

JAN 13 2005
ECONOMIC GROWTH

HOUSE FILE 60
BY WISE and PETERSEN

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

A BILL FOR

1 An Act relating to economic development activities by creating
2 the grow Iowa values board and fund and related boards and
3 commissions, authorizing the issuance of bonds to provide
4 economic development-related funding, allowing the creation of
5 economic development regions, authorizing the certification of
6 and development of cultural districts, providing tax credits,
7 and making appropriations.

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

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HF 60

1 DIVISION I
2 BONDING

3 Section 1. Section 8.57, subsection 6, paragraph e, Code
4 2005, is amended to read as follows:

5 e. Notwithstanding provisions to the contrary in sections
6 99D.17 and 99F.11, for the fiscal year beginning July 1, 2000,
7 and for each fiscal year thereafter, not more than a total of
8 sixty million dollars shall be deposited in the general fund
9 of the state in any fiscal year pursuant to sections 99D.17
10 and 99F.11. The next fifteen million dollars of the moneys
11 directed to be deposited in the general fund of the state in a
12 fiscal year pursuant to sections 99D.17 and 99F.11 shall be
13 deposited in the vision Iowa fund created in section 12.72 for
14 the fiscal year beginning July 1, 2000, and for each fiscal
15 year through the fiscal year beginning July 1, 2019. The next
16 five million dollars of the moneys directed to be deposited in
17 the general fund of the state in a fiscal year pursuant to
18 sections 99D.17 and 99F.11 shall be deposited in the school
19 infrastructure fund created in section 12.82 for the fiscal
20 year beginning July 1, 2000, and for each fiscal year
21 thereafter until the principal and interest on all bonds
22 issued by the treasurer of state pursuant to section 12.81 are
23 paid, as determined by the treasurer of state. The next one
24 hundred six million seven hundred thousand dollars of the
25 moneys directed to be deposited in the general fund of the
26 state in a fiscal year pursuant to sections 99D.17 and 99F.11
27 shall be deposited in the grow Iowa values fund created in
28 section 15G.108 for the fiscal year beginning July 1, 2007,
29 and for each fiscal year through the fiscal year beginning
30 July 1, 2024. For the fiscal year beginning July 1, 2025, and
31 for each fiscal year thereafter, the next eighty-nine million
32 four hundred thousand dollars of the moneys directed to be
33 deposited in the general fund of the state in a fiscal year
34 pursuant to sections 99D.17 and 99F.11 shall be deposited in
35 the grow Iowa values fund created in section 15G.108. The

1 total moneys in excess of the moneys deposited in the general
2 fund of the state, the vision Iowa fund, **and** the school
3 infrastructure fund, and the grow Iowa values fund in a fiscal
4 year shall be deposited in the rebuild Iowa infrastructure
5 fund and shall be used as provided in this section,
6 notwithstanding section 8.60.

7 If the total amount of moneys directed to be deposited in
8 the general fund of the state under sections 99D.17 and 99F.11
9 in a fiscal year is less than the total amount of moneys
10 directed to be deposited in the vision Iowa fund, **and** the
11 school infrastructure fund, and the grow Iowa values fund in
12 the fiscal year pursuant to this paragraph "e", the difference
13 shall be paid from lottery revenues in the manner provided in
14 section 99G.39, subsection 3.

15 Sec. 2. NEW SECTION. 12.91 GENERAL AND SPECIFIC BONDING
16 POWERS -- GROW IOWA VALUES PROGRAM.

17 1. The treasurer of state may issue bonds of the state for
18 the purpose of providing a portion of the funding for the grow
19 Iowa values fund created in section 15G.108. The treasurer of
20 state shall have all of the powers which are necessary to
21 issue and secure bonds and carry out the purposes of the fund.
22 The treasurer of state may issue bonds in principal amounts
23 that do not exceed, in the aggregate and excluding refunding
24 bonds, two hundred ten million dollars to provide funds for
25 the grow Iowa values fund, to provide for any capitalized
26 interest on the bonds determined by the treasurer of state to
27 be appropriate, to provide for the establishment of reserves
28 to secure the bonds, and to provide for the payment of the
29 costs of issuance of the bonds, other expenditures of the
30 treasurer of state incident to and necessary or convenient to
31 carry out the bond issue for the fund, and all other
32 expenditures of the board necessary or convenient to
33 administer the fund. The bonds are investment securities and
34 negotiable instruments within the meaning of and for purposes
35 of the uniform commercial code.

1 2. Bonds issued under this section are payable solely and
2 only out of the moneys, assets, or revenues of the grow Iowa
3 values fund and any bond reserve funds established pursuant to
4 section 12.92, all of which may be deposited with trustees or
5 depositories in accordance with bond or security documents and
6 may be pledged by the treasurer of state to the payment
7 thereof. Bonds issued under this section shall contain a
8 statement that the bonds do not constitute an indebtedness of
9 the state. The treasurer of state shall not pledge the credit
10 or taxing power of this state or any political subdivision of
11 this state or make bonds issued pursuant to this section
12 payable out of any moneys except those in the grow Iowa values
13 fund.

14 3. The proceeds of bonds issued by the treasurer of state
15 and not required for immediate disbursement may be held by the
16 treasurer of state or may be deposited with a trustee or
17 depository as provided in the bond documents and invested or
18 reinvested in any investment as directed by the treasurer of
19 state and specified in the trust indenture, resolution, or
20 other instrument pursuant to which the bonds are issued
21 without regard to any limitation otherwise provided by law.

22 4. The bonds shall be all of the following:

23 a. In a form, issued in denominations, executed in a
24 manner, and payable over terms and with rights of redemption,
25 and be subject to the terms, conditions and covenants
26 providing for the payment of the principal of, redemption
27 premiums, if any, interest which may be fixed or variable
28 during any period the bonds are outstanding, and such other
29 terms and conditions as prescribed in the trust indenture,
30 resolution, or other instrument authorizing their issuance.

31 b. Negotiable instruments under the laws of the state and
32 may be sold at prices, at public or private sale, and in a
33 manner, as prescribed by the treasurer of state. Chapters
34 73A, 74, 74A, and 75 do not apply to the sale or issuance of
35 the bonds.

1 c. Subject to the terms, conditions, and covenants
2 providing for the payment of the principal, redemption
3 premiums, if any, interest, and other terms, conditions,
4 covenants, and protective provisions safeguarding payment, not
5 inconsistent with this section and as determined by the trust
6 indenture, resolution, or other instrument authorizing their
7 issuance.

8 5. The bonds are securities in which public officers and
9 bodies of this state, political subdivisions of this state,
10 insurance companies and associations and other persons
11 carrying on an insurance business, banks, trust companies,
12 savings associations, savings and loan associations, and
13 investment companies; administrators, guardians, executors,
14 trustees, and other fiduciaries; and other persons authorized
15 to invest in bonds or other obligations of the state may
16 properly and legally invest funds, including capital, in their
17 control or belonging to them.

