



STATE OF IOWA
KIM REYNOLDS
GOVERNOR

June 2, 2026

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit Senate File 2453, an Act providing for investment by regents institutions in certified innovation funds and including effective date provisions.

Iowa's regent universities and their affiliated foundations play an important role in supporting research, innovation, workforce development, and economic opportunity across our state. Iowa should continue encouraging strong partnerships between higher education, entrepreneurs, and private investment to support innovation and economic growth.

However, I am concerned Senate File 2453 creates a statewide investment mandate on university foundation assets without adequately recognizing the independent fiduciary responsibilities of foundation boards and investment professionals based on donor intent, institutional priorities, market conditions, and long-term financial performance. Recent concerns raised by university stakeholders also demonstrate the uncertainty that may result from requiring specific investment allocations through statute.

Iowa should continue supporting innovation and economic development while preserving the flexibility necessary for university foundations to responsibly manage long-term investments in support of students, research, and institutional priorities.

For the above reasons, I respectfully disapprove Senate File 2453 as specified above, in accordance with Article III, Section 16, of the Constitution of the State of Iowa.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds
Governor

cc: Secretary of the Senate
Clerk of the House



Senate File 2453

AN ACT

PROVIDING FOR INVESTMENT BY REGENTS INSTITUTIONS IN CERTIFIED INNOVATION FUNDS AND INCLUDING EFFECTIVE DATE PROVISIONS.

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

Section 1. NEW SECTION. 262C.1 Findings and purpose.

1. *Legislative findings.* The general assembly finds and declares all of the following:

a. The state of Iowa has established state-certified innovation funds to promote the growth of high-potential early-stage companies, commercialize research, expand Iowa's technology ecosystem, and enhance economic competitiveness.

b. Iowa's three public universities collectively steward sizeable endowments that support the long-term missions of the institutions.

c. A modest, risk-appropriate allocation of endowment assets into state-certified innovation funds will do all of the following:

(1) Expand commercialization pathways for institution-developed technologies.

(2) Increase research to market conversions.

(3) Strengthen Iowa's innovation ecosystem.

(4) Generate economic benefits for communities throughout Iowa.

d. A one percent allocation of endowment assets represents a small, diversified portion of institution endowments, consistent with commonly accepted endowment investment

practices and long-term portfolio strategies.

2. *Purpose.* The purpose of this chapter is to support economic growth in Iowa by requiring institutions to deploy a limited portion of their endowment assets into state-certified innovation funds while maintaining prudent investment standards and fiduciary responsibility to the endowment beneficiaries.

Sec. 2. NEW SECTION. 262C.2 Definitions.

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

1. "*Endowment assets*" means all unrestricted pooled, long-term investment assets held by or for the benefit of an institution, including foundation-managed endowments, quasi-endowments, and long-term investment pools, as such assets are reported in the foundation's audited financial statements. "*Endowment assets*" does not include assets not treated as endowment funds under applicable fiduciary and accounting standards.

2. "*Innovation fund*" means the same as defined in section 15E.52.

3. "*Institution*" means a regents institution specified in section 262.7, subsections 1 through 3.

Sec. 3. NEW SECTION. 262C.3 Investment in innovation funds.

1. By July 1, 2027, each foundation affiliated with an institution shall ensure that no less than one percent of its total endowment assets are invested in one or more innovation funds. The one percent allocation shall be calculated based on the average quarterly market value of endowment assets for the most recently completed fiscal year.

2. A foundation affiliated with an institution may determine which innovation funds to invest in, the timing of such investments, and the structure of investment commitments, provided the foundation remains responsible for compliance with this chapter.

3. A foundation affiliated with an institution may implement investments required under this chapter through direct commitments, reallocation of existing assets, or rolling commitments as capital is called, subject to compliance with subsection 1. If the percentage of allocation falls below the amount required by subsection 1 after that date, the foundation

shall increase its investment in one or more innovation funds as provided in this chapter as necessary in order to meet the required percentage of allocation.

4. Investments made pursuant to this chapter shall be managed in accordance with generally accepted institutional fiduciary standards applicable to endowment funds.

Sec. 4. NEW SECTION. 262C.4 Waiver.

1. A foundation board may grant a foundation a one-year waiver from the requirements of this chapter if adequate innovation fund capacity is not available or market conditions would materially impair prudent investment.

2. A foundation board shall not grant a waiver under this section unless the foundation submits an explanation for its waiver request and a plan for coming into compliance with the requirements of this chapter in writing to the state board of regents and provides a copy to the foundation board.

3. If a foundation is granted two consecutive waivers by a foundation board, the foundation shall submit written notice to that effect to the state board of regents when the second consecutive waiver is granted. The state board shall provide such notice in a report to the general assembly.

Sec. 5. NEW SECTION. 262C.5 Reports.

1. Each institution shall submit an annual report to the state board of regents that includes all of the following:

- a. The total endowment assets held by the institution.
- b. The amount and percentage of total endowment assets invested in innovation funds.

2. The state board shall compile the reports received pursuant to subsection 1 and submit a consolidated annual report to the general assembly by December 1 of each year.

Sec. 6. NEW SECTION. 262C.6 Standards for innovation funds.

Innovation funds receiving investment under this chapter must support the commercialization of institution technologies, spinouts, or research-derived innovations and report such efforts through existing reporting and compliance obligations under section 15E.52 and rules adopted pursuant to that section. This section shall not be construed to require additional reporting beyond that required under section 15E.52 and rules adopted pursuant to that section.

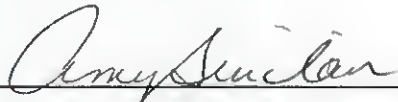
Sec. 7. NEW SECTION. 262C.7 List of innovation funds.

The economic development authority shall maintain a public list of all innovation funds eligible for investment by a foundation pursuant to this chapter. The authority shall notify each foundation of any changes to the list.


Sec. 8. NEW SECTION. 262C.8 Implementation and construction of chapter.

Implementation of this chapter shall not alter donor intent and shall be carried out in a manner consistent with applicable restrictions and fiduciary obligations. This chapter shall not be construed to alter donor intent, beneficiary designation, an institution's spending policy, or the permissible use of endowment distributions. This chapter addresses only investment allocation and implementation consistent with applicable fiduciary standards.

Sec. 9. EFFECTIVE DATE. This Act takes effect December 31, 2026.

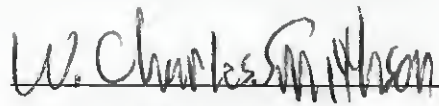


AMY SINCLAIR
President of the Senate

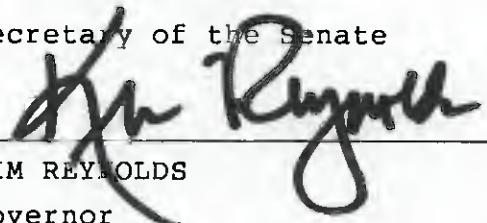


PAT GRASSLEY
Speaker of the House


I hereby certify that this bill originated in the Senate and is known as Senate File 2453, Ninety-first General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate



KIM REYNOLDS
Governor

Disapproved
14 [Approved]  June 20, 2026