based on the report plan submitted and the action of the board in regard to the plan, the department of economic development shall provide financial assistance to the department of natural resources for support of state parks, state banner parks, and destination parks.

b. For purposes of this subsection, "state banner park" means a park with multiple uses and which focuses on the economic development benefits of a community or area of the state.

~~4.--For-the-fiscal-period-beginning-July-17-20057-and ending-June-307-20157-there-is-appropriated-each-fiscal-year from-the-grow-Iowa-values-fund-created-in-section-156.108-to the-office-of-the-treasurer-of-state~~

7. CULTURAL TRUST FUND. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate one million dollars each fiscal year for deposit in the Iowa cultural trust fund created in section 303A.4. The board of trustees of the Iowa cultural trust shall annually prepare a report for submission to the governor, the general assembly, the department, and the legislative services agency regarding the activities, projects, and programs funded with moneys allocated under this subsection.

~~5.--For-the-fiscal-period-beginning-July-17-20057-and ending-June-307-20157-there-is-appropriated-each-fiscal-year from-the-grow-Iowa-values-fund-created-in-section-156.108-to the-department-of-economic-development~~

8. COMMUNITY COLLEGES. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate seven million dollars each fiscal year for deposit into the workforce training and economic development funds of the community colleges created pursuant to section 260C.18A.

~~6.--a.--For-the-fiscal-period-beginning-July-17-20057-and ending-June-307-20157-there-is-appropriated-each-fiscal-year from-the-grow-Iowa-values-fund-created-in-section-156.108-to the-department-of-economic-development~~

9. REGIONAL FINANCIAL ASSISTANCE. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate one million dollars each fiscal year for providing economic development region financial assistance

under section 15E.232, subsections 3, 5, 6, 7, and 8, and under section 15E.233, and for providing financial assistance for business accelerators pursuant to section 15E.351.

b. a. Of the moneys ~~appropriated~~ allocated in this subsection, the department shall transfer three hundred fifty thousand dollars each fiscal year for the fiscal period beginning July 1, ~~2005~~ 2009, and ending June 30, 2015, to Iowa state university of science and technology, for purposes of providing financial assistance to establish small business development centers in areas of the state previously served by a small business development center, to develop business succession plans, and to maintain existing small business development centers. Of the three hundred fifty thousand dollars transferred each fiscal year pursuant to this paragraph, not more than one hundred thousand dollars shall be used for business succession activities. Financial assistance for a small business development center shall not exceed fifty thousand dollars per fiscal year and shall not be awarded unless the city or county where the center is located or scheduled to be located demonstrates the ability to obtain local matching moneys on a dollar-for-dollar basis for at least twenty-five percent of the cost of the center.

e. b. Of the moneys ~~appropriated~~ allocated under this subsection, the department may use up to fifty thousand dollars each fiscal year during the fiscal period beginning July 1, ~~2005~~ 2009, and ending June 30, 2015, for purposes of providing training, materials, and assistance to Iowa business resource centers.

~~7. a. For the fiscal period beginning July 1, 2006, and ending June 30, 2009, there is appropriated for each fiscal year from the grow Iowa values fund created in section 15G.108 two million dollars for deposit in the renewable fuel infrastructure fund as provided in section 15G.205.~~

~~b. This subsection is repealed on July 1, 2009.~~

~~8. For the fiscal period beginning July 1, 2007, and ending June 30, 2015, there is appropriated for each fiscal year from the grow Iowa values fund created in section 15G.108 to the department of economic development~~

10. COMMERCIALIZATION SERVICES. Of the moneys appropriated to the department pursuant to subsection 3, the

department shall allocate three million dollars for the purpose of providing the commercialization services described in section 15.411, subsections 2 and 3.

~~9.--For the fiscal period beginning July 1, 2008, and ending June 30, 2015, from the moneys appropriated each fiscal year from the grow Iowa values fund created in section 15G.108, to the department for program administration pursuant to subsection 1, paragraph "a", the department may allocate up to five million dollars to projects qualifying for assistance under the physical infrastructure financial assistance program established pursuant to section 15E.175 which, notwithstanding section 15G.112, shall not be subject to job or wage requirements.--The department may allocate moneys from the grow Iowa values fund above five million dollars each year to projects qualifying for assistance under the physical infrastructure financial assistance program but such projects shall be subject to the job and wage requirements of section 15G.112.~~

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

Sec. 3. Section 15G.112, Code 2009, is amended by striking the section and inserting in lieu thereof the following:

15G.112 GROW IOWA VALUES FINANCIAL ASSISTANCE PROGRAM.

1. PROGRAM ESTABLISHED.

a. The department shall establish and administer a grow Iowa values financial assistance program for purposes of providing financial assistance from the fund to applicants. The financial assistance shall be provided from moneys credited to the grow Iowa values fund and not otherwise obligated or allocated pursuant to section 15G.111.

b. The program shall consist of the components described in subsections 4 through 9. Each fiscal year, the department, with the approval of the board, shall allocate an amount of financial assistance from the fund that may be awarded under each component of the program to qualifying applicants.

c. In making awards of financial assistance pursuant to subsections 4 and 5, the department shall calculate the fiscal impact ratio, and in reviewing each application to determine

the amount of financial assistance to award, the board shall consider the appropriateness of the award to the fiscal impact ratio of the project and to other factors deemed relevant by the board.

d. For each award of financial assistance under the program, the department and the recipient of the financial assistance shall enter into an agreement describing the terms and obligations under which the financial assistance is being provided. The department may negotiate, subject to approval by the board, the terms and obligations of the agreement. An agreement shall contain but need not be limited to all of the following terms and obligations:

- (1) A project completion date.
- (2) A maintenance period completion date.
- (3) The number of jobs to be created or retained.
- (4) The amount of financial assistance to be provided under the program.

(5) An amount of matching funds from a city or county. The department shall adopt by rule a formula for determining the amount of matching funds required.

e. The department may enforce the terms and obligations of agreements described in paragraph "d".

f. A recipient of financial assistance shall meet all terms and obligations in an agreement by the project completion date, but the board may for good cause extend the project completion date.

g. During the maintenance period, a recipient of financial assistance shall continue to comply with the terms and obligations of an agreement entered into pursuant to paragraph "d".

h. If a business that is approved to receive financial assistance experiences a layoff within this state or closes any of its facilities within this state, the board has the discretion to reduce or eliminate some or all of the amount of financial assistance to be received. If a business has received financial assistance under this part and experiences a layoff within this state or closes any of its facilities within this state, the business may be subject to repayment of all or a portion of the incentives that the business has received.