18 6. Bonds must be authorized by a trust indenture,
19 resolution, or other instrument of the treasurer of state.

20 7. Neither the resolution, trust indenture, nor any other
21 instrument by which a pledge is created needs to be recorded
22 or filed under the Iowa uniform commercial code to be valid,
23 binding, or effective.

24 8. Bonds issued under the provisions of this section are
25 declared to be issued for a general public and governmental
26 purpose and all bonds issued under this section shall be
27 exempt from taxation by the state of Iowa and the interest on
28 the bonds shall be exempt from the state income tax and the
29 state inheritance and estate tax.

30 9. Subject to the terms of any bond documents, moneys in
31 the grow Iowa values fund may be expended for administration
32 expenses.

33 10. The treasurer of state may issue bonds for the purpose
34 of refunding any bonds issued pursuant to this section then
35 outstanding, including the payment of any redemption premiums

1 thereon and any interest accrued or to accrue to the date of
2 redemption of the outstanding bonds. Until the proceeds of
3 bonds issued for the purpose of refunding outstanding bonds
4 are applied to the purchase or retirement of outstanding
5 bonds, the proceeds may be placed in escrow and be invested
6 and reinvested in accordance with the provisions of this
7 section. The interest, income, and profits earned or realized
8 on an investment may also be applied to the payment of the
9 outstanding bonds to be refunded by purchase, retirement, or
10 redemption. After the terms of the escrow have been fully
11 satisfied and carried out, any balance of proceeds and
12 interest earned or realized on the investments may be returned
13 to the treasurer of state for deposit in the grow Iowa values
14 fund established in section 15G.108. All refunding bonds
15 shall be issued and secured and subject to the provisions of
16 this chapter in the same manner and to the same extent as
17 other bonds issued pursuant to this section.

18 11. The treasurer of state shall have all of the powers
19 which are necessary to issue and secure bonds including but
20 not limited to the power to procure insurance, other credit
21 enhancements, and other financing arrangements, and to execute
22 instruments and contracts and to enter into agreements
23 convenient or necessary to facilitate financing arrangements
24 with respect to the bonds and to carry out the purposes of the
25 fund, including but not limited to such arrangements,
26 instruments, contracts and agreements as municipal bond
27 insurance, self-insurance or liquidity trusts, accounts, pools
28 or other arrangements, liquidity facilities or covenants,
29 letters of credit, and interest rate agreements.

30 12. For purposes of this section and sections 12.92
31 through 12.95, the term "bonds" means bonds, notes, and other
32 obligations and financing arrangements issued or entered into
33 by the treasurer of state and the term "interest rate
34 agreement" means an interest rate swap or exchange agreement,
35 an agreement establishing an interest rate floor or ceiling or

1 both, or any similar agreement. Any such agreement may
2 include the option to enter into or cancel the agreement or to
3 reverse or extend the agreement.

4 Sec. 3. NEW SECTION. 12.92 GROW IOWA VALUES FUND --
5 ACCOUNTS AND RESERVE FUNDS.

6 1. The treasurer of state shall establish such accounts
7 within the grow Iowa values fund as may be appropriate
8 including debt service accounts for the purpose of paying the
9 principal of, redemption premium, if any, and interest on
10 bonds payable therefrom. Moneys in the debt service accounts
11 shall not be subject to appropriation for any other purpose by
12 the general assembly, but shall be used only for the purposes
13 of paying the principal of, redemption premium, if any, and
14 interest on the bonds payable therefrom.

15 2. Revenue for a debt service account shall include, but
16 is not limited to, all of the following, which shall be
17 deposited with the treasurer of state or the treasurer's
18 designee as provided by any bond or security documents and
19 credited to the debt service account:

20 a. The proceeds of bonds issued to capitalize and pay the
21 costs of the fund and investment earnings on the proceeds.

22 b. Interest attributable to investment of moneys in the
23 fund or an account of the fund.

24 c. Moneys in the form of a devise, gift, bequest,
25 donation, federal or other grant, reimbursement, repayment,
26 judgment, transfer, payment, or appropriation from any source
27 intended to be used for the purposes of the fund or account.

28 d. Moneys deposited in the grow Iowa values fund pursuant
29 to section 8.57, subsection 6, paragraph "e", or section
30 99G.39, subsection 3, paragraph "a".

31 3. a. The treasurer of state may create and establish one
32 or more special funds, to be known as bond reserve funds, to
33 secure one or more issues of bonds issued pursuant to section
34 12.91. The treasurer of state shall pay into each bond
35 reserve fund any moneys appropriated and made available by the

1 state or the treasurer for the purpose of the fund, any
2 proceeds of sale of bonds to the extent provided in the
3 resolutions or trust indentures authorizing their issuance,
4 and any other moneys which may be available to the treasurer
5 for the purpose of the fund from any other sources. All
6 moneys held in a bond reserve fund, except as otherwise
7 provided in this chapter, shall be used as required solely for
8 the payment of the principal of bonds secured in whole or in
9 part by the fund or of the sinking fund payments with respect
10 to the bonds, the purchase or redemption of the bonds, the
11 payment of interest on the bonds, or the payments of any
12 redemption premium required to be paid when the bonds are
13 redeemed prior to maturity.

14 b. Moneys in a bond reserve fund shall not be withdrawn
15 from the bond reserve fund at any time in an amount that will
16 reduce the amount of the fund to less than the bond reserve
17 fund requirement established for the fund, as provided in this
18 subsection, except for the purpose of making, with respect to
19 bonds secured in whole or in part by the fund, payment when
20 due of principal, interest, redemption premiums, and the
21 sinking fund payments with respect to the bonds for the
22 payment of which other moneys of the treasurer are not
23 available. Any income or interest earned by, or incremental
24 to, a bond reserve fund due to the investment of moneys in the
25 fund may be transferred by the treasurer to other funds or
26 accounts to the extent the transfer does not reduce the amount
27 of that bond reserve fund below the bond reserve fund
28 requirement for the fund.

29 c. The treasurer of state shall not at any time issue
30 bonds, secured in whole or in part by a bond reserve fund, if,
31 upon the issuance of the bonds, the amount in the bond reserve
32 fund will be less than the bond reserve fund requirement for
33 the fund, unless the treasurer at the time of issuance of the
34 bonds deposits in the fund from the proceeds of the bonds
35 issued or from other sources an amount which, together with

1 the amount then in the fund, will not be less than the bond
2 reserve fund requirement for the fund. For the purposes of
3 this subsection, the term "bond reserve fund requirement"
4 means, as of any particular date of computation, an amount of
5 money, as provided in the resolutions or trust indentures
6 authorizing the bonds with respect to which the fund is
7 established.

