

EDUCATION

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SENATE FILE 2303

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

**A BILL FOR**

1 An Act relating to the establishment of an Iowa cultural trust,  
2 an Iowa cultural trust fund, and an Iowa cultural trust grant  
3 account, providing for the issuance of trust fund credits, and  
4 providing for related matters.

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

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SF 2303  
EDUCATION

1 Section 1. Section 303.1A, Code 2001, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 6. Administer the Iowa cultural trust as  
4 provided in chapter 303A and do all of the following:

5 a. Develop and adopt by rule criteria for the issuance of  
6 trust fund credits by measuring the efforts of qualified  
7 organizations, as defined in section 303A.3, to increase their  
8 endowment or other resources for the promotion of the arts,  
9 history, or the sciences and humanities in Iowa. If the  
10 director determines that the organizations have increased the  
11 amount of their endowment and other resources, the director  
12 shall certify the amount of increase in the form of trust fund  
13 credits to the treasurer, who shall deposit in the Iowa  
14 cultural trust fund, from moneys received for purposes of the  
15 trust fund as provided in section 303A.4, subsection 2, an  
16 amount equal to the trust fund credits. If the amount of the  
17 trust fund credits issued by the director exceeds the amount  
18 of moneys available to be deposited in the trust fund as  
19 provided in section 303A.4, subsection 2, the outstanding  
20 trust fund credits shall not expire but shall be available to  
21 draw down additional moneys which become available to be  
22 deposited in the trust fund as provided in section 303A.4,  
23 subsection 2.

24 b. Develop and implement, in accordance with chapter 303A,  
25 a grant application process for grants issued to qualified  
26 organizations as defined in section 303A.3.

27 c. Develop and adopt by rule criteria for the approval of  
28 Iowa cultural trust grants. The criteria shall include, but  
29 shall not be limited to, the future stability and  
30 sustainability of a qualified organization and a requirement  
31 that the qualified organization employ at least one paid staff  
32 member.

33 d. Compile, in consultation with the Iowa arts council and  
34 the state historical society of Iowa, a list of grant  
35 applications recommended for funding in accordance with the

1 amount available for distribution as provided in section  
2 303A.6, subsection 3. The list of recommended grant  
3 applications shall be submitted to the Iowa cultural trust  
4 board of trustees for approval.

5 e. Monitor the allocation and use of grant moneys by  
6 qualified organizations to determine whether moneys are used  
7 in accordance with the provisions of this subsection and  
8 chapter 303A. The director shall annually submit the  
9 director's findings and recommendations in a report to the  
10 Iowa cultural trust board of trustees prior to final board  
11 action in approving grants for the next succeeding fiscal  
12 year.

13 Sec. 2. NEW SECTION. 303A.1 SHORT TITLE.

14 This chapter shall be known and may be cited as the "Iowa  
15 Cultural Trust Act".

16 Sec. 3. NEW SECTION. 303A.2 LEGISLATIVE FINDINGS.

17 The general assembly finds and declares that cultural  
18 organizations generate millions of dollars in economic  
19 activity in Iowa; attract people to live and work in Iowa's  
20 communities, contribute to a revitalization of those  
21 communities; are a magnet for tourists; train minds for the  
22 creative economy jobs of the future; and build social capital.  
23 However, these organizations are often undercapitalized.  
24 Therefore, to bring financial stability to these organizations  
25 through fluctuating economic conditions, it is the intent of  
26 the general assembly that a public trust be established the  
27 income from which shall be made available to supplement the  
28 operating budgets of nonprofit cultural organizations that  
29 meet certain criteria, including a commitment to strategies to  
30 attain long-term financial stability and sustainability.

31 Sec. 4. NEW SECTION. 303A.3 DEFINITIONS.

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

34 1. "Board" means the board of trustees of the Iowa  
35 cultural trust created in section 303A.5.

1 2. "Department" means the department of cultural affairs  
2 created in section 303.1.

3 3. "Director" means the director of the department of  
4 cultural affairs.

5 4. "Grant account" means the Iowa cultural trust grant  
6 account created in section 303A.7.

7 5. "Qualified organization" means a tax-exempt, nonprofit  
8 organization whose primary mission is to promote the arts,  
9 history, or the sciences and humanities in Iowa.

10 6. "Trust fund" means the Iowa cultural trust fund created  
11 in section 303A.4.

12 Sec. 5. NEW SECTION. 303A.4 IOWA CULTURAL TRUST AND  
13 TRUST FUND.

14 1. The Iowa cultural trust is created as a public body  
15 corporate organized for the purposes, with the powers, and  
16 subject to the restrictions, set forth in this chapter.