2. STANDARD PROGRAM REQUIREMENTS. In addition to the eligibility requirements of the individual program components applicable to the financial assistance sought, a business shall be subject to all of the following requirements:

a. The business shall submit to the department with its application for financial assistance a report describing all violations of environmental law or worker safety law within the last five years. If, upon review of the application, the board finds that a business has a record of violations of the law, statutes, rules, or regulations that tends to show a consistent pattern, the board shall not make an award of financial assistance to the business unless the board finds either that the violations did not seriously affect public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.

b. The business shall not have closed, or substantially reduced, operations in one area of this state and relocated substantially the same operations in a community in another area of this state. However, this paragraph shall not be construed to prohibit a business from expanding its operation in a community if existing operations of a similar nature in this state are not closed or substantially reduced.

c. The proposed project shall not negatively impact other businesses in competition with the business being considered for assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for financial assistance. The department shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for financial assistance, jobs created or retained as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created or retained.

d. The business shall only employ individuals legally authorized to work in this state. In addition to any and all other applicable penalties provided by current law, all or a

portion of the assistance received by a business which has received financial assistance under the program and is found to knowingly employ individuals not legally authorized to work in this state is subject to recapture by the department.

3. COUNTY AND REGIONAL WAGE CALCULATIONS.

a. In administering the financial assistance program, the department shall annually calculate a county wage and a regional wage for each county for purposes of determining the eligibility of applicants for financial assistance under the program.

(1) The county wage and the regional wage shall be an hourly wage rate based on data from the most recent four quarters of wage and employment information from the quarterly covered wage and employment data report issued by the department of workforce development.

(2) The department shall not include the value of benefits when calculating the county wage or the regional wage.

b. The county wage shall be the average of the wages paid for jobs performed in the county by employers in all employment categories except the employment categories of government, agriculture, and mining.

c. The regional wage shall be calculated as follows:

(1) Multiplying by four the county wage of a county.

(2) Adding together the county wage of each of the counties adjacent to the county.

(3) Adding the result obtained in subparagraph (1) to the result obtained in subparagraph (2).

(4) Dividing the result obtained in subparagraph (3) by the sum of the number of counties adjacent to the county plus four.

4. ONE HUNDRED THIRTY PERCENT WAGE COMPONENT.

a. In order to qualify for financial assistance under this component of the program, a business shall meet all of the following requirements:

(1) The business shall create or retain jobs as part of a project, and the jobs created or retained shall meet one of the following requirements:

(a) If the business is creating jobs, the business shall demonstrate that the jobs will pay at least one hundred percent of the qualifying wage threshold at the start of the

project completion period, at least one hundred thirty percent of the qualifying wage threshold by the project completion date, and at least one hundred thirty percent of the qualifying wage threshold until the maintenance period completion date.

(b) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred thirty percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

(2) The business shall provide a sufficient package of benefits to each employee holding a created or retained job. The board, at the recommendation of the department, shall adopt rules determining what constitutes a sufficient package of benefits.

(3) The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues as determined by the department after calculating the fiscal impact ratio of the project.

(4) The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.

b. A business providing a sufficient package of benefits to each employee holding a created or retained job shall qualify for a credit against any of the one hundred thirty percent qualifying wage threshold requirements described in paragraph "a", subparagraph (1). The credit shall be calculated and applied as follows:

(1) By multiplying the qualifying wage threshold of the county in which the business is located by one and three-tenths.

(2) By multiplying the result of subparagraph (1) by one-tenth.

(3) The amount of the result of subparagraph (2) shall be credited against the amount of the one hundred thirty percent qualifying wage threshold requirement that the business is required to meet under paragraph "a", subparagraph (1).

(4) The credit shall not be applied against the one hundred percent of qualifying wage threshold requirement described in paragraph "a", subparagraph (1).

c. Notwithstanding the qualifying wage threshold requirements described in paragraph "a", subparagraph (1), if a business is also the recipient of financial assistance under another program administered by the department, and the other program requires the payment of higher wages than the wages required under this subsection, the business shall be required to pay the higher wages.

d. An applicant may apply to the board for a waiver of the qualifying wage threshold requirements of this subsection.

5. ONE HUNDRED PERCENT WAGE COMPONENT. In order to qualify for financial assistance under this component of the program, a business shall meet all of the following requirements:

a. The business shall create or retain jobs as part of a project, and the jobs created or retained shall meet one of the following qualifying wage thresholds:

(1) If the business is creating jobs, the business shall demonstrate that the jobs pay at least one hundred percent of the qualifying wage threshold at the start of the project completion period, by the project completion date, and until the maintenance period completion date.

(2) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

b. The business shall provide a sufficient package of benefits to each employee holding a created or retained job. The board, at the recommendation of the department, shall adopt rules determining what constitutes a sufficient package of benefits.

c. The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues as determined by the department after calculating the fiscal impact ratio of the project.

d. The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.

6. ENTREPRENEURIAL COMPONENT.

a. In order to qualify for financial assistance under the entrepreneurial component of the program, a business shall meet all of the following requirements:

(1) The business shall be an early-stage business. For purposes of this subparagraph, "early-stage business" means a business that has been competing in a particular industry for three years or less.

(2) The business shall have consulted with and obtained a letter of endorsement from either a business accelerator approved by the department or from an entrepreneurial development organization recognized by the department.

b. Notwithstanding subsection 1, paragraph "d", subparagraph (5), a business applying for financial assistance under the entrepreneurial component is eligible for financial assistance regardless of whether the business has received matching funds from a city or county.

c. In awarding financial assistance under the entrepreneurial component of the program, the department and the board shall give priority to businesses in those sectors of the Iowa economy with the greatest potential for growth and expansion. Sectors having such potential include but are not limited to biotechnology, recyclable materials, software development, computer-related products, advanced materials, advanced manufacturing, and medical and surgical instruments.