8 d. To assure the continued solvency of any bonds secured
9 by the bond reserve fund, provision is made in paragraph "c"
10 for the accumulation in each bond reserve fund of an amount
11 equal to the bond reserve fund requirement for the fund. In
12 order to further assure maintenance of the bond reserve funds,
13 the treasurer shall, on or before January 1 of each calendar
14 year, make and deliver to the governor the treasurer's
15 certificate stating the sum, if any, required to restore each
16 bond reserve fund to the bond reserve fund requirement for
17 that fund. Within thirty days after the beginning of the
18 session of the general assembly next following the delivery of
19 the certificate, the governor shall submit to both houses
20 printed copies of a budget including the sum, if any, required
21 to restore each bond reserve fund to the bond reserve fund
22 requirement for that fund. Any sums appropriated by the
23 general assembly and paid to the treasurer pursuant to this
24 subsection shall be deposited by the treasurer in the
25 applicable bond reserve fund.

26 Sec. 4. NEW SECTION. 12.93 PLEDGES.

27 1. It is the intention of the general assembly that a
28 pledge made in respect of bonds shall be valid and binding
29 from the time the pledge is made, that the money or property
30 so pledged and received after the pledge by the treasurer of
31 state shall immediately be subject to the lien of the pledge
32 without physical delivery or further act, and that the lien of
33 the pledge shall be valid and binding as against all parties
34 having claims of any kind in tort, contract, or otherwise
35 against the treasurer of state whether or not the parties have

1 notice of the lien.

2 2. The money set aside in a fund or funds pledged for any
3 series or issue of bonds shall be held for the sole benefit of
4 the series or issue separate and apart from money pledged for
5 another series or issue of bonds of the treasurer of state.
6 Bonds may be issued in series under one or more resolutions or
7 trust indentures and may be fully open-ended, thus providing
8 for the unlimited issuance of additional series, or partially
9 open-ended, limited as to additional series.

10 Sec. 5. NEW SECTION. 12.94 LIMITATIONS.

11 Bonds issued pursuant to section 12.91 are not debts of the
12 state, or of any political subdivision of the state, and do
13 not constitute a pledge of the faith and credit of the state
14 or a charge against the general credit or general fund of the
15 state. The issuance of any bonds pursuant to section 12.91 by
16 the treasurer of state does not directly, indirectly, or
17 contingently obligate the state or a political subdivision of
18 the state to apply moneys from, or to levy or pledge any form
19 of taxation whatever to, the payment of the bonds. Bonds
20 issued under section 12.91 are payable solely and only from
21 the sources and special fund and accounts provided in section
22 12.92.

23 Sec. 6. NEW SECTION. 12.95 CONSTRUCTION.

24 Sections 12.91 through 12.94, being necessary for the
25 welfare of this state and its inhabitants, shall be liberally
26 construed to effect their purposes.

27 Sec. 7. Section 99G.39, subsection 3, paragraph a, Code
28 2005, is amended to read as follows:

29 a. Notwithstanding subsection 1, if gaming revenues under
30 sections 99D.17 and 99F.11 are insufficient in a fiscal year
31 to meet the total amount of such revenues directed to be
32 deposited in the vision Iowa fund, and the school
33 infrastructure fund, and the grow Iowa values fund during the
34 fiscal year pursuant to section 8.57, subsection 6, paragraph
35 "e", the difference shall be paid from lottery revenues prior

1 to deposit of the lottery revenues in the general fund. If
2 lottery revenues are insufficient during the fiscal year to
3 pay the difference, the remaining difference shall be paid
4 from lottery revenues in subsequent fiscal years as such
5 revenues become available.

6

DIVISION II

7

GROW IOWA VALUES BOARD AND FUND

8 Sec. 8. Section 15.108, subsection 9, Code 2005, is
9 amended by adding the following new paragraph:

10 NEW PARAGRAPH. g. Administer the marketing strategies
11 selected pursuant to section 15G.109.

12 Sec. 9. NEW SECTION. 15G.101 DEFINITIONS.

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

15 1. "Board" means the grow Iowa values board established in
16 section 15G.102.

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

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

21 4. "Fund" means the grow Iowa values fund created in
22 section 15G.108.

23 5. "Grow Iowa values geographic regions" means the
24 geographic regions defined in section 15G.106.

25 Sec. 10. NEW SECTION. 15G.102 GROW IOWA VALUES BOARD.

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

1 2. a. The eleven voting members of the board shall be
2 appointed by the governor, subject to confirmation by the
3 senate.

4 b. The four ex officio, nonvoting members shall be
5 appointed as follows:

6 (1) One member appointed by the president of the senate.

7 (2) One member appointed by the minority leader of the
8 senate.

9 (3) One member appointed by the speaker of the house of
10 representatives.

11 (4) One member appointed by the minority leader of the
12 house of representatives.

13 (5) For purposes of this paragraph, if an equal number of
14 candidates from two political parties are elected to a house
15 and become members by oath or affirmation, the appointing
16 authorities referenced in this paragraph shall be considered
17 to be the two co-presidents in the senate or the two co-
18 speakers in the house of representatives unless the house
19 otherwise provides. For purposes of this section, "political
20 party" means a party whose registered voters constitute one of
21 the two highest numbers of party registrants in this state.

22 c. All appointments shall comply with sections 69.16 and
23 69.16A.

24 d. At least one member of the board shall be from each
25 grow Iowa values geographic region.

26 e. Each of the following areas of expertise shall be
27 represented by at least one member of the board who has
28 professional experience in that area of expertise:

29 (1) Finance and investment banking.

30 (2) Advanced manufacturing.

31 (3) Statewide agriculture.

32 (4) Life sciences.

33 (5) Small business development.

34 (6) Information technology.

35 (7) Economics.

1 (8) Labor.

2 (9) Marketing.

3 (10) Entrepreneurship.

4 f. At least nine voting members of the board shall be
5 actively employed in the private, for-profit sector of the
6 economy.

7 g. The board membership shall be balanced between
8 representation by employers with less than two hundred
9 employees and employers with two hundred or more employees.

10 3. The chairperson and vice chairperson shall be elected
11 by the voting members of the board from the membership of the
12 board. In the case of the absence or disability of the
13 chairperson and vice chairperson, the voting members of the
14 board shall elect a temporary chairperson by a majority vote
15 of those voting members who are present and voting, provided a
16 quorum is present.

17 4. The members of the board shall be appointed to three-
18 year staggered terms and the terms shall commence and end as
19 provided in section 69.19. If a vacancy occurs, a successor
20 shall be appointed in the same manner and subject to the same
21 qualifications as the original appointment to serve the
22 unexpired term.

23 5. A majority of the voting members of the board
24 constitutes a quorum.

25 6. A member of the board shall abstain from voting on the
26 provision of financial assistance to a project which is
27 located in the county in which the member of the board
28 resides.

29 7. The members of the board are entitled to receive
30 reimbursement for actual expenses incurred while engaged in
31 the performance of official duties. A board member may also
32 be eligible to receive compensation as provided in section
33 7E.6.

34 Sec. 11. NEW SECTION. 15G.103 BOARD DUTIES.

35 The board shall do all of the following:

1 1. Organize.

