

MAR 5 2003
APPROPRIATIONS

HOUSE FILE 453
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HSB 180)

Passed House, Date Passed 3/17/03 Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to animal biotechnology by creating an animal
2 biotechnology commercialization fund, extending the time
3 period during which a life science enterprise may purchase
4 agricultural land, making appropriations, and providing an
5 effective date.

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

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HF 453

1 Section 1. Section 10C.6, subsection 1, paragraph a,
2 subparagraph (1), Code 2003, is amended to read as follows:

3 (1) The life science enterprise acquires the agricultural
4 land on or before June 30, ~~2004~~ 2008.

5 Sec. 2. NEW SECTION. 15E.221 ANIMAL BIOTECHNOLOGY
6 COMMERCIALIZATION FUND.

7 1. An animal biotechnology commercialization fund is
8 created in the state treasury under the control of the
9 department of economic development. Moneys in the fund shall
10 be used to provide financial assistance in the form of grants
11 and loans for all of the following:

12 a. Constructing infrastructure and developing proprietary
13 biotechnology interests in order to implement life science
14 enterprise plans approved by the department pursuant to
15 section 15.104.

16 b. Constructing facilities for the purification of animal
17 life science products which facilities shall, in part, be
18 available in a commercially reasonable manner to other
19 companies engaging in the business of purification of animal
20 life science products. At least ten million dollars of the
21 total cost of constructing such a facility must be paid for
22 through the use of any combination of federal, local, and
23 private moneys.

24 c. Constructing commercial animal biodefense
25 pharmaceutical production and processing facilities in this
26 state, provided that an Iowa-based qualified life science
27 enterprise holds an equity interest in the facilities. Prior
28 to receiving financial assistance under this paragraph, the
29 recipient must be a party to a federal contract for the
30 construction of a facility described in this paragraph.

31 2. The fund shall consist of moneys appropriated by the
32 general assembly for deposit in the fund, and other moneys
33 available to and obtained or accepted by the department for
34 deposit in the fund. Moneys in the fund are appropriated to
35 the department to be used for the purposes provided in this

1 section.

2 3. a. Applications for financial assistance for projects
3 described in subsection 1, paragraphs "a" and "b", shall be
4 filed with the department not later than May 30, 2003, and
5 shall be acted upon by the department not later than June 30,
6 2003. Administrative rules relating to the time frame for the
7 approval or disapproval of life science enterprise plans shall
8 not apply to the time frame for the application process under
9 this subsection.

10 b. Applications for financial assistance for projects
11 described in subsection 1, paragraph "c", shall be filed with
12 the department not later than July 1, 2005, and financial
13 assistance provided to such projects shall be expended not
14 later than June 30, 2006.

15 4. A financial assistance award approved under this
16 section may involve the disbursement of moneys from the fund
17 over a period of more than one year. At least one-half of
18 each financial assistance award approved under this section
19 shall be in the form of a loan or equity-like investment.

20 5. Notwithstanding section 8.33, all moneys in the animal
21 biotechnology commercialization fund which remain unexpended
22 or unobligated at the close of the fiscal year shall not
23 revert, but shall remain available for expenditure for
24 subsequent fiscal years. Notwithstanding section 12C.7,
25 interest or earnings on moneys in the fund shall be credited
26 to the fund.

27 **Sec. 3. ANIMAL BIOTECHNOLOGY COMMERCIALIZATION FUND**
28 **APPROPRIATION.** There is appropriated from the tax-exempt bond
29 proceeds restricted capital funds account of the tobacco
30 settlement trust fund established in section 12E.12 to the
31 department of economic development for the fiscal period
32 beginning July 1, 2002, and ending June 30, 2005, the
33 following amounts, or so much thereof as is necessary, to be
34 used for the purpose designated:

35 1. For deposit in the animal biotechnology

1 commercialization fund created in section 15E.221 to be used
2 for purposes of projects described in section 15E.221,
3 subsection 1, paragraph "a":
4 FY 2002-2003.....\$ 0
5 FY 2003-2004.....\$ 5,000,000
6 FY 2004-2005.....\$ 0
7 2. For deposit in the animal biotechnology
8 commercialization fund created in section 15E.221 to be used
9 for purposes of projects described in section 15E.221,
10 subsection 1, paragraph "b":
11 FY 2002-2003.....\$ 5,000,000
12 FY 2003-2004.....\$ 10,000,000
13 FY 2004-2005.....\$ 0
14 3. For deposit in the animal biotechnology
15 commercialization fund created in section 15E.221 to be used
16 for purposes of projects described in section 15E.221,
17 subsection 1, paragraph "c":
18 FY 2002-2003.....\$ 0
19 FY 2003-2004.....\$ 0
20 FY 2004-2005.....\$ 10,000,000
21 Any moneys remaining in the fund from the appropriations
22 under subsection 3 that are unexpended or unobligated on June
23 30, 2006, shall revert to the tax-exempt bond proceeds
24 restricted capital funds account of the tobacco settlement
25 trust fund on June 30, 2006.
26 Sec. 4. STATE BOARD OF REGENTS APPROPRIATION. There is
27 appropriated from the tax-exempt bond proceeds restricted
28 capital funds account of the tobacco settlement trust fund
29 established in section 12E.12 to the state board of regents
30 for the fiscal year beginning July 1, 2003, and ending June
31 30, 2004, the following amount, or so much thereof as is
32 necessary, to be used for the purpose designated:
33 For the construction of an animal biotechnology commercial
34 pharmaceutical research center to be built in cooperation with
35 the establishment by private and local sources of an animal