7. INFRASTRUCTURE COMPONENT. In order to qualify for financial assistance under the infrastructure component of the program, a business or community shall be engaged in a physical infrastructure project. For purposes of this subsection, "physical infrastructure project" means a project that creates necessary infrastructure for economic success throughout Iowa, provides the foundation for the creation of jobs, and that involves the investment of a substantial amount of capital. Physical infrastructure projects include but are not limited to projects involving any mode of transportation; public works and utilities such as sewer, water, power, or telecommunications; physical improvements that mitigate, prevent, or eliminate environmental contamination; and other similar projects deemed to be physical infrastructure by the department.

8. VALUE-ADDED AGRICULTURE COMPONENT.

a. In order to qualify for financial assistance under the value-added agriculture component of the program, a business shall be a production facility engaged in the process of

adding value to agricultural products. Projects considered eligible under this subsection include but are not limited to innovative agricultural products and processes, innovative and new renewable fuels, agricultural biotechnology, biomass and alternative energy production, and organic products and emerging markets. Financial assistance is available for project development as well as project creation.

b. The board and the department shall not award financial assistance under the value-added agriculture component in an amount exceeding fifty percent of the total capital investment in a project.

c. Notwithstanding subsection 1, paragraph "d", subparagraph (5), a business applying for financial assistance under the value-added agriculture component is eligible for financial assistance regardless of whether the business has received matching funds from a city or county.

9. DISASTER RECOVERY COMPONENT. In order to qualify for financial assistance under the disaster recovery component of the program, a business shall meet all of the following conditions:

a. The business is located in an area declared a disaster area by a federal official.

b. The business has sustained substantial physical damage and has closed as the result of a natural disaster.

c. The business has a plan for reopening that includes employing a sufficient number of the employees the business employed before the natural disaster occurred. The department shall adopt rules governing the number of employees that is sufficient under this paragraph.

d. The business will pay wages at the same level after reopening as the business paid before the natural disaster occurred.

Sec. 4. NEW SECTION. 15G.113 OPPORTUNITIES AND THREATS.

1. The department, with the approval of the board, may award financial assistance from the fund to a business, an individual, a development corporation, a nonprofit organization, an organization established in section 28H.1, or a political subdivision of this state if, in the opinion of the department, a project presents a unique opportunity for economic development in this state, or if the project

addresses a situation constituting a threat to the continued economic prosperity of this state.

2. The board shall adopt rules governing the eligibility of projects for financial assistance pursuant to this section.

Sec. 5. NEW SECTION. 15G.114 RULES.

1. The board, upon the recommendation of the department, shall adopt rules for the administration of this chapter in accordance with chapter 17A.

2. To the extent necessary, the rules shall provide for the inclusion of uniform terms and obligations in agreements between the department and the recipients of financial assistance under the grow Iowa values financial assistance program, the high quality jobs program, and the enterprise zone program. For purposes of this section, "terms and obligations" includes but is not limited to the created or retained jobs, qualifying wage thresholds, project completion dates, project completion periods, maintenance periods, and maintenance period completion dates that are applicable to the grow Iowa values financial assistance program, the high quality job creation program, and the enterprise zone program.

Sec. 6. NEW SECTION. 15G.115 APPLICATIONS -- ADVISORY BODY RECOMMENDATIONS -- FINAL BOARD ACTIONS.

1. The department shall accept and process applications for financial assistance under the grow Iowa values financial assistance program. After processing the applications, the department shall prepare them for review by advisory committees and for final action by the board as described in this section.

2. a. Each application from a business for financial assistance under the grow Iowa values financial assistance program shall be reviewed by the due diligence committee established by the board pursuant to section 15.103, subsection 6. The due diligence committee shall make a recommendation on each application to the board.

b. Each application from a business for financial assistance under the value-added agriculture component of the grow Iowa values financial assistance program shall be reviewed by the agricultural products advisory council established in section 15.203, which shall make a recommendation on each application to the board.

3. In overseeing the administration of the grow Iowa values fund and grow Iowa values financial assistance program pursuant to this chapter, the board shall do all of the following:

a. At the first scheduled meeting of the board after the start of a new fiscal year, take final action on all of the following:

(1) The department's recommendations for the annual fiscal year allocation of moneys in the fund, as provided in section 15G.111, subsection 4. The board may adjust the allocation of moneys during the fiscal year as necessary.

(2) The department's recommendations for the allocation of moneys among the program components referred to in section 15G.112, subsection 1, paragraph "b". The board may adjust the allocation of moneys during the fiscal year as necessary.

b. Consider the recommendation of the due diligence committee and the agricultural products advisory council on each application for financial assistance, as described in subsection 2, and take final action on each application.

c. Take final action on the required plans for proposed expenditures submitted by the entities receiving moneys allocated under section 15G.111, subsections 5 through 8.

d. Take final action on any rules recommended by the department for the implementation of the provisions of this chapter.

Sec. 7. Section 260G.6, Code 2009, is amended to read as follows:

260G.6 PROGRAM-CAPITAL-FUNDS-ALLOCATION FUND ESTABLISHED
-- ALLOCATION OF MONEYS.

1. An accelerated career education fund is established in the state treasury under the control of the department of economic development consisting of moneys appropriated to the department for purposes of funding the cost of accelerated career education program capital projects.

2. Projects funded pursuant to this section shall be for vertical infrastructure as defined in section 8.57, subsection 6, paragraph "c".

3. If moneys are appropriated by the general assembly to support program capital costs, the moneys shall be allocated according to rules adopted by the department of economic development pursuant to chapter 17A.

4. In order to receive such moneys pursuant to this section, a program agreement approved by the community college board of directors must shall be in place, program capital cost requests shall be approved by the Iowa economic development board created in section 15.103, program capital cost requests shall be approved or denied not later than sixty days following receipt of the request by the department of economic development, and employer contributions toward program capital costs shall be certified and agreed to in the agreement.

Sec. 8. Sections 15.315 through 15.325, 15.338, 15.339, 15E.111, 15E.112, 15E.175, 15E.221 through 15E.227, and 15G.108, Code 2009, are repealed.

Sec. 9. FUND AND ACCOUNT BALANCE TRANSFERS.