2 2. Receive advice and recommendations from the due
3 diligence committee, the economic development marketing board,
4 and the grow Iowa values review commission.

5 3. Assist the department in implementing programs and
6 activities in a manner designed to achieve the goals set out
7 in section 15G.107.

8 4. By December 15 of each year, submit a written report to
9 the general assembly reviewing the activities of the board
10 during that calendar year. The report shall include
11 information necessary for the review of the goals and
12 performance measures set out in section 15G.107. State
13 agencies and other entities receiving moneys from the fund
14 shall cooperate with and assist the board in compilation of
15 the report.

16 5. Adopt administrative rules pursuant to chapter 17A
17 necessary to administer this chapter. This delegation shall
18 be construed narrowly.

19 Sec. 12. NEW SECTION. 15G.104 DUE DILIGENCE COMMITTEE.

20 1. A due diligence committee is established consisting of
21 five members and is located for administrative purposes within
22 the department. The director of the department shall provide
23 office space, staff assistance, and necessary supplies and
24 equipment for the committee. The director shall budget moneys
25 to pay the compensation and expenses of the committee. In
26 performing its functions, the committee is performing a public
27 function on behalf of the state and is a public
28 instrumentality of the state.

29 2. a. Membership of the due diligence committee shall
30 consist of five voting members of the grow Iowa values board
31 elected annually by the voting members of the board.
32 Committee members shall have expertise in the areas of banking
33 and entrepreneurship.

34 b. The chairperson and vice chairperson of the committee
35 shall be elected by and from the committee members. The terms

1 of the members shall commence and end as provided by section
2 69.19. If a vacancy occurs, a successor shall be appointed in
3 the same manner and subject to the same qualifications as the
4 original appointment to serve the unexpired term. A majority
5 of the committee constitutes a quorum.

6 3. The committee, after a thorough review, shall determine
7 whether a proposed project using moneys from the grow Iowa
8 values fund is practical and shall provide recommendations to
9 the grow Iowa values board regarding any moneys proposed to be
10 expended from the grow Iowa values fund, with the exception of
11 moneys appropriated for purposes of the loan and credit
12 guarantee program and regarding whether a proposed project
13 under the loan and credit guarantee program is practical. The
14 recommendations shall be based on whether the expenditure
15 would make the achievement of the goals in accordance with the
16 performance measures set out in section 15G.107 more likely.
17 The recommendations may include conditions or that a proposed
18 expenditure be rejected.

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

24 Sec. 13. NEW SECTION. 15G.105 GROW IOWA VALUES REVIEW
25 COMMISSION.

26 1. A grow Iowa values review commission is established
27 consisting of three members and is located for administrative
28 purposes within the office of the auditor of state. The
29 auditor of state shall provide office space, staff assistance,
30 and necessary supplies and equipment for the review
31 commission. The auditor of state shall budget moneys to pay
32 the compensation and expenses of the commission, including the
33 actual expenses of the auditor of state incurred while engaged
34 in the performance of official commission duties. In
35 performing its functions, the review commission is performing

1 a public function on behalf of the state and is a public
2 instrumentality of the state.

3 2. Membership of the review commission shall include the
4 auditor of state, one member appointed by the governor subject
5 to confirmation by the senate, and one member appointed by the
6 legislative council. The members appointed by the governor
7 and the legislative council shall possess experience and
8 expertise in the field of economics. The appointments shall
9 comply with sections 69.16 and 69.16A. The chairperson of the
10 review commission shall be the auditor of state. The members
11 shall be appointed to three-year staggered terms and the terms
12 shall commence and end as provided by section 69.19. If a
13 vacancy occurs, a successor shall be appointed in the same
14 manner and subject to the same qualifications as the original
15 appointment to serve the unexpired term. A majority of the
16 review commission constitutes a quorum.

17 3. The review commission shall analyze all annual reports
18 of the grow Iowa values board for purposes of determining if
19 the goals and performance measures set out in section 15G.107
20 have been met. By January 1, 2007, the review commission
21 shall submit a report to the grow Iowa values board, the
22 department, and the general assembly. The report shall
23 include findings, itemized by grow Iowa values geographic
24 regions, regarding whether the goals and performance measures
25 were met. The report shall also include recommendations
26 regarding the continuation, elimination, or modification of
27 any programs receiving moneys from the grow Iowa values fund
28 and whether moneys should continue to be appropriated to and
29 from the grow Iowa values fund. The recommendations shall be
30 based on whether the goals in accordance with the performance
31 measures are being achieved.

32 4. The members of the commission, including the auditor of
33 state, are entitled to receive reimbursement for actual
34 expenses incurred while engaged in the performance of official
35 duties. A commission member may also be eligible to receive

1 compensation as provided in section 7E.6.

2 Sec. 14. NEW SECTION. 15G.106 GROW IOWA VALUES

3 GEOGRAPHIC REGIONS.

4 For purposes of applying the goals and performance
5 measurements, the state shall be divided into five grow Iowa
6 values geographic regions. The regions shall be the
7 following:

8 1. The northwest region shall include the counties of
9 Lyon, Osceola, Dickinson, Emmet, Kossuth, Winnebago, Sioux,
10 O'Brien, Clay, Palo Alto, Hancock, Plymouth, Cherokee, Buena
11 Vista, Pocahontas, Humboldt, Wright, Woodbury, Ida, Sac,
12 Calhoun, Webster, and Hamilton.

13 2. The northeast region shall include the counties of
14 Worth, Mitchell, Howard, Winneshiek, Allamakee, Cerro Gordo,
15 Floyd, Chickasaw, Fayette, Clayton, Franklin, Butler, Bremer,
16 Hardin, Grundy, Black Hawk, Buchanan, Delaware, Dubuque, Tama,
17 Benton, Linn, Jones, and Jackson.

18 3. The southeast region shall include the counties of
19 Poweshiek, Iowa, Johnson, Cedar, Clinton, Scott, Muscatine,
20 Mahaska, Keokuk, Washington, Louisa, Monroe, Wapello,
21 Jefferson, Henry, Des Moines, Appanoose, Davis, Van Buren, and
22 Lee.

23 4. The southwest region shall include the counties of
24 Monona, Crawford, Carroll, Greene, Harrison, Shelby, Audubon,
25 Guthrie, Pottawattamie, Cass, Adair, Mills, Montgomery, Adams,
26 Union, Clarke, Lucas, Fremont, Page, Taylor, Ringgold,
27 Decatur, and Wayne.

28 5. The central region shall include the counties of Boone,
29 Story, Marshall, Dallas, Polk, Jasper, Madison, Warren, and
30 Marion.

31 Sec. 15. NEW SECTION. 15G.107 GOALS -- PERFORMANCE
32 MEASURES.

33 1. In performing the duties provided in this chapter,
34 chapter 15, and chapter 15E, the grow Iowa values board, the
35 due diligence committee, the economic development marketing

1 board, the grow Iowa values review commission, and the
2 department shall achieve the goals of expanding and
3 stimulating the state economy, increasing the wealth of
4 Iowans, and increasing the population of the state. For
5 purposes of this section, "upper midwest region" includes the
6 states of Iowa, Kansas, Minnesota, Missouri, Nebraska, North
7 Dakota, and South Dakota.