1 biotechnology business development center:

2 \$ 3,000,000

3 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment.

5 EXPLANATION

6 This bill relates to animal biotechnology by creating an
7 animal biotechnology commercialization fund, extending the
8 time period during which a life science enterprise may
9 purchase agricultural land, and making appropriations.

10 The bill extends the time period during which a life
11 science enterprise may purchase agricultural land from June
12 30, 2004, to June 30, 2008.

13 The bill creates an animal biotechnology commercialization
14 fund in the state treasury under the control of the department
15 of economic development. The bill provides that moneys in the
16 fund shall be used to provide financial assistance in the form
17 of grants and loans for constructing infrastructure and
18 developing proprietary biotechnology interests in order to
19 implement life science enterprise plans approved by the
20 department, constructing facilities for the purification of
21 animal life science products, and constructing commercial
22 animal biodefense pharmaceutical production facilities in
23 Iowa. The bill provides that at least \$10 million of the
24 total costs of constructing a purification facility must be
25 paid for through the use of any combination of federal, local,
26 and private moneys. The bill provides that prior to receiving
27 financial assistance for an animal biodefense pharmaceutical
28 production facility, the recipient must be a party to a
29 federal contract for the construction of such a facility.

30 The bill provides that applications for financial
31 assistance for infrastructure projects for life science
32 enterprise plans and purification facilities shall be filed
33 with the department not later than May 30, 2003, and shall be
34 acted upon by the department not later than June 30, 2003.
35 The bill provides that applications for financial assistance

1 for a biodefense facility shall be filed not later than July
2 1, 2005, and financial assistance shall be expended not later
3 than June 30, 2006. The bill provides that a financial
4 assistance package may involve the disbursement of moneys from
5 the fund over a period of more than one year and at least one-
6 half of each financial assistance package shall be a loan or
7 equity-like investment.

8 The bill appropriates moneys from the tax-exempt bond
9 proceeds restricted capital funds account of the tobacco
10 settlement trust fund to the department of economic
11 development for deposit in the animal biotechnology
12 commercialization fund. The bill appropriates \$5 million in
13 FY 2003-2004 for constructing infrastructure and developing
14 proprietary biotechnology interests. The bill appropriates \$5
15 million in FY 2002-2003 and \$10 million in FY 2003-2004 for
16 purification facilities. The bill appropriates \$10 million in
17 FY 2004-2005 for a biodefense facility.

18 The bill appropriates \$3 million from the tax-exempt bond
19 proceeds restricted capital funds account of the tobacco
20 settlement trust fund to the state board of regents for the
21 fiscal year beginning July 1, 2003, and ending June 30, 2004,
22 for the construction of an animal biotechnology commercial
23 pharmaceutical research center to be built in cooperation with
24 the establishment by private and local sources of an animal
25 biotechnology business development center.

26 The bill takes effect upon enactment.

2 **HOUSE FILE 453**

2 **H-1046**

1 Amend House File 453 as follows:

2 1. Page 2, by inserting after line 1 the
3 following:

3 "2A. Any financial assistance received from the
4 fund shall not be used for purposes of purchasing
5 agricultural land."
6

7 2. By renumbering as necessary.

3 **By** THOMAS of Clayton
HOFFMAN of Crawford

3 **H-1046** FILED MARCH 11, 2003

Adopted 3/17/03

HOUSE FILE 453

H-1042

1 Amend House File 453 as follows:

2 1. Page 1, by inserting after line 4 the
3 following:

4 "Sec. ____ . Section 12E.12, subsection 1, paragraph
5 b, subparagraph (1), Code 2003, is amended to read as
6 follows:

7 (1) The tax-exempt bond proceeds restricted
8 capital funds account. The net proceeds of tax-exempt
9 bonds issued to provide funds for capital projects,
10 certain debt service, and attorney fees related to the
11 master settlement agreement which the state treasurer
12 is authorized and directed to deposit on behalf of the
13 state shall be deposited in the account and shall be
14 used to fund capital projects, certain debt service,
15 and the payment of attorney fees related to the master
16 settlement agreement. The funding of capital projects
17 may take the form of grants. With respect to capital
18 projects, it is the intent of the general assembly to
19 fund capital projects that qualify as vertical
20 infrastructure projects as defined in section 8.57,
21 subsection 5, paragraph "c", to the extent practicable
22 in any fiscal year and without limiting other
23 qualifying capital expenditures considered and
24 approved by a constitutional majority of each house of
25 the general assembly and the governor."