1. Notwithstanding any provision of law to the contrary, effective July 1, 2009, the unencumbered or unobligated balance remaining in any of the funds or accounts associated with the following programs on June 30, 2009, shall be transferred to the grow Iowa values fund established in section 15G.112:

a. The community economic betterment program established pursuant to section 15.317.

b. The entrepreneurial ventures assistance program established pursuant to section 15.339.

c. The value-added agricultural products and processes financial assistance program established pursuant to section 15E.111.

d. The physical infrastructure financial assistance program established pursuant to section 15E.175.

e. The loan and credit guarantee program established pursuant to section 15E.224.

2. If any moneys in the loan and credit guarantee fund established pursuant to section 15E.227 are obligated or encumbered at the close of the fiscal year ending June 30, 2009, but subsequently become unencumbered or otherwise cease to be obligated, such moneys shall be transferred to the grow Iowa values fund established in section 15G.112 as soon as practicable.

3. Effective July 1, 2009, all unencumbered and unobligated moneys appropriated to the department of economic

development pursuant to 2008 Iowa Acts, chapter 1179, section 1, subsection 5, and 2008 Iowa Acts, chapter 1179, section 9, subsection 2, shall be transferred to the accelerated career education fund established in section 260G.6, subsection 1.

DIVISION II

HIGH QUALITY JOBS PROGRAM

Sec. 10. Section 15.326, Code 2009, is amended to read as follows:

15.326 SHORT TITLE.

This part shall be known and may be cited as the "High Quality Job-Creation-Act" Jobs Program".

Sec. 11. Section 15.327, Code 2009, is amended to read as follows:

15.327 DEFINITIONS.

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

1. "Benefit" has the same meaning as defined in section 15G.108A.

~~1-~~ 2. "Community" means a city, county, or entity established pursuant to chapter 28E.

~~2-~~ 3. "Contractor or subcontractor" means a person who contracts with the eligible business or subcontracts with a contractor for the provision of property, materials, or services for the construction or equipping of a facility of the eligible business.

4. "Created job" has the same meaning as defined in section 15G.108A.

~~3-~~ 5. "Department" means the Iowa department of economic development.

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

7. "Fiscal impact ratio" has the same meaning as defined in section 15G.108A.

8. "Maintenance period completion date" has the same meaning as defined in section 15G.108A.

~~5-~~ 9. "Program" means the high quality job-creation jobs program.

~~6-~~ 10. "Project completion"-means-the-first-date-upon which-the-average-annualized-production-of-finished-product for-the-preceding-ninety-day-period-at-the-manufacturing

~~facility-operated-by-the-eligible-business-is-at-least-fifty percent-of-the-initial-design-capacity-of-the-facility.--The eligible-business-shall-inform-the-department-of-revenue-in writing-within-two-weeks-of-project completion date" has the same meaning as defined in section 15G.108A.~~

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

12. "Qualifying wage threshold" has the same meaning as defined in section 15G.108A.

13. "Retained job" has the same meaning as defined in section 15G.108A.

Sec. 12. Section 15.329, subsections 1, 2, and 5, Code 2009, are amended to read as follows:

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

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

b. The business has not closed or substantially reduced ~~its-operation~~ operations in one area of ~~the~~ this state and relocated substantially the same ~~operation~~ operations in ~~the a~~ a community in another area of this state. ~~This subsection-does paragraph shall not be construed to prohibit a business from expanding its operation in the a community if existing operations of a similar nature in the this state are not closed or substantially reduced.~~

~~c.--The-business-is-not-a-retail-or-service-business.~~

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

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

~~b.--(1)--Produce-or-manufacture-high-value-added-goods-or services-or-be-engaged-in-one-of-the-following-industries:~~

- (a)--Value-added-agricultural-products.
 - (b)--Insurance-and-financial-services.
 - (c)--Plastics.
 - (d)--Metals.
 - (e)--Printing-paper-or-packaging-products.
 - (f)--Drugs-and-pharmaceuticals.
 - (g)--Software-development.
 - (h)--Instruments-and-measuring-devices-and-medical instruments.
 - (i)--Recycling-and-waste-management.
 - (j)--Telecommunications.
 - (k)--Trucking-and-warehousing.
 - (2)--Retail-and-service-businesses-shall-not-be-eligible for-benefits-under-this-part.
- c.--Provide-and-pay-at-least-eighty-percent-of-the-cost-of a-standard-medical-and-dental-insurance-plan-for-all-full-time employees-working-at-the-facility-in-which-the-new-investment occurred.
- d.--Make-child-care-services-available-to-its-employees.
- e.--Invest-annually-no-less-than-one-percent-of-pretax profits, from-the-facility-located-to-Iowa-or-expanded-under the-program, in-research-and-development-in-Iowa.
- f.--Invest-annually-no-less-than-one-percent-of-pretax profits, from-the-facility-located-to-Iowa-or-expanded-under the-program, in-worker-training-and-skills-enhancement.
- g.--Have-an-active-productivity-and-safety-improvement program-involving-management-and-worker-participation-and cooperation-with-benchmarks-for-gauging-compliance.
- h.--Occupy-an-existing-facility, at-least-one-of-the buildings-of-which-shall-be-vacant-and-shall-contain-at-least twenty-thousand-square-feet.
- c. The business shall create or retain jobs as part of a project, and the jobs created or retained shall meet one of the following qualifying wage thresholds:
- (1) If the business is creating jobs, the business shall demonstrate that the jobs will pay at least one hundred percent of the qualifying wage threshold at the start of the project completion period, at least one hundred thirty percent of the qualifying wage threshold by the project completion date, and at least one hundred thirty percent of the

qualifying wage threshold until the maintenance period completion date.

(2) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred thirty percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

d. The business shall provide a sufficient package of benefits to each employee holding a created or retained job. The board, at the recommendation of the department, shall adopt rules determining what constitutes a sufficient package of benefits.

e. The business shall demonstrate that the jobs created or retained will have a sufficient impact on state and local government revenues as determined by the department after calculating the fiscal impact ratio of the project.

f. The business shall not be a retail business or a business where entrance is limited by a cover charge or membership requirement.

g. Notwithstanding the qualifying wage threshold requirements in paragraph "c", if a business is also the recipient of financial assistance under another program administered by the department, and the other program requires the payment of higher wages than the wages required under this subsection, the business shall be required to pay the higher wages.