8 2. Goal achievement shall be examined on a regional basis
9 using the grow Iowa values geographic regions on a statewide
10 basis. Family farm performance indicators shall be calculated
11 separately. The performance of the grow Iowa values
12 geographic regions shall be compared to the performance of the
13 state, the upper midwest region, and the United States. The
14 baseline year shall be the calendar year 2002. In each grow
15 Iowa values geographic region, the goal shall be to increase
16 the baseline performance measure of Iowa's gross state product
17 at a rate equal to or greater than the national economy.

18 3. a. In determining whether the goal of expanding and
19 stimulating the state economy has been met, and using the
20 calendar year 2002 as a baseline, performance measures shall
21 be considered, including but not limited to the following, on
22 a statewide basis or of those businesses that receive moneys
23 originating from the grow Iowa values fund, as appropriate:

- 24 (1) A net increase in a business's supplier network.
- 25 (2) A net increase in business start-ups.
- 26 (3) A net increase in business expansion.
- 27 (4) A net increase in business modernization.
- 28 (5) A net increase in attracting new businesses to the
29 state.
- 30 (6) A net increase in business retention.
- 31 (7) A net increase in job creation and retention.
- 32 (8) A decrease in Iowa of the ratio of the government
33 employment as a percentage share of the total employment in
34 Iowa at a rate at least equal to the ratio of the upper
35 midwest region.

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

12 c. By December 15 of each year, the department shall
13 submit a report to the grow Iowa values review commission and
14 the grow Iowa values board that identifies prospective lost
15 business development opportunities information pertinent to
16 the performance measures in paragraph "a", subparagraphs (2)
17 and (5), which indicate that the state has not been successful
18 in the performance measures in paragraph "a", subparagraphs
19 (2) and (5).

20 d. For purposes of the performance measure in paragraph
21 "a", subparagraph (7), the department of economic development,
22 in consultation with the department of workforce development
23 and the auditor of state, shall determine average annual job
24 creation and retention rates based on the ten years prior to
25 2003, for the state and the upper midwest region. During the
26 fiscal year beginning July 1, 2005, the department of economic
27 development shall report the job creation and retention rate
28 of those businesses that receive moneys originating from the
29 grow Iowa values fund and the job creation and retention rate
30 of those businesses that do not receive moneys originating
31 from the grow Iowa values fund. The ten-year average annual
32 job creation and retention rate shall be compared to the job
33 creation and retention rates determined under this paragraph
34 for the fiscal year beginning July 1, 2005. The department of
35 economic development shall assist the department of workforce

1 development in maintaining detailed employment statistics on
2 businesses that receive moneys originating from the grow Iowa
3 values fund, on businesses that do not receive moneys
4 originating from the grow Iowa values fund, and on industries
5 in Iowa that those businesses represent. The auditor of state
6 shall audit the reliability and validity of the statistics
7 compiled pursuant to this paragraph.

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

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

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

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

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

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

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

31 a. Using the calendar year 2002 as a baseline year, a net
32 increase in the retention of Iowa high school graduates that
33 are employed in the Iowa workforce following the earning of a
34 higher education degree.

35 b. The increase in the number of higher education

1 graduates living in Iowa.

2 Sec. 16. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

3 A grow Iowa values fund is created in the state treasury
4 under the control of the grow Iowa values board consisting of
5 moneys appropriated to the grow Iowa values board. Moneys in
6 the fund are not subject to section 8.33. Notwithstanding
7 section 12C.7, interest or earnings on moneys in the fund
8 shall be credited to the fund. The fund shall be administered
9 by the grow Iowa values board, which shall make expenditures
10 from the fund consistent with this chapter and pertinent Acts
11 of the general assembly. Any financial assistance provided
12 using moneys from the fund may be provided over a period of
13 time of more than one year. Payments of interest, repayments
14 of moneys loaned pursuant to this chapter, and recaptures of
15 grants or loans shall be deposited in the fund.

16 Sec. 17. Section 15G.109, Code 2005, is amended by
17 striking the section and inserting in lieu thereof the
18 following:

19 15G.109 ECONOMIC DEVELOPMENT MARKETING BOARD -- MARKETING
20 STRATEGIES.

21 1. a. An economic development marketing board is
22 established consisting of seven members and is located for
23 administrative purposes within the department. The director
24 of the department shall provide office space, staff
25 assistance, and necessary supplies and equipment for the
26 board. The director shall budget moneys to pay the
27 compensation and expenses of the board. In performing its
28 functions, the board is performing a public function on behalf
29 of the state and is a public instrumentality of the state.

30 b. The membership of the board shall consist of seven
31 members appointed by the governor, subject to confirmation by
32 the senate. Five of the members shall have significant
33 demonstrated experience in marketing or advertising. Two
34 members of the board shall also be members of the grow Iowa
35 values board.

1 c. The appointments shall comply with sections 69.16 and
2 69.16A.

3 d. The chairperson and vice chairperson of the board shall
4 be elected by and from the board members. In case of the
5 absence or disability of the chairperson and vice chairperson,
6 the members of the board shall elect a temporary chairperson
7 by a majority vote of those members who are present and
8 voting.

9 e. The members shall be appointed to three-year staggered
10 terms and the terms shall commence and end as provided by
11 section 69.19. If a vacancy occurs, a successor shall be
12 appointed to serve the unexpired term. A successor shall be
13 appointed in the same manner and subject to the same
14 qualifications as the original appointment to serve the
15 unexpired term.

16 f. A majority of the board constitutes a quorum.

17 2. The board shall administer and implement the approval
18 process for marketing strategies provided in subsection 3.

19 3. The economic development marketing board shall accept
20 proposals for marketing strategies for purposes of selecting a
21 strategy for the department to administer. The marketing
22 strategies shall be designed to market Iowa as a lifestyle,
23 increase the population of the state, increase the wealth of
24 Iowans, and expand and stimulate the state economy. The
25 economic development marketing board shall submit a
26 recommendation regarding the proposal to the grow Iowa values
27 board. In selecting marketing strategies for recommendation,
28 the economic development marketing board shall base the
29 selection on the goals and performance measures provided in
30 section 15G.107. The grow Iowa values board shall either
31 approve or deny the recommendation.

32 4. The department shall implement and administer the
33 marketing strategy approved by the grow Iowa values board as
34 provided in subsection 3. The department shall provide the
35 economic development marketing board with assistance in

1 implementing administrative functions of the board and provide
2 technical assistance to the board.