26 2. Page 2, by striking lines 17 through 19 and
27 inserting the following: "over a period of more than
28 one year."

29 3. By striking page 2, line 27, through page 3,
30 line 25, and inserting the following:

31 "Sec. ____ . TAX-EXEMPT BOND PROCEEDS RESTRICTED
32 CAPITAL FUNDS ACCOUNT OF THE TOBACCO SETTLEMENT TRUST
33 FUND -- APPROPRIATION.

34 1. There is appropriated from the tax-exempt bond
35 proceeds restricted capital funds account of the
36 tobacco settlement trust fund established in section
37 12E.12 to the department of economic development for
38 the fiscal period beginning July 1, 2002, and ending
39 June 30, 2005, the following amounts, or so much
40 thereof as is necessary, to be used for the purposes
41 designated:

42 a. For deposit in the animal biotechnology
43 commercialization fund created in section 15E.221 to
44 be used for purposes of projects described in section
45 15E.221, subsection 1, paragraph "b":

46 FY 2002-2003	\$	5,000,000
47 FY 2003-2004	\$	5,000,000
48 FY 2004-2005	\$	0

49 b. For deposit in the animal biotechnology
50 commercialization fund created in section 15E.221 to

H-1042

1 be used for purposes of projects described in section
 2 15E.221, subsection 1, paragraph "c":
 3 FY 2002-2003 \$ 0
 4 FY 2003-2004 \$ 0
 5 FY 2004-2005 \$ 10,000,000

6 2. Any financial assistance awarded from the
 7 animal biotechnology commercialization fund using
 8 moneys from the appropriations made under this section
 9 shall be in the form of grants.

10 3. Any moneys remaining in the fund from the
 11 appropriations under this section that are unexpended
 12 or unobligated on June 30, 2006, shall revert to the
 13 tax-exempt bond proceeds restricted capital funds
 14 account of the tobacco settlement trust fund on June
 15 30, 2006.

16 Sec. ____ . REBUILD IOWA INFRASTRUCTURE FUND --
 17 APPROPRIATION.

18 1. There is appropriated from the rebuild Iowa
 19 infrastructure fund created in section 8.57,
 20 subsection 5, paragraph "a", to the department of
 21 economic development for the fiscal period beginning
 22 July 1, 2003, and ending June 30, 2005, the following
 23 amounts, or so much thereof as is necessary, to be
 24 used for the purposes designated:

25 a. For deposit in the animal biotechnology
 26 commercialization fund created in section 15E.221 to
 27 be used for purposes of projects described in section
 28 15E.221, subsection 1, paragraph "a":
 29 FY 2003-2004 \$ 0
 30 FY 2004-2005 \$ 5,000,000

31 b. For deposit in the animal biotechnology
 32 commercialization fund created in section 15E.221 to
 33 be used for purposes of projects described in section
 34 15E.221, subsection 1, paragraph "b":
 35 FY 2003-2004 \$ 5,000,000
 36 FY 2004-2005 \$ 0

37 2. Any financial assistance awarded from the
 38 animal biotechnology commercialization fund using
 39 moneys from the appropriations made under this section
 40 shall be in the form of loans, forgivable loans, loan
 41 guarantees, principal buy-downs, interest buy-downs,
 42 equity-like investments, or cost reimbursement for
 43 technical or professional management services. For
 44 purposes of this subsection, "equity-like investments"
 45 means the provision of assistance in such a manner
 46 that the potential return on investment to the
 47 provider varies according to the profitability of the
 48 company assisted. "Equity-like investments" includes
 49 royalty arrangements, warrant arrangements, or other
 50 similar forms of investments. Repayments of principal

H-1042

Page 3

1 and interest on loans made from the animal
2 biotechnology commercialization fund shall be
3 deposited in the rebuild Iowa infrastructure fund.
4 3. Any moneys remaining in the animal
5 biotechnology commercialization fund from the
6 appropriations under this section that are unexpended
7 or unobligated on June 30, 2006, shall revert to the
8 rebuild Iowa infrastructure fund on June 30, 2006."
9 4. By renumbering as necessary.

By COMMITTEE ON APPROPRIATIONS
DIX of Butler, CHAIRPERSON

H-1042 FILED MARCH 11, 2003

Adopted 3/17/03

HOUSE FILE 453

H-1055

1 Amend the amendment, H-1042, to House File 453 as
2 follows:
3 1. Page 1, line 28, by inserting after the word
4 "year." the following: "A financial assistance award
5 shall not be granted unless the applicant submits a
6 business plan as part of the application for financial
7 assistance and the department approves the plan."