17 2. An Iowa cultural trust fund is created in the office of  
18 the treasurer of state for the purpose of receiving moneys  
19 appropriated by the general assembly and any other moneys  
20 available to the trust fund due to the issuance of trust fund  
21 credits by the director as provided in section 303.1A,  
22 subsection 6.

23 3. The trust fund may also receive any devise, gift,  
24 bequest, donation, or federal or other grant from any person,  
25 firm, partnership, or corporation.

26 4. The treasurer of state shall act as custodian of the  
27 fund, shall invest moneys in the trust fund, and shall  
28 transfer the interest attributable to the investment of trust  
29 fund moneys to the grant account created in section 303A.7.  
30 The trust fund's principal shall not be used or accessed by  
31 the department or the board for any purpose.

32 5. Notwithstanding section 8.33, moneys remaining in the  
33 trust fund at the end of the fiscal year shall be retained in  
34 the trust fund. Notwithstanding section 12C.7, subsection 2,  
35 interest or earnings on investments or time deposits of the

1 moneys in the trust fund shall be credited to the trust fund.

2 Sec. 6. NEW SECTION. 303A.5 BOARD OF TRUSTEES.

3 1. A board of trustees of the Iowa cultural trust is  
4 created. The general responsibility for the proper operation  
5 of the trust is vested in the board of trustees, which shall  
6 consist of thirteen members as follows:

7 a. Nine public members, five of whom shall be appointed by  
8 the governor, subject to confirmation by the senate. The  
9 majority leader of the senate, the minority leader of the  
10 senate, the speaker of the house, and the minority leader of  
11 the house of representatives shall each appoint one public  
12 member. A public member of the board appointed in accordance  
13 with this section shall not also serve concurrently as a  
14 member of the state historical society board of trustees or  
15 the Iowa state arts council.

16 b. Four ex officio, nonvoting members, consisting of the  
17 treasurer of state or the treasurer's designee, the director  
18 of the department of cultural affairs or the director's  
19 designee, the chairperson of the state historical society  
20 board of trustees elected pursuant to section 303.6, and the  
21 chairperson of the Iowa state arts council designated pursuant  
22 to section 303.86.

23 2. Members appointed by the general assembly shall be  
24 appointed to two-year terms. The public members appointed by  
25 the governor shall serve five-year staggered terms beginning  
26 and ending as provided in section 69.19. Vacancies on the  
27 board shall be filled for the unexpired portion of the term in  
28 the same manner as the original appointments.

29 3. Members appointed by the governor are subject to the  
30 requirements of sections 69.16, 69.16A, and 69.19.

31 4. Public members shall serve without compensation, but  
32 shall be reimbursed for all actual and necessary expenses they  
33 incur through service on the board.

34 5. The board shall elect a chairperson and vice  
35 chairperson from among its membership. The board shall meet

1 at the call of its chairperson or upon written request of a  
2 majority of its voting members. Five voting members  
3 constitute a quorum. The concurrence of a majority of the  
4 voting members of a board is required to take any action  
5 relating to its duties.

6 6. The board shall be located for administrative purposes  
7 within the department. The department, subject to approval by  
8 the board, shall adopt administrative rules pursuant to  
9 chapter 17A necessary to administer the income derived from  
10 the Iowa cultural trust fund and to perform specific powers  
11 and duties as provided in section 303A.6. The director shall  
12 budget funds to pay the expenses of the board and administer  
13 this chapter.

14 Sec. 7. NEW SECTION. 303A.6 BOARD OF TRUSTEES -- POWERS  
15 AND DUTIES.

16 The board shall do any or all of the following:

17 1. Enter into agreements with any qualified organization,  
18 the state, or any federal or other state agency, or other  
19 entity as required to administer this chapter.

20 2. Approve or disapprove the grants recommended for  
21 approval by the director, in consultation with the Iowa arts  
22 council and the state historical society of Iowa, in  
23 accordance with section 303.1A, subsection 6, paragraph "c".  
24 The board may delete any recommendation, but shall not add to  
25 or otherwise amend the list of recommended grants.

26 3. Upon approving a grant, the board shall certify to the  
27 treasurer of state the amount of financial assistance payable  
28 from the trust account to the qualified organization whose  
29 grant application is approved.

30 4. Determine, in consultation with the treasurer of state,  
31 the amount of investment income attributable to the trust fund  
32 that will be available for distribution as grants to qualified  
33 organizations.