2. A business providing a sufficient package of benefits to each employee holding a created or retained job shall qualify for a credit against the qualifying wage threshold requirements described in subsection 1, paragraph "c". The credit shall be calculated in the manner described in section 15G.112, subsection 4, paragraph "b".

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

a. The quality of the jobs to be created or retained. In rating the quality of the jobs, the department shall place greater emphasis on those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type

positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. Businesses that have wage scales substantially below that of existing Iowa businesses in that area should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.

b. The impact of the proposed project on other businesses in competition with the business being considered for assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for assistance. The department shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for assistance, jobs created or retained as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created or retained.

c. The economic impact to the this state of the proposed project. In measuring the economic impact, the department shall place greater emphasis on projects which ~~have-greater consistency-with-the-state-strategie-plan-than-other-projects-~~ ~~Greater-consistency-may-include-any-or-all-of~~ demonstrate the following:

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

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

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

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

(5) A potential for future job growth.

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

~~d.--If-a-business-has, within-three-years-of-application for-assistance, acquired-or-merged-with-an-Iowa-corporation-or company-and-the-business-has-made-a-good-faith-effort-to-hire the-workers-of-the-acquired-or-merged-company-~~

~~e.--Whether-a-business-provides-for-a-preference-for-hiring residents-of-the-state, except-for-out-of-state-employees offered-a-transfer-to-Iowa-~~

~~f.--Whether-all-known-required-environmental-permits-have been-issued-and-regulations-met-before-moneys-are-released-~~

Sec. 13. Section 15.330, subsection 4, Code 2009, is amended to read as follows:

4. ~~A-business-creating-fifteen-or-fewer-new-high-quality jobs-shall-have-up-to-three-years-to-complete-a-project-and shall-be-required-to-maintain-the-jobs-for-an-additional-two years.--A-business-creating-sixteen-or-more-new-high-quality jobs-shall-have-up-to-five-years-to-complete-a-project-and shall-be-required-to-maintain-the-jobs-for-an-additional-two years.~~ A project completion date, a maintenance period completion date, the number of jobs to be created or retained, or certain other terms and obligations described in section 15G.112, subsection 1, paragraph "d", as the department deems necessary in order to make the requirements in project agreements uniform. The department, with the approval of the board, may adopt rules as necessary for making such requirements uniform. Such rules shall be in compliance with the provisions of this part and with the provisions of chapter 15G.

Sec. 14. Section 15.331A, subsection 2, Code 2009, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. The eligible business shall inform the department of revenue in writing within two weeks of project completion. For purposes of this section, "project completion" means the first date upon which the average annualized production of finished product for the preceding ninety-day period at the manufacturing facility operated by the eligible business is at least fifty percent of the initial design capacity of the facility.

Sec. 15. Section 15.333, subsection 1, unnumbered paragraph 1, Code 2009, is amended to read as follows:

An eligible business may claim a tax credit equal to a percentage of the new investment directly related to new jobs created or retained by the location or expansion of an eligible business under the program. The tax credit shall be amortized equally over five calendar years. The tax credit shall be allowed against taxes imposed under chapter 422, division II, III, or V, and against the moneys and credits tax imposed in section 533.329. If the business is a partnership,

S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust. The percentage shall be determined as provided in section 15.335A. Any tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs first.

Sec. 16. Section 15.335A, Code 2009, is amended to read as follows:

15.335A TAX INCENTIVES.

1. Tax incentives are available to eligible businesses as provided in this section. The incentives are based upon the number of new-high-quality jobs created or retained that pay at least one hundred thirty percent of the qualifying wage threshold as computed pursuant to section 15G.112, subsection 4, and the amount of the qualifying investment made according to the following schedule:

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

{+} a. The number of jobs is zero and economic activity is furthered by the qualifying investment and the amount of the qualifying investment is one of the following:

{a} (1) Less than one hundred thousand dollars, then the tax incentive is the investment tax credit of up to one percent.

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

{c} (3) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to one

percent, the sales tax refund, and the additional research and development tax credit.

{2} b. The number of jobs is one but not more than five and the amount of the qualifying investment is one of the following:

{a} (1) Less than one hundred thousand dollars, then the tax incentive is the investment tax credit of up to two percent.

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

{c} (3) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to two percent, the sales tax refund, and the additional research and development tax credit.

{3} c. The number of jobs is six but not more than ten and the amount of the qualifying investment is one of the following:

{a} (1) Less than one hundred thousand dollars, then the tax incentive is the investment tax credit of up to three percent.

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

{c} (3) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to three percent, the sales tax refund, and the additional research and development tax credit.

{4} d. The number of jobs is eleven but not more than fifteen and the amount of the qualifying investment is one of the following:

{a} (1) Less than one hundred thousand dollars, then the tax incentive is the investment tax credit of up to four percent.

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

~~(e)~~ (3) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to four percent, the sales tax refund, and the additional research and development tax credit.

~~(5)~~ e. The number of jobs is sixteen ~~or~~ but not more than thirty and the amount of the qualifying investment is one of the following:

~~(a)~~ (1) Less than one hundred thousand dollars, then the tax incentive is the investment tax credit of up to five percent.

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

~~(c)~~ (3) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to five percent, the sales tax refund, and the additional research and development tax credit.

~~b.---In-lieu-of-paragraph-"a",-the-number-of-new-high-quality-jobs-created-with-an-annual-wage,-including-benefits,-equal-to-or-greater-than-one-hundred-sixty-percent-of-the-average-county-wage-is-one-of-the-following:~~

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

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

~~(3)~~ h. The number of jobs is ~~forty-one~~ sixty-one but not more than ~~fifty~~ eighty and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the

investment tax credit of up to eight percent, the sales tax refund, and the additional research and development tax credit.

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

(5) j. The number of jobs is at least ~~sixty-one~~ one hundred one and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to ten percent, the sales tax refund, and the additional research and development tax credit.

2. For purposes of this section:

a. "Additional research and development tax credit" means the research activities credit as provided under section 15.335.