By LENSING of Johnson
MURPHY of Dubuque
KUHN of Floyd

H-1055 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1058

1 Amend the amendment, H-1042, to House File 453 as
2 follows:
3 1. Page 2, line 42, by striking the words
4 "equity-like investments,".
5 2. Page 2, by striking lines 43 through 50 and
6 inserting the following: "technical or professional
7 management services. Repayment of principal".

By WHITAKER of Van Buren

H-1058 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1052

1 Amend the amendment, H-1042, to House File 453 as
2 follows:

3 1. Page 3, by inserting after line 8 the
4 following:

5 "_____. By striking page 3, line 26, through page
6 4, line 2, and inserting the following:

7 "Sec. _____. STATE BOARD OF REGENTS APPROPRIATIONS.

8 1. There is appropriated from the tax-exempt bond
9 proceeds restricted capital funds account of the
10 tobacco settlement trust fund established in section
11 12E.12 to the state board of regents for the fiscal
12 period beginning July 1, 2003, and ending June 30,
13 2005, the following amounts, or so much thereof as is
14 necessary, to be used for the purposes designated:

15 a. For the construction of an animal biotechnology
16 commercial pharmaceutical research center by Iowa
17 state university of science and technology to be built
18 in cooperation with the establishment by private and
19 local sources of an animal biotechnology business
20 development center:

21 FY 2003-2004..... \$ 3,000,000
22 FY 2004-2005..... \$ 0

23 b. For enhancing a state-supported center for
24 biocatalysis and bioprocessing at the university of
25 Iowa:

26 FY 2003-2004..... \$ 0
27 FY 2004-2005..... \$ 3,000,000

28 c. For design and construction of facilities to
29 house and equip an innovation accelerator and business
30 park at the university of northern Iowa to offer
31 technical assistance and training services to pre-
32 venture and existing businesses:

33 FY 2003-2004..... \$ 5,000,000
34 FY 2004-2005..... \$ 0

35 2. There is appropriated from the rebuild Iowa
36 infrastructure fund created in section 8.57,
37 subsection 5, paragraph "a", to the state board of
38 regents for the fiscal period beginning July 1, 2003,
39 and ending June 30, 2008, the following amounts, or so
40 much thereof as is necessary, to be used for the
41 purpose designated:

42 For operations and staff to support an innovation
43 accelerator and business park at the university of
44 northern Iowa, notwithstanding section 8.57,
45 subsection 5, paragraph "c":
46 FY 2003-2004..... \$ 500,000
47 FY 2004-2005..... \$ 500,000
48 FY 2005-2006..... \$ 500,000
49 FY 2006-2007..... \$ 500,000
50 FY 2007-2008..... \$ 500,000"

By JENKINS of Black Hawk

H-1052 FILED MARCH 13, 2003

HOUSE FILE 453

H-1056

1 Amend the amendment, H-1042, to House File 453 as
2 follows:
3 1. Page 3, by striking line 4 and inserting the
4 following:
5 "3. a. A business receiving moneys from the
6 animal biotechnology commercialization fund using
7 moneys from the appropriations made under this section
8 shall be subject to repayment of all or a portion of
9 the moneys received if any of the following occur:
10 (1) The recipient fails to pay a median wage for
11 hourly, nonmanagement employees working at a new
12 project facility of at least fifteen dollars per hour.
13 (2) The recipient fails to provide at least eighty
14 percent of the cost of a standard medical and dental
15 insurance plan for all full-time employees working at
16 a new project facility.
17 (3) The recipient closes any of its project
18 facilities within the state prior to or after
19 receiving moneys or experiences a layoff within the
20 state prior to or after receiving the moneys.
21 b. The department and a business shall enter into
22 an agreement specifying the method for determining the
23 amount of moneys which will be repaid in the event of
24 any occurrence described in paragraph "a".
25 4. Any moneys remaining in the animal".

By WINCKLER of Scott
KUHN of Floyd
LENSING of Johnson

H-1056 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1059

1 Amend the amendment, H-1042, to House File 453 as
2 follows:
3 1. Page 3, by inserting after line 3 the
4 following:
5 "____. On a date determined by the department, a
6 recipient of moneys from the animal biotechnology
7 commercialization fund under this section shall report
8 to the department the number of jobs created by the
9 recipient during the two years after moneys have been
10 received. The department shall calculate a jobs-
11 created product by multiplying the number of jobs
12 created times fifty thousand dollars. A recipient
13 shall refund to the department any amount equal to the
14 financial assistance award received by the recipient
15 under this section minus the jobs-created product
16 calculated by the department. A refund shall not
17 exceed the amount of money received from the state of
18 Iowa or the department since January 1, 2003."
19 2. By renumbering as necessary.