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

8 Sec. 18. NEW SECTION. 15G.110 FUTURE CONSIDERATION.

9 Not later than February 1, 2007, the legislative services
10 agency shall prepare and deliver to the secretary of the
11 senate and the chief clerk of the house of representatives
12 identical bills that repeal the provisions of this chapter.
13 It is the intent of the general assembly that either the
14 senate or the house of representatives shall bring the bill to
15 a vote expeditiously. It is further the intent of the general
16 assembly that if the bill is approved by the first house in
17 which the bill is considered, the bill shall expeditiously be
18 brought to a vote in the second house.

19 Sec. 19. 2004 Iowa Acts, First Extraordinary Session,
20 chapter 1001, section 43, is amended to read as follows:

21 SEC. 43. ADVISORY CAPACITY OF BOARDS. For only the fiscal
22 year beginning July 1, 2004, and ending June 30, 2005, the
23 establishment and existence of the grow Iowa values board, the
24 economic development marketing board, and the loan and credit
25 guarantee advisory board, as provided for in 2003 Iowa Acts,
26 First Extraordinary Session, chapter 1 (House File 692), are
27 validated. ~~However, the boards shall serve only in an~~
28 ~~advisory capacity to the department of economic development.~~
29 The composition of the boards shall consist of the membership
30 in existence on June 15, 2004.

31 DIVISION III
32 APPROPRIATIONS

33 Sec. 20. NEW SECTION. 15G.111 APPROPRIATIONS.

34 1. For the fiscal year beginning July 1, 2005, and every
35 fiscal year thereafter, there is appropriated from the grow

1 Iowa values fund created in section 15G.108 to the department
2 of economic development four million dollars for purposes of
3 implementing and administering the marketing strategies
4 approved under section 15G.109.

5 2. a. For the fiscal period beginning July 1, 2005, and
6 ending June 30, 2007, there is appropriated each fiscal year
7 from the grow Iowa values fund created in section 15G.108 to
8 the department of economic development forty-nine million
9 dollars for programs administered by the department of
10 economic development.

11 b. For the fiscal year beginning July 1, 2007, and every
12 fiscal year thereafter, there is appropriated from the grow
13 Iowa values fund created in section 15G.108 to the department
14 of economic development fifty-one million nine hundred
15 thousand dollars for programs administered by the department
16 of economic development.

17 c. Each year that moneys are appropriated under this
18 subsection, the grow Iowa values board shall allocate a
19 percentage of the moneys for each of the following types of
20 activities:

- 21 (1) Business start-ups.
- 22 (2) Business expansion.
- 23 (3) Business modernization.
- 24 (4) Business attraction.
- 25 (5) Business retention.
- 26 (6) Marketing.

27 d. The department shall require an applicant for moneys
28 appropriated under this subsection to include in the
29 application a statement regarding the intended return on
30 investment. A recipient of moneys appropriated under this
31 subsection shall annually submit a statement to the department
32 regarding the progress achieved on the intended return on
33 investment stated in the application. The department, in
34 cooperation with the department of revenue, shall develop a
35 method of identifying and tracking each new job created

1 through financial assistance from moneys appropriated under
2 this subsection.

3 e. The department may use moneys appropriated under this
4 subsection to procure technical assistance from either the
5 public or private sector, for information technology purposes,
6 and for rail, air, or river port transportation-related
7 purposes. The use of moneys appropriated for rail, air, or
8 river port transportation-related purposes must be directly
9 related to an economic development project and the moneys must
10 be used to leverage other financial assistance moneys.

11 f. Of the moneys appropriated under this subsection, the
12 department may use one-quarter of one percent for
13 administrative purposes.

14 g. The grow Iowa values board is required to approve or
15 deny applications for financial assistance provided with
16 moneys appropriated under this subsection.

17 h. In evaluating applicants for moneys appropriated under
18 this subsection, the department and the grow Iowa values board
19 shall give preference to an applicant that meets one or more
20 of the following criteria:

21 (1) The applicant has not closed or reduced its operation
22 in one area of the state and relocated substantially the same
23 operation in a different area of the state. This criterion
24 does not prohibit a business from expanding its operation in a
25 community if existing operations of a similar nature in the
26 state are not closed or substantially reduced. This criterion
27 shall not apply to start-up businesses.

28 (2) The applicant has complied with worker safety and
29 environmental laws during the five years prior to the
30 application date.

31 (3) The applicant provides employees with child care on-
32 site or provides child care financial assistance that is in
33 addition to any child care-related benefits available to
34 employees through a dependent care flexible spending account.

35 (4) The applicant intends to use a portion or all of the

1 moneys awarded for purposes of building physical
2 infrastructure that is energy efficient.

3 i. Moneys appropriated under this subsection and awarded
4 as financial assistance may be used for private sector
5 physical infrastructure purposes.

6 j. For purposes of awarding moneys appropriated under this
7 subsection, the department shall adopt rules pursuant to
8 chapter 17A relating to all of the following:

9 (1) Minimum wage thresholds.

10 (2) Business plan requirements.

11 (3) Contract agreement requirements, including penalty
12 provisions providing for the repayment of financial assistance
13 in the event of a violation of the agreement.

14 k. Of the moneys appropriated pursuant to this subsection,
15 seven hundred fifty thousand dollars shall be transferred to
16 the department of natural resources for purposes of providing
17 matching grants to businesses designed to encourage the
18 utilization of ethanol, biodiesel, and other biofuels.

19 3. For the fiscal year beginning July 1, 2005, and every
20 fiscal year thereafter, there is appropriated from the grow
21 Iowa values fund created in section 15G.108 to the department
22 of economic development two million seven hundred thousand
23 dollars for deposit in the loan and credit guarantee fund
24 created in section 15E.227.

25 4. a. For the fiscal period beginning July 1, 2005, and
26 ending June 30, 2007, there is appropriated each fiscal year
27 from the grow Iowa values fund created in section 15G.108 to
28 the department of economic development ten million dollars for
29 financial assistance for institutions of higher learning under
30 the control of the state board of regents and for accredited
31 private institutions as defined in section 261.9 for
32 accelerating new business creation, a national center for food
33 safety and security, innovation accelerators and business
34 parks, incubator facilities, transgenic animal facilities,
35 transgenic plant facilities, and bioanalytical, biochemical,

1 chemical, and microbiological support facilities.

2 b. For the fiscal year beginning July 1, 2005, and every
3 fiscal year thereafter, there is appropriated from the grow
4 Iowa values fund created in section 15G.108 to the Iowa state
5 university of science and technology one million dollars for
6 small business development centers, the science and technology
7 research park, and the institute for physical research.

8 c. For the fiscal year beginning July 1, 2005, and every
9 fiscal year thereafter, there is appropriated from the grow
10 Iowa values fund created in section 15G.108 to the state
11 university of Iowa one million dollars for the university of
12 Iowa research park and for the advanced drug development
13 program at the Oakdale research park.

14 d. For the fiscal year beginning July 1, 2005, and every
15 fiscal year thereafter, there is appropriated from the grow
16 Iowa values fund created in section 15G.108 to the university
17 of northern Iowa one million dollars for the metal casting
18 institute and the institute of decision making.