~~b.--"Average-county-wage" means the annualized, average hourly wage based on wage information compiled by the department of workforce development.~~

~~c.--"Benefits" means all of the following:~~

~~(1)--Medical and dental insurance plans.--If an employer offers medical insurance under both single and family coverage plans, the employer shall be given credit for providing medical insurance under family coverage plans to all new employees.~~

~~(2)--Pension and profit-sharing plans.~~

~~(3)--Child-care services.~~

~~(4)--Life insurance coverage.~~

~~(5)--Other benefits identified by rule of the department of revenue.~~

b. "Benefits" means the same as defined in section 15G.108A.

c. "County wage" means the same as defined in section 15G.108A.

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

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

f. "Qualifying wage threshold" means the same as defined in section 15G.108A.

g. "Regional wage" means the same as defined in section 15G.108A.

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

3. A community may apply to the Iowa economic development board for a project-specific waiver from the ~~average-county wage-calculations~~ qualifying wage threshold requirement provided in subsection 1 in order ~~for-an-eligible-business-to receive to seek~~ tax incentives for an eligible business. The board may grant a project-specific waiver from the ~~average county-wage-calculations~~ qualifying wage threshold requirement in subsection 1 for the remainder of the a calendar year, based on ~~average~~ county wage or regional wage calculations brought forth by the applicant county including~~7~~, but not limited to~~7~~, any of the following:

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

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

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

d. A qualifying wage guideline for a specific project based upon unusual economic circumstances present in the city or county.

e. The annualized, average hourly wage paid by all businesses in the county located outside the largest city of the county.

f. The annualized, average hourly wage paid by all businesses other than the largest employer in the entire county.

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

5- 4. Each calendar year, the department shall not approve more than three million six hundred thousand dollars worth of investment tax credits for projects with qualifying investments of less than one million dollars.

6- 5. The department shall negotiate the amount of tax incentives provided to an applicant under the program in accordance with this section and section 15G.112, as applicable.

DIVISION III
ENTERPRISE ZONES

Sec. 17. Section 15E.193, subsections 1 and 2, Code 2009, are amended to read as follows:

1. A business which is or will be located, in whole or in part, in an enterprise zone is eligible to receive incentives and assistance under this division if the business has not closed or reduced its operation in one area of the state and relocated substantially the same operation into the enterprise zone and if the business meets all of the following requirements:

a. Is not a retail business or a business where entrance is limited by a cover charge or membership requirement.

~~b.--Provides all full-time employees with the option of choosing one of the following:~~

~~(1)--The business pays eighty percent of both of the following:~~

~~(a)--The cost of a standard medical insurance plan.~~

~~(b)--The cost of a standard dental insurance plan or an equivalent plan.~~

~~(2)--The business provides the employee with a monetarily equivalent plan to the plan provided for in subparagraph (1).~~

~~c.--Pays an average wage that is at or greater than ninety percent of the lesser of the average county wage or average regional wage, as determined by the department.--However, the wage paid by the business shall not be less than seven dollars and fifty cents per hour.~~

b. (1) The business shall provide a sufficient package of benefits to each employee holding a created or retained job. For purposes of this paragraph, "created job" and "retained job" have the same meaning as defined in section 15G.108A.

(2) The board, upon the recommendation of the department, shall adopt rules determining what constitutes a sufficient package of benefits.

c. The business shall pay a wage that is at least ninety percent of the qualifying wage threshold. For purposes of this paragraph, "qualifying wage threshold" has the same meaning as defined in section 15G.108A.

d. Creates or retains at least ten full-time equivalent positions and maintains them for-at-least-ten-years.---For-an existing-business-in-counties-with-a-population-of-ten thousand-or-less-or-in-cities-with-a-population-of-two thousand-or-less, the commission may adopt a provision that allows the business to create at least five initial jobs with the additional jobs to be added in five years.---The business shall include in its strategic plan the timeline for job creation.---If the existing business fails to meet the ten job creation requirement within the five-year period, all incentives or assistance will cease immediately until the maintenance period completion date. For purposes of this paragraph, "maintenance period completion date" and "full-time equivalent position" have the same meanings as defined in section 15G.108A.

e. Makes a capital investment of at least five hundred thousand dollars. If the business will be occupying a vacant building suitable for industrial use, the fair market value of the building and land, not to exceed two hundred fifty thousand dollars, shall be counted toward the capital investment requirement.---An existing business that has been operating in the enterprise zone for at least five years is exempt from the capital investment requirement of this paragraph of up to two hundred fifty thousand dollars of the fair market value, as established by an appraisal, of the building and land.

f. If the business is only partially located in an enterprise zone, the business must be located on contiguous parcels of land.

2. In addition to meeting the requirements under subsection 1, an eligible business shall provide the enterprise zone commission with all of the following:

a. The long-term strategic plan for the business which shall include labor and infrastructure needs.

b. Information dealing with the benefits the business will bring to the area.

c. Examples of why the business should be considered or would be considered a good business enterprise.

d. The impact the business will have on other businesses in competition with it. The enterprise zone commission shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for assistance. The enterprise zone commission shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for assistance, jobs created or retained as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created or retained.

~~e.--An-affidavit-that-it-has-not,-within-the-last-five years,-violated-state-or-federal-environmental-and-worker safety-statutes,-rules,-and-regulations-or-if-such-violation has-occurred-that-there-were-mitigating-circumstances-or-such violations-did-not-seriously-affect-public-health-or-safety-or the-environment.-~~

e. A report describing all violations of environmental law or worker safety law within the last five years. If, upon review of the application, the enterprise zone commission finds that a business has a record of violations of the law, statutes, rules, or regulations that tends to show a consistent pattern, the enterprise zone commission shall not make an award of financial assistance to the business unless the board finds either that the violations did not seriously affect public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.

DIVISION IV

CONFORMING AMENDMENTS

Sec. 18. Section 15.103, subsection 6, Code 2009, is amended to read as follows:

6. As part of the organizational structure of the department, the board shall establish a due diligence committee and a loan and credit guarantee committee composed of members of the board. The committees shall serve in an advisory capacity to the board and shall carry out any duties assigned by the board in relation to programs administered by the department. The loan and credit guarantee committee shall advise the board on the winding up of loan guarantees made under the loan and credit guarantee program established pursuant to section 15E.224, Code 2009, and on the proper amount of the allocation described in section 15G.111, subsection 4, paragraph "g".