By HOGG of Linn

H-1059 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1060

1 Amend the amendment, H-1042, to House File 453 as
2 follows:

3 1. Page 3, by striking line 4 and inserting the
4 following:

5 "3. a. A corporate recipient of moneys from the
6 animal biotechnology commercialization fund using
7 moneys from the appropriations made under this section
8 shall report to the department the amount of total
9 compensation provided to each officer and director of
10 the corporation by January 31 of each year for the
11 previous calendar year. "Compensation" includes but
12 is not limited to wages, the fair market value of
13 benefits, and the fair market value of stock options.
14 A corporate recipient shall refund to the department
15 fifty cents for every dollar of compensation in excess
16 of two hundred fifty thousand dollars provided to an
17 officer or director. A refund shall not exceed the
18 amount of money received from the state of Iowa or the
19 department since January 1, 2003. A corporate
20 recipient shall make reports and refunds as provided
21 in this subsection for each calendar year through and
22 including calendar year 2007.

23 4. Any moneys remaining in the animal".

By HOGG of Linn

H-1060 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1062

1 Amend the amendment, H-1042, to House File 453 as
2 follows:

3 1. Page 1, by inserting after line 25 the
4 following:

5 "____. Page 2, by striking lines 2 through 14."

6 2. Page 1, line 28, by inserting after the word
7 "year." the following: "A business shall not receive
8 more than three million dollars from the fund during
9 the existence of the fund."

10 3. By renumbering as necessary.

By FALLON of Polk

H-1062 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1061

1 Amend the amendment, H-1042, to House File 453 as
2 follows:

3 1. Page 1, line 28, by inserting after the word
4 "year." the following: "The department, in entering
5 into an agreement for a financial assistance award,
6 shall consider, as possible terms to the agreement,
7 obtaining a commitment from the business to retain all
8 business operations in the state of Iowa during the
9 ten years subsequent to receiving the financial
10 assistance and obtaining a commitment to create two
11 hundred new jobs during the two years after moneys
12 have been received."

13 2. Page 3, by striking line 4 and inserting the
14 following:

15 "3. A business receiving moneys from the animal
16 biotechnology commercialization fund using moneys from
17 the appropriations made under this section shall be
18 subject to repayment of all or a portion of the moneys
19 received if the business fails to create two hundred
20 new jobs during the two years after moneys have been
21 received or the business closes any operations or
22 moves any operations out of the state of Iowa within
23 ten years of receiving the financial assistance. The
24 department and a business shall enter into an
25 agreement specifying the method for determining the
26 amount of moneys which will be repaid in the event of
27 any occurrence described in this subsection.

28 4. Any moneys remaining in the animal".

29 3. By renumbering as necessary.

By HOGG of Linn

H-1061 FILED MARCH 17, 2003

LOST

HOUSE FILE 453

H-1063

1 Amend the amendment, H-1042, to House File 453 as
2 follows:

3 1. Page 1, by inserting before line 2 the
4 following:

5 "____. Page 1, by striking lines 1 through 4."

6 2. By striking page 1, line 26, through page 3,
7 line 8, and inserting the following:

8 "____. By striking page 1, line 5, through page 4,
9 line 4, and inserting the following:

10 "Sec. ____ . APPROPRIATIONS.

11 1. There is appropriated from the tax-exempt bond
12 proceeds restricted capital funds account of the
13 tobacco settlement trust fund established in section
14 12E.12 to the treasurer of state for the fiscal year
15 beginning July 1, 2003, and ending June 30, 2004, the
16 following amount, or so much as is necessary, to be
17 used for the purpose designated:

18 For deposit in the school infrastructure fund
19 created in section 12.82 for purposes of providing
20 financial assistance under the school infrastructure
21 program established in section 292.2:

22 \$ 23,000,000

23 2. There is appropriated from the rebuild Iowa
24 infrastructure fund created in section 8.57,
25 subsection 5, paragraph "a", to the treasurer of state
26 for the fiscal year beginning July 1, 2003, and ending
27 June 30, 2004, the following amount, or so much as is
28 necessary, to be used for the purpose designated:

29 For deposit in the school infrastructure fund
30 created in section 12.82 for purposes of providing
31 financial assistance under the school infrastructure
32 program established in section 292.2:

33 \$ 10,000,000"

34 3. By renumbering as necessary.

By FALLON of Polk

H-1063 FILED MARCH 17, 2003

A-W/D B-LOST

HOUSE FILE 453
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HSB 180)

(As Amended and Passed by the House March 17, 2003)

Passed House, Date Passed 3/17/03 Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to animal biotechnology by creating an animal
2 biotechnology commercialization fund, extending the time
3 period during which a life science enterprise may purchase
4 agricultural land, making appropriations, and providing an
5 effective date.