19 5. For the fiscal year beginning July 1, 2005, and every
20 fiscal year thereafter, there is appropriated from the grow
21 Iowa values fund created in section 15G.108 to the general
22 fund of the state eight hundred thousand dollars for payment
23 of tax credits approved pursuant to section 404A.4 for
24 projects located in certified cultural districts.

25 6. For the fiscal year beginning July 1, 2005, and every
26 fiscal year thereafter, there is appropriated from the grow
27 Iowa values fund created in section 15G.108 to the department
28 of economic development five hundred thousand dollars for
29 purposes of providing financial assistance for projects in
30 targeted state parks and destination parks. The department of
31 natural resources, in cooperation with the grow Iowa values
32 board, shall submit a plan to the department of economic
33 development for the expenditure of moneys appropriated under
34 this subsection. The plan shall focus on improving state
35 parks and destination parks for economic development purposes.

1 Based on the report submitted, the department of economic
2 development shall provide financial assistance to the
3 department of natural resources for support of state parks and
4 destination parks.

5 7. For the fiscal year beginning July 1, 2005, and every
6 fiscal year thereafter, there is appropriated from the grow
7 Iowa values fund created in section 15G.108 to the office of
8 the treasurer of state five hundred thousand dollars for
9 deposit in the Iowa cultural trust fund created in section
10 303A.4.

11 8. For the fiscal year beginning July 1, 2005, and every
12 fiscal year thereafter, there is appropriated from the grow
13 Iowa values fund created in section 15G.108 to the department
14 of economic development eight million five hundred thousand
15 dollars for deposit into the workforce training and economic
16 development funds of the community colleges pursuant to
17 section 260C.18A.

18 9. For the fiscal year beginning July 1, 2005, and every
19 fiscal year thereafter, there is appropriated from the grow
20 Iowa values fund created in section 15G.108 to the department
21 of economic development five hundred thousand dollars for
22 endow Iowa grants to lead philanthropic entities pursuant to
23 section 15E.304.

24 10. For the fiscal year beginning July 1, 2005, and every
25 fiscal year thereafter, there is appropriated from the grow
26 Iowa values fund created in section 15G.108 to the general
27 fund of the state five hundred thousand dollars for payment of
28 endow Iowa tax credits approved pursuant to section 15E.305.

29 11. a. For the fiscal period beginning July 1, 2005, and
30 ending June 30, 2007, there is appropriated each fiscal year
31 from the grow Iowa values fund created in section 15G.108 to
32 the department of economic development five million dollars
33 for providing economic development region financial assistance
34 under section 15E.232, subsections 3, 4, 5, and 6, and under
35 section 15E.233.

1 b. For the fiscal year beginning July 1, 2007, and every
2 fiscal year thereafter, there is appropriated from the grow
3 Iowa values fund created in section 15G.108 to the department
4 of economic development twelve million five hundred thousand
5 dollars for providing economic development region financial
6 assistance under section 15E.232, subsections 3, 4, 5, and 6,
7 and under section 15E.233.

8 c. The entities required to approve applications for
9 financial assistance from moneys appropriated under this
10 subsection shall be as follows:

11 (1) For projects totaling one million dollars or less, the
12 department of economic development shall approve, deny, or
13 defer the application.

14 (2) For projects totaling more than one million dollars,
15 the grow Iowa values board shall approve, deny, or defer the
16 application.

17 12. a. For the fiscal period beginning July 1, 2005, and
18 ending June 30, 2007, there is appropriated each fiscal year
19 from the grow Iowa values fund created in section 15G.108 to
20 the general fund of the state two million five hundred
21 thousand dollars for payment of economic development region
22 revolving fund contribution tax credits approved pursuant to
23 section 15E.232.

24 b. For the fiscal year beginning July 1, 2007, and every
25 fiscal year thereafter, there is appropriated from the grow
26 Iowa values fund created in section 15G.108 to the general
27 fund of the state four million dollars for payment of economic
28 development region revolving fund contribution tax credits
29 approved pursuant to section 15E.232.

30 13. Notwithstanding section 8.33, moneys that remain
31 unexpended at the end of a fiscal year shall not revert to any
32 fund but shall remain available for expenditure for the
33 designated purposes during the succeeding fiscal year.

34
35

DIVISION IV
LOAN AND CREDIT GUARANTEE PROGRAM

1 Sec. 21. Section 15E.223, subsection 4, Code 2005, is
2 amended to read as follows:

3 4. "Targeted industry business" means an existing or
4 proposed business entity, including an emerging small business
5 or qualified business which is operated for profit and which
6 has a primary business purpose of doing business in at least
7 one of the targeted industries designated by the department
8 which include life sciences, software and information
9 technology, advanced manufacturing, value-added agriculture,
10 and any other industry designated as a targeted industry by
11 the department loan and credit guarantee advisory board.

12 Sec. 22. Section 15E.224, subsections 1, 3, 5, and 7, Code
13 2005, are amended to read as follows:

14 1. The department, with the advice of the loan and credit
15 guarantee advisory board, shall establish and administer a
16 loan and credit guarantee program. The department, pursuant
17 to agreements with financial institutions, shall provide loan
18 and credit guarantees, or other forms of credit guarantees for
19 qualified businesses and targeted industry businesses for
20 eligible project costs. A loan or credit guarantee provided
21 under the program may stand alone or may be used in
22 conjunction with or to enhance other loans or credit
23 guarantees offered by private, state, or federal entities.
24 The department may purchase insurance to cover defaulted loans
25 meeting the requirements of the program. However, the
26 department shall not in any manner directly or indirectly
27 pledge the credit of the state. Eligible project costs
28 include expenditures for productive equipment and machinery,
29 working capital for operations and export transactions,
30 research and development, marketing, and such other costs as
31 the department may so designate.

32 3. In administering the program, the department shall
33 consult and cooperate with financial institutions in this
34 state and with the loan and credit guarantee board.
35 Administrative procedures and application procedures, as

1 practicable, shall be responsive to the needs of qualified
2 businesses, targeted industry businesses, and financial
3 institutions, and shall be consistent with prudent investment
4 and lending practices and criteria.

5 5. The department, with the advice of the loan and credit
6 guarantee board, shall adopt a loan or credit guarantee
7 application procedure for a financial institution on behalf of
8 a qualified business or targeted industry business.

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

20 Sec. 23. Section 15E.225, subsections 1 and 2, Code 2005,
21 are amended to read as follows:

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

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

32 Sec. 24. NEW SECTION. 15E.226 LOAN AND CREDIT GUARANTEE
33 ADVISORY BOARD.

34 A loan and credit guarantee advisory board is established
35 consisting of seven members appointed by the governor, subject

1 to confirmation by the senate. The advisory board shall
2 provide the department with technical advice regarding the
3 administration of the loan and credit guarantee program,
4 including the adoption of administrative rules pursuant to
5 chapter 17A. The advisory board shall review and provide
6 recommendations regarding all applications under the program.
7 Members of the advisory board are entitled to receive
8 reimbursement for actual expenses incurred while engaged in
9 the performance of official duties. Advisory board members
10 may also be eligible to receive compensation as provided in
11 section 7E.6. The director of the department shall budget
12 moneys to pay the compensation and expenses of the advisory
13 board. The provisions of this section relating to the
14 adoption of administrative rules shall be construed narrowly.