Sec. 19. Section 15.104, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 1. Perform duties related to the administration of the grow Iowa values fund and grow Iowa values financial assistance program as described in chapter 15G.

Sec. 20. Section 15.104, subsection 9, paragraphs a and b, Code 2009, are amended to read as follows:

a. ~~FINANCIAL ASSISTANCE PROGRAMS. Data on all assistance provided to business-finance-projects-under-the-community economic-betterment-program-established-in-section-15.3177~~ eligible businesses under the high quality job-creation jobs program described in section 15.3267-~~and-eligible-facilities under-the-value-added-agricultural-products-and-processes financial-assistance-program-established-in-section-15E.111.~~

b. PROJECTS FUNDED THROUGH THE GROW IOWA VALUES FUND FINANCIAL ASSISTANCE PROGRAM ESTABLISHED IN SECTION 15G.112. For each job creation or retention business finance project receiving moneys from the grow Iowa values fund ~~created in section-15G-108,~~ the following information:

(1) The net number of new jobs created as of June 30 of the prior year. For the purposes of this subparagraph, "net number of new jobs" is the number of new or retained jobs as identified in the contract.

(2) The number of jobs created, as of June 30 of the prior year, that are at or above the qualifying wage threshold for the project. For the purposes of this subparagraph, "qualifying wage threshold" ~~means-the-wage-that-meets-the~~

~~required-percentage-of-the-average-county-or-average-regional wage-for-the-programs-or-funding-sources-involved-with-the project~~ has the same meaning as defined in section 15G.108A.

(3) The number of retained jobs, as of June 30 of the prior year. For the purposes of this subparagraph, "retained jobs" means the number of retained jobs as identified in the contract.

(4) The total amount expended by a business, as of June 30 of the prior year, toward the total project cost as identified in the contract.

(5) The project's location.

(6) The amount, if any, of private and local matching funds, as of June 30 of the prior year.

(7) The amount spent on research and development activities, as of June 30 of the prior year.

Sec. 21. Section 15.104, subsection 9, paragraphs i and j, Code 2009, are amended to read as follows:

i. GROW IOWA VALUES FUND EXPENDITURES. Detailed financial data that delineate expenditures made under each component of the grow Iowa values fund created in section ~~15G.108~~ 15G.111.

j. RENEWABLE FUEL PROGRAMS. A detailed accounting of expenditures in support of renewable fuel infrastructure programs, as provided in sections 15G.203 and 15G.204. The renewable fuel infrastructure board established in section 15G.202 shall approve that portion of the department's annual report regarding projects supported from the grow Iowa values fund created in section ~~15G.108~~ 15G.111. This paragraph is repealed on July 1, 2012.

Sec. 22. Section 15.116, Code 2009, is amended to read as follows:

15.116 TECHNOLOGY COMMERCIALIZATION COMMITTEE.

To evaluate and approve funding for the projects and programs ~~under~~ referred to in section 15G.111, subsection 2 10, the economic development board shall create a technology commercialization committee composed of members with expertise in the areas of biosciences, engineering, manufacturing, pharmaceuticals, materials, information solutions, software, and energy. At least one member of the technology commercialization committee shall be a member of the economic development board. An organization designated by the

department, composed of members from both the public and private sectors and composed of subunits or subcommittees in the areas of already identified bioscience platforms, education and workforce development, commercialization, communication, policy and governance, and finance, shall provide funding recommendations to the technology commercialization committee.

Sec. 23. Section 15.203, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The agricultural products advisory council shall review applications for financial assistance under the value-added agriculture component of the grow Iowa values financial assistance program established in section 15G.112.

Sec. 24. Section 15.313, subsection 1, Code 2009, is amended to read as follows:

1. a. An Iowa strategic investment fund is created as a revolving fund consisting of any money appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. ~~The fund shall also include all of the following:~~

~~(1) All unencumbered and unobligated funds from the special community economic betterment program fund created under 1990 Iowa Acts, chapter 1262, section 17, subsection 18, remaining on June 30, 1992, all repayments of loans or other awards made under the community economic betterment account or under the community economic betterment program during any fiscal year beginning on or after July 1, 1985, and recaptures of awards.~~

~~(2) All unencumbered and unobligated funds from the targeted small business financial assistance program, the financing rural economic development or successor loan program, and the value added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.~~

b. Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to any other fund but shall remain in the strategic investment fund for expenditure for subsequent fiscal years.

Sec. 25. Section 15A.7, subsection 3, Code 2009, is amended to read as follows:

3. That the employer shall agree to pay wages for the jobs for which the credit is taken of at least the average county wage or average the regional wage, as calculated by the department pursuant to section 15G.112, subsection 3, whichever is lower, ~~as compiled annually by the department of economic development for the community economic betterment program. For the purposes of this section, the average regional wage shall be compiled based upon the service delivery areas in section 84B.2.~~ Eligibility for the supplemental credit shall be based on a one-time determination of starting wages by the community college.

Sec. 26. Section 15E.120, subsection 5, Code 2009, is amended to read as follows:

5. Loan repayments received by the Iowa department of economic development shall be deposited into a special account to be used at its discretion as matching funds to attract financial assistance from and to participate in programs with national rural development and finance corporations. Funds in this special account shall not revert to the state general fund at the end of any fiscal year. If the programs for which the funds in the special account are to be used are terminated or expire, the funds in the special account and funds that would be repaid, if any, to the special account shall be transferred or repaid to ~~the community economic betterment account of~~ the strategic investment fund established in section 15.313.

Sec. 27. Section 15E.231, subsection 1, unnumbered paragraph 1, Code 2009, is amended to read as follows:

In order for an economic development region to receive moneys ~~from~~ under the grow Iowa values ~~fund-created~~ financial assistance program established in section ~~15G.108~~ 15G.112, an economic development region's regional development plan must be approved by the department. An economic development region shall consist of not less than three counties, unless two contiguous counties have a combined population of at least three hundred thousand based on the most recent federal decennial census. An economic development region shall establish a focused economic development effort that shall

include a regional development plan relating to one or more of the following areas:

Sec. 28. Section 15E.351, subsection 1, Code 2009, is amended to read as follows:

1. The department shall establish and administer a business accelerator program to provide financial assistance for the establishment and operation of a business accelerator for technology-based, value-added agricultural, information solutions, alternative and renewable energy including the alternative and renewable energy sectors listed in section 476.42, subsection 1, paragraph "a", or advanced manufacturing start-up businesses or for a satellite of an existing business accelerator. The program shall be designed to foster the accelerated growth of new and existing businesses through the provision of technical assistance. The department ~~shall use moneys appropriated to the department from the grow Iowa values fund pursuant to section 15G.111, subsection 1,~~ subject to the approval of the economic development board, ~~to~~ may provide financial assistance under this section from moneys allocated for regional financial assistance pursuant to section 15G.111, subsection 9.