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

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House Amendments _____

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HF 453

1 Section 1. Section 10C.6, subsection 1, paragraph a,
2 subparagraph (1), Code 2003, is amended to read as follows:

3 (1) The life science enterprise acquires the agricultural
4 land on or before June 30, ~~2004~~ 2008.

5 Sec. 2. Section 12E.12, subsection 1, paragraph b,
6 subparagraph (1), Code 2003, is amended to read as follows:

7 (1) The tax-exempt bond proceeds restricted capital funds
8 account. The net proceeds of tax-exempt bonds issued to
9 provide funds for capital projects, certain debt service, and
10 attorney fees related to the master settlement agreement which
11 the state treasurer is authorized and directed to deposit on
12 behalf of the state shall be deposited in the account and
13 shall be used to fund capital projects, certain debt service,
14 and the payment of attorney fees related to the master
15 settlement agreement. The funding of capital projects may
16 take the form of grants. With respect to capital projects, it
17 is the intent of the general assembly to fund capital projects
18 that qualify as vertical infrastructure projects as defined in
19 section 8.57, subsection 5, paragraph "c", to the extent
20 practicable in any fiscal year and without limiting other
21 qualifying capital expenditures considered and approved by a
22 constitutional majority of each house of the general assembly
23 and the governor.

24 Sec. 3. NEW SECTION. 15E.221 ANIMAL BIOTECHNOLOGY
25 COMMERCIALIZATION FUND.

26 1. An animal biotechnology commercialization fund is
27 created in the state treasury under the control of the
28 department of economic development. Moneys in the fund shall
29 be used to provide financial assistance in the form of grants
30 and loans for all of the following:

31 a. Constructing infrastructure and developing proprietary
32 biotechnology interests in order to implement life science
33 enterprise plans approved by the department pursuant to
34 section 15.104.

35 b. Constructing facilities for the purification of animal

1 life science products which facilities shall, in part, be
2 available in a commercially reasonable manner to other
3 companies engaging in the business of purification of animal
4 life science products. At least ten million dollars of the
5 total cost of constructing such a facility must be paid for
6 through the use of any combination of federal, local, and
7 private moneys.

8 c. Constructing commercial animal biodefense
9 pharmaceutical production and processing facilities in this
10 state, provided that an Iowa-based qualified life science
11 enterprise holds an equity interest in the facilities. Prior
12 to receiving financial assistance under this paragraph, the
13 recipient must be a party to a federal contract for the
14 construction of a facility described in this paragraph.

15 2. The fund shall consist of moneys appropriated by the
16 general assembly for deposit in the fund, and other moneys
17 available to and obtained or accepted by the department for
18 deposit in the fund. Moneys in the fund are appropriated to
19 the department to be used for the purposes provided in this
20 section.

21 3. Any financial assistance received from the fund shall
22 not be used for purposes of purchasing agricultural land.

23 4. a. Applications for financial assistance for projects
24 described in subsection 1, paragraphs "a" and "b", shall be
25 filed with the department not later than May 30, 2003, and
26 shall be acted upon by the department not later than June 30,
27 2003. Administrative rules relating to the time frame for the
28 approval or disapproval of life science enterprise plans shall
29 not apply to the time frame for the application process under
30 this subsection.

31 b. Applications for financial assistance for projects
32 described in subsection 1, paragraph "c", shall be filed with
33 the department not later than July 1, 2005, and financial
34 assistance provided to such projects shall be expended not
35 later than June 30, 2006.

1 5. A financial assistance award approved under this
2 section may involve the disbursement of moneys from the fund
3 over a period of more than one year.

4 6. Notwithstanding section 8.33, all moneys in the animal
5 biotechnology commercialization fund which remain unexpended
6 or unobligated at the close of the fiscal year shall not
7 revert, but shall remain available for expenditure for
8 subsequent fiscal years. Notwithstanding section 12C.7,
9 interest or earnings on moneys in the fund shall be credited
10 to the fund.

11 Sec. 4. TAX-EXEMPT BOND PROCEEDS RESTRICTED CAPITAL FUNDS
12 ACCOUNT OF THE TOBACCO SETTLEMENT TRUST FUND -- APPROPRIATION.