34 5. Accept any devise, gift, bequest, donation, or federal  
35 or other grant from any person, firm, partnership, or

1 corporation, which the treasurer of state shall deposit into  
2 the trust fund.

3 Sec. 8. NEW SECTION. 303A.7 IOWA CULTURAL TRUST ACCOUNT.

4 1. An Iowa cultural trust grant account is created in the  
5 office of the treasurer under the control of the board to  
6 receive interest attributable to the investment of trust fund  
7 moneys as required by section 303A.4, subsection 4. The  
8 moneys in the grant account are appropriated to the board for  
9 purposes of the Iowa cultural trust created in section 303A.4.  
10 Moneys in the grant account shall not be subject to  
11 appropriation for any other purpose by the general assembly,  
12 but shall be used only for the purposes of the Iowa cultural  
13 trust. The treasurer of state shall act as custodian of the  
14 grant account and disburse moneys contained in the grant  
15 account as directed by the board. The board shall make  
16 expenditures from the grant account consistent with the  
17 purposes of the Iowa cultural trust.

18 2. Moneys in the grant account are not subject to section  
19 8.33. Notwithstanding section 12C.7, subsection 2, interest  
20 or earnings on moneys in the grant account shall be credited  
21 to the grant account.

22 3. For the fiscal period beginning July 1, 2003, and  
23 ending June 30, 2005, the board shall use moneys in the grant  
24 account for a statewide educational program to promote  
25 participation in, expanded support of, and local endowment  
26 building for, Iowa nonprofit arts, history, and sciences and  
27 humanities organizations.

28 Sec. 9. INITIAL APPOINTMENTS. The governor's initial  
29 public appointments to the board of trustees of the Iowa  
30 cultural trust created in section 303A.5, as enacted in this  
31 Act, shall be made as follows:

- 32 1. One member to a one-year term.
- 33 2. Two members to three-year terms.
- 34 3. Two members to five-year terms.

35 EXPLANATION

1 This bill creates an Iowa cultural trust, a trust fund, and  
2 a grant account. Interest from any moneys in the Iowa  
3 cultural trust fund will be used for an educational program to  
4 promote support of local endowment building and to encourage  
5 continuing support for qualified organizations in the first  
6 two years of the trust's existence, and thereafter must be  
7 used to issue grant moneys to qualified organizations in the  
8 state.

9 As provided in the bill, it is the intent of the general  
10 assembly to establish a public trust, the income from which  
11 shall be used to supplement the operating budgets of nonprofit  
12 cultural organizations. The intent language provides that  
13 organizations must demonstrate a commitment to strategies to  
14 attain long-term financial stability and sustainability.

15 The bill establishes the Iowa cultural trust as a public  
16 body corporate and creates a trust fund in the office of the  
17 state treasurer. Moneys shall not be deposited by the  
18 treasurer of state into the trust fund until the director of  
19 the department of cultural affairs determines that qualified  
20 cultural organizations have demonstrated the required increase  
21 in local endowment and resource efforts and notifies the  
22 treasurer of that fact. The sum of moneys deposited  
23 correlates to the increase in local effort demonstrated. The  
24 bill directs the treasurer of state to transfer only the  
25 interest accrued on moneys in the trust fund to the Iowa  
26 cultural trust grant account, which is under the control of  
27 the board of trustees of the Iowa cultural trust.

28 The bill creates the board of trustees of the Iowa cultural  
29 trust and gives it general responsibility for the proper  
30 operation of the trust. The board consists of nine public  
31 voting and four ex officio, nonvoting members. Five of the  
32 voting members are public members appointed by the governor,  
33 subject to confirmation by the senate. The remaining four  
34 voting members shall be appointed by senate and house of  
35 representatives leaders. Public members will be reimbursed



1 for their expenses, but they must serve without compensation.

2 The bill provides for their initial, staggered appointments.

3 The bill directs the board to enter into any necessary  
4 agreements and to approve or disapprove the grantee list  
5 recommended by the director of the department of cultural  
6 affairs, but prohibits the board from adding to the list. The  
7 director must compile the grantee list in consultation with  
8 the Iowa arts council and the state historical society of  
9 Iowa.

10 The board shall be located for administrative purposes  
11 within the department of cultural affairs. The director of  
12 the department must budget funds to pay the expenses of the  
13 board and to administer the chapter. The director is also  
14 required to develop and implement a grant application process,  
15 develop and adopt by rule criteria for grant approval, and  
16 monitor the allocation and use of grant moneys by qualified  
17 organizations.

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