Sec. 29. Section 159A.6B, unnumbered paragraph 2, Code 2009, is amended to read as follows:

The office may execute contracts in order to provide technical support and outreach services for purposes of assisting and educating interested persons as provided in this section. The office may also contract with a consultant to provide part or all of these services. The office may require that a person receiving assistance pursuant to this section contribute up to fifty percent of the amount required to support the costs of contracting with the consultant to provide assistance to the person. The office shall assist the person in completing any technical information required in order to receive assistance by the department of economic development pursuant to the value-added ~~agricultural products and processes~~ agriculture component of the grow Iowa values financial assistance program ~~created~~ established pursuant to section ~~15E.111~~ 15G.112. The office shall cooperate with the department of economic development, the department of natural resources, and regents institutions or other universities and

colleges ~~as provided in section 15E.111~~, in order to carry out this section.

Sec. 30. Section 266.19, Code 2009, is amended to read as follows:

266.19 RENEWABLE FUEL -- ASSISTANCE.

The university shall cooperate in assisting renewable fuel production facilities supporting livestock operations managed by persons receiving assistance pursuant to the value-added ~~agricultural products and processes~~ agriculture component of the grow Iowa values financial assistance program established in section ~~15E.111~~ 15G.112.

Sec. 31. Section 455B.104, subsection 2, Code 2009, is amended to read as follows:

2. The department shall assist persons applying for assistance to establish and operate renewable fuel production facilities pursuant to the value-added ~~agricultural products and processes~~ agriculture component of the grow Iowa values financial assistance program established in section ~~15E.111~~ 15G.112.

Sec. 32. Section 455B.433, Code 2009, is amended to read as follows:

455B.433 PHYSICAL INFRASTRUCTURE ASSISTANCE -- FUNDING -- LIABILITY.

1. The department of natural resources shall work in conjunction with the Iowa department of economic development to identify environmentally contaminated sites which qualify for the ~~physical~~ infrastructure assistance component of the grow Iowa values financial assistance program ~~under established in section 15E.175~~ 15G.112. The department shall provide an assessment of the site and shall provide any emergency response activities which the department deems necessary. The department may take any further action, including remediation of the site, that the department deems to be appropriate and which promotes the purposes of the ~~physical infrastructure assistance program~~ component.

2. The department shall be reimbursed from the ~~physical infrastructure assistance~~ grow Iowa values fund ~~under created in section 15E.175~~ 15G.111 for any costs incurred pursuant to this section.

3. A person shall not have standing pursuant to section 455B.111 to commence a citizen suit which is based upon property that is part of the ~~physical~~ infrastructure assistance component of the grow Iowa values financial assistance program pursuant to established in section 15E.175 15G.112.

Sec. 33. CONDITIONAL ENACTMENTS.

1. If 2009 Iowa Acts, Senate File 142, is enacted, the section of that Act amending section 15G.111 is repealed and section 15G.111, subsection 10, as enacted in this Act, is amended to read as follows:

10. COMMERCIALIZATION SERVICES. Of the moneys appropriated to the department pursuant to subsection 3, the department shall allocate three million dollars for the ~~purpose of providing the commercialization services described in section 15.411, subsections 2 and 3~~ deposit in the innovation and commercialization development fund created in section 15.412.

2. If 2009 Iowa Acts, Senate File 142, is enacted, section 15.116, as amended in this Act, is amended to read as follows:

15.116 TECHNOLOGY COMMERCIALIZATION COMMITTEE.

To evaluate and ~~approve~~ make recommendations to the board on appropriate funding for the projects and programs ~~referred to in section 15G.111, subsection 10~~ applying for financial assistance from the innovation and commercialization development fund created in section 15.412, the economic development board shall create a technology commercialization committee composed of members with expertise in the areas of biosciences, engineering, manufacturing, pharmaceuticals, materials, information solutions, software, and energy. At least one member of the technology commercialization committee shall be a member of the economic development board. An organization designated by the department, composed of members from both the public and private sectors and composed of subunits or subcommittees in the areas of already identified bioscience platforms, education and workforce development, commercialization, communication, policy and governance, and finance, shall provide funding recommendations to the technology commercialization committee.

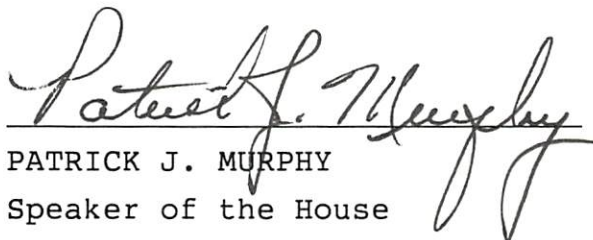
3. If 2009 Iowa Acts, Senate File 142, is enacted, section 15G.115, subsection 2, as enacted in this Act, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Each application for financial assistance from funds allocated by the department for deposit in the innovation and commercialization development fund pursuant to section 15G.111, subsection 10, shall be reviewed by the technology commercialization committee established in section 15.116, which shall make a recommendation on each application to the board.



JOHN P. KIBBIE

President of the Senate



PATRICK J. MURPHY

Speaker of the House

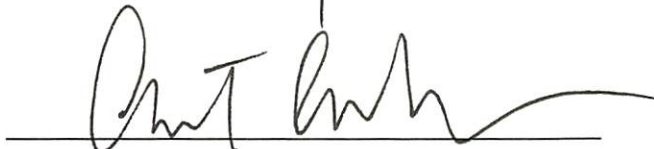
I hereby certify that this bill originated in the Senate and is known as Senate File 344, Eighty-third General Assembly.



MICHAEL E. MARSHALL

Secretary of the Senate

Approved May 22nd, 2009



CHESTER J. CULVER

Governor