13 1. There is appropriated from the tax-exempt bond proceeds
14 restricted capital funds account of the tobacco settlement
15 trust fund established in section 12E.12 to the department of
16 economic development for the fiscal period beginning July 1,
17 2002, and ending June 30, 2005, the following amounts, or so
18 much thereof as is necessary, to be used for the purposes
19 designated:

20 a. For deposit in the animal biotechnology
21 commercialization fund created in section 15E.221 to be used
22 for purposes of projects described in section 15E.221,
23 subsection 1, paragraph "b":

24	<u>FY 2002-2003</u>	<u>\$ 5,000,000</u>
25	<u>FY 2003-2004</u>	<u>\$ 5,000,000</u>
26	<u>FY 2004-2005</u>	<u>\$ 0</u>

27 b. For deposit in the animal biotechnology
28 commercialization fund created in section 15E.221 to be used
29 for purposes of projects described in section 15E.221,
30 subsection 1, paragraph "c":

31	<u>FY 2002-2003</u>	<u>\$ 0</u>
32	<u>FY 2003-2004</u>	<u>\$ 0</u>
33	<u>FY 2004-2005</u>	<u>\$ 10,000,000</u>

34 2. Any financial assistance awarded from the animal
35 biotechnology commercialization fund using moneys from the

1 appropriations made under this section shall be in the form of
2 grants.

3 3. Any moneys remaining in the fund from the
4 appropriations under this section that are unexpended or
5 unobligated on June 30, 2006, shall revert to the tax-exempt
6 bond proceeds restricted capital funds account of the tobacco
7 settlement trust fund on June 30, 2006.

8 Sec. 5. REBUILD IOWA INFRASTRUCTURE FUND -- APPROPRIATION.

9 1. There is appropriated from the rebuild Iowa
10 infrastructure fund created in section 8.57, subsection 5,
11 paragraph "a", to the department of economic development for
12 the fiscal period beginning July 1, 2003, and ending June 30,
13 2005, the following amounts, or so much thereof as is
14 necessary, to be used for the purposes designated:

15 a. For deposit in the animal biotechnology
16 commercialization fund created in section 15E.221 to be used
17 for purposes of projects described in section 15E.221,
18 subsection 1, paragraph "a":
19 FY 2003-2004 \$ 0
20 FY 2004-2005 \$ 5,000,000

21 b. For deposit in the animal biotechnology
22 commercialization fund created in section 15E.221 to be used
23 for purposes of projects described in section 15E.221,
24 subsection 1, paragraph "b":
25 FY 2003-2004 \$ 5,000,000
26 FY 2004-2005 \$ 0

27 2. Any financial assistance awarded from the animal
28 biotechnology commercialization fund using moneys from the
29 appropriations made under this section shall be in the form of
30 loans, forgivable loans, loan guarantees, principal buy-downs,
31 interest buy-downs, equity-like investments, or cost
32 reimbursement for technical or professional management
33 services. For purposes of this subsection, "equity-like
34 investments" means the provision of assistance in such a
35 manner that the potential return on investment to the provider

1 varies according to the profitability of the company assisted.
2 "Equity-like investments" includes royalty arrangements,
3 warrant arrangements, or other similar forms of investments.
4 Repayments of principal and interest on loans made from the
5 animal biotechnology commercialization fund shall be deposited
6 in the rebuild Iowa infrastructure fund.

7 3. Any moneys remaining in the animal biotechnology
8 commercialization fund from the appropriations under this
9 section that are unexpended or unobligated on June 30, 2006,
10 shall revert to the rebuild Iowa infrastructure fund on June
11 30, 2006.

12 Sec. 6. STATE BOARD OF REGENTS APPROPRIATION. There is
13 appropriated from the tax-exempt bond proceeds restricted
14 capital funds account of the tobacco settlement trust fund
15 established in section 12E.12 to the state board of regents
16 for the fiscal year beginning July 1, 2003, and ending June
17 30, 2004, the following amount, or so much thereof as is
18 necessary, to be used for the purpose designated:

19 For the construction of an animal biotechnology commercial
20 pharmaceutical research center to be built in cooperation with
21 the establishment by private and local sources of an animal
22 biotechnology business development center:
23 \$ 3,000,000

24 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
25 immediate importance, takes effect upon enactment.

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Hoffman, Chair
Jenkins
S. Olson
Thomas
Stevens

Succeeded By
SF 0453

HSB 180
ECONOMIC GROWTH

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to animal biotechnology by creating an animal
2 biotechnology commercialization fund, extending the time
3 period during which a life science enterprise may purchase
4 agricultural land, making appropriations, and providing an
5 effective date.

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

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1 Section 1. Section 10C.6, subsection 1, paragraph a,
2 subparagraph (1), Code 2003, is amended to read as follows:

3 (1) The life science enterprise acquires the agricultural
4 land on or before June 30, ~~2004~~ 2008.

5 Sec. 2. NEW SECTION. 15E.221 ANIMAL BIOTECHNOLOGY
6 COMMERCIALIZATION FUND.

7 1. An animal biotechnology commercialization fund is
8 created in the state treasury under the control of the
9 department of economic development. Moneys in the fund shall
10 be used to provide financial assistance in the form of grants
11 and loans for all of the following:

12 a. Constructing infrastructure and developing proprietary
13 biotechnology interests in order to implement life science
14 enterprise plans approved by the department pursuant to
15 section 15.104.