15 Sec. 25. Section 15E.227, subsection 2, Code 2005, is
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. c. Moneys appropriated from the grow Iowa
18 values fund created in section 15G.108.

19 DIVISION V

20 ECONOMIC DEVELOPMENT REGIONS

21 Sec. 26. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
22 REGIONS.

23 1. In order for an economic development region to receive
24 moneys from the grow Iowa values fund created in section
25 15G.108, the organization of an economic development region
26 must be approved by the grow Iowa values board established in
27 section 15G.102. The board shall approve an economic
28 development region that meets the following criteria:

29 a. The region consists of not less than three contiguous
30 counties. Upon the recommendation of the director of the
31 department of economic development, this criterion may be
32 waived by the board.

33 b. The region establishes a single, focused economic
34 development effort, approved by the board, that shall include
35 the development of a regional development plan and regional

1 marketing strategies. Regional marketing strategies must be
2 focused on marketing the region collectively.

3 2. An approved economic development region may create an
4 economic development region revolving fund as provided in
5 section 15E.232.

6 Sec. 27. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT
7 REGION REVOLVING FUNDS -- TAX CREDITS.

8 1. An economic development region approved pursuant to
9 section 15E.231 may create an economic development region
10 revolving fund.

11 2. a. A nongovernmental entity making a contribution to
12 an economic development region revolving fund, except those
13 described in paragraph "b", may claim a tax credit equal to
14 twenty percent of the amount contributed to the revolving
15 fund. The tax credit shall be allowed against taxes imposed
16 in chapter 422, divisions II, III, and V, and in chapter 432,
17 and against the moneys and credits tax imposed in section
18 533.24. An individual may claim under this subsection the tax
19 credit of a partnership, limited liability company, S
20 corporation, estate, or trust electing to have income taxed
21 directly to the individual. The amount claimed by the
22 individual shall be based upon the pro rata share of the
23 individual's earnings from the partnership, limited liability
24 company, S corporation, estate, or trust. Any tax credit in
25 excess of the taxpayer's liability for the tax year may be
26 credited to the tax liability for the following seven years or
27 until depleted, whichever occurs first. A tax credit shall
28 not be carried back to a tax year prior to the tax year in
29 which the taxpayer redeems the tax credit. A tax credit under
30 this section is not transferable.

31 b. Subject to the provisions of paragraph "c", an
32 organization exempt from federal income tax pursuant to
33 section 501(c) of the Internal Revenue Code making a
34 contribution to an economic development region revolving fund,
35 shall be paid from the general fund of the state an amount

1 equal to twenty percent of such contributed amount within
2 thirty days after the end of the fiscal year during which the
3 contribution was made.

4 c. The total amount of tax credits and payments to
5 contributors, referred to as the credit amount, authorized
6 during a fiscal year shall not exceed four million dollars
7 plus any unused credit amount carried over from previous
8 years. Any credit amount which remains unused for a fiscal
9 year may be carried forward to the succeeding fiscal year.
10 The maximum credit amount that may be authorized in a fiscal
11 year for contributions made to a specific economic development
12 region revolving fund is equal to four million dollars plus
13 any unused credit amount carried over from previous years
14 divided by the number of economic development region revolving
15 funds existing in the state.

16 d. The department of economic development shall administer
17 the authorization of tax credits under this section and
18 payments to contributors described in paragraph "b" and shall,
19 in cooperation with the department of revenue, adopt rules
20 pursuant to chapter 17A necessary for the administration of
21 this section.

22 3. An approved economic development region may apply for
23 financial assistance from the grow Iowa values fund to assist
24 with physical infrastructure needs related to a specific
25 business partner. In order to receive financial assistance
26 pursuant to this subsection, the economic development region
27 must demonstrate all of the following:

28 a. The ability to provide matching moneys on a one to one
29 basis.

30 b. The commitment of the specific business partner.

31 c. That all other funding alternatives have been
32 exhausted.

33 4. An approved economic development region may apply for
34 financial assistance from the grow Iowa values fund to assist
35 an existing business located in the economic development

1 region impacted by business consolidation actions. Business
2 consolidation actions include a substantial or total closure
3 of an existing business due to consolidating the existing
4 business out of state. In order to receive financial
5 assistance pursuant to this subsection, the economic
6 development region must demonstrate the ability to provide
7 matching moneys on a one-to-one basis.

8 5. An approved economic development region may apply for
9 financial assistance from the grow Iowa values fund to
10 implement economic development initiatives unique to the
11 region. In order to receive financial assistance pursuant to
12 this subsection, the economic development region must
13 demonstrate the ability to provide matching moneys on a one-
14 to-one basis.

15 6. An approved economic development region may apply for
16 financial assistance from the grow Iowa values fund to
17 implement innovative initiatives that do not qualify for
18 assistance under subsection 5.

19 7. The board may establish and administer a regional
20 economic development revenue sharing pilot project for one or
21 more regions. The board shall take into consideration the
22 geographical dispossession of the pilot projects. The
23 department of economic development shall provide technical
24 assistance to the regions participating in a pilot project.

25 8. Financial assistance under subsections 3, 4, 5, and 6
26 and section 15E.233 shall be limited to a total of five
27 million dollars each fiscal year for the fiscal period
28 beginning July 1, 2005, and ending June 30, 2007, and to a
29 total of twelve million five hundred thousand dollars for the
30 fiscal year beginning July 1, 2007, and each fiscal year
31 thereafter.

32 Sec. 28. NEW SECTION. 15E.233 ECONOMICALLY ISOLATED
33 AREAS.

34 1. An approved economic development region may apply to
35 the grow Iowa values board for approval to be designated as an

1 economically isolated area based on criteria as determined by
2 the board. An economically isolated area must consist of at
3 least one county meeting the county distress criteria provided
4 in section 15E.194. The board shall approve no more than five
5 regions as economically isolated areas.

6 2. An approved economically isolated area may apply to the
7 department of economic development for financial assistance
8 from the grow Iowa values fund of up to seven hundred fifty
9 thousand dollars over a five-year period for purposes of
10 economic development-related marketing assistance for the
11 area. In order to receive financial assistance pursuant to
12 this subsection, the economically isolated area must
13 demonstrate the ability to provide matching moneys on a one-
14 to-one basis.

15 Sec. 29. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
16 REGION REVOLVING FUND TAX CREDIT.

17 The taxes imposed under this division, less the credits
18 allowed under sections 422.12 and 422.12B, shall be reduced by
19 an economic development region revolving fund contribution tax