16 b. Constructing facilities for the purification of animal
17 life science products.

18 c. Constructing commercial animal biodefense
19 pharmaceutical production facilities in this state.

20 2. The fund shall consist of moneys appropriated by the
21 general assembly for deposit in the fund, and other moneys
22 available to and obtained or accepted by the department for
23 deposit in the fund. Moneys in the fund are appropriated to
24 the department to be used for the purposes provided in this
25 section.

26 3. Applications for financial assistance for projects
27 described in subsection 1, paragraph "a", shall be filed with
28 the department not later than May 30, 2003, and shall be acted
29 upon by the department not later than June 30, 2003.

30 Administrative rules relating to the time frame for the
31 approval or disapproval of life science enterprise plans shall
32 not apply to the time frame for the application process under
33 this subsection.

34 4. A financial assistance award approved under this
35 section may involve the disbursement of moneys from the fund

1 over a period of more than one year. At least one-half of
2 each financial assistance award approved under this section
3 shall be in the form of a loan.

4 5. Notwithstanding section 8.33, all moneys in the animal
5 biotechnology commercialization fund which remain unexpended
6 or unobligated at the close of the fiscal year shall not
7 revert, but shall remain available for expenditure for
8 subsequent fiscal years. Notwithstanding section 12C.7,
9 interest or earnings on moneys in the fund shall be credited
10 to the fund.

11 **Sec. 3. ANIMAL BIOTECHNOLOGY COMMERCIALIZATION FUND**
12 **APPROPRIATION.** There is appropriated from the tax-exempt bond
13 proceeds restricted capital funds account of the tobacco
14 settlement trust fund established in section 12E.12 to the
15 department of economic development for the fiscal period
16 beginning July 1, 2002, and ending June 30, 2005, the
17 following amounts, or so much thereof as is necessary, to be
18 used for the purpose designated:

19 For deposit in the animal biotechnology commercialization
20 fund created in section 15E.221:

21	FY 2002-2003.....	\$ 15,000,000
22	FY 2003-2004.....	\$ 13,000,000
23	FY 2004-2005.....	\$ 2,000,000

24 **Sec. 4. STATE BOARD OF REGENTS APPROPRIATION.** There is
25 appropriated from the tax-exempt bond proceeds restricted
26 capital funds account of the tobacco settlement trust fund
27 established in section 12E.12 to the state board of regents
28 for the fiscal year beginning July 1, 2003, and ending June
29 30, 2004, the following amount, or so much thereof as is
30 necessary, to be used for the purpose designated:

31	For the construction of an animal biotechnology commercial	
32	pharmaceutical research center to be built in cooperation with	
33	the establishment by private and local sources of an animal	
34	biotechnology business development center:	
35	\$ 3,000,000

1 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
2 immediate importance, takes effect upon enactment.

3

EXPLANATION

4 This bill relates to animal biotechnology by creating an
5 animal biotechnology commercialization fund, extending the
6 time period during which a life science enterprise may
7 purchase agricultural land, and making appropriations.

8 The bill extends the time period during which a life
9 science enterprise may purchase agricultural land from June
10 30, 2004, to June 30, 2008.

11 The bill creates an animal biotechnology commercialization
12 fund in the state treasury under the control of the department
13 of economic development. The bill provides that moneys in the
14 fund shall be used to provide financial assistance in the form
15 of grants and loans for constructing infrastructure and
16 developing proprietary biotechnology interests in order to
17 implement life science enterprise plans approved by the
18 department, constructing facilities for the purification of
19 animal life science products, and constructing commercial
20 animal biodefense pharmaceutical production facilities in
21 Iowa. The bill provides that applications for financial
22 assistance for infrastructure projects for life science
23 enterprise plans shall be filed with the department not later
24 than May 30, 2003, and shall be acted upon by the department
25 not later than June 30, 2003. The bill provides that a
26 financial assistance package may involve the disbursement of
27 moneys from the fund over a period of more than one year and
28 at least one-half of each financial assistance package shall
29 be a loan.

30 The bill appropriates moneys from the tax-exempt bond
31 proceeds restricted capital funds account of the tobacco
32 settlement trust fund to the department of economic
33 development for deposit in the animal biotechnology
34 commercialization fund. The bill appropriates \$15 million in
35 FY 2002-2003, \$13 million in FY 2003-2004, and \$2,000,000 in

1 FY 2004-2005.

2 The bill appropriates \$3 million from the tax-exempt bond
3 proceeds restricted capital funds account of the tobacco
4 settlement trust fund to the state board of regents for the
5 fiscal year beginning July 1, 2003, and ending June 30, 2004,
6 for the construction of an animal biotechnology commercial
7 pharmaceutical research center to be built in cooperation with
8 the establishment by private and local sources of an animal
9 biotechnology business development center.

10 The bill takes effect upon enactment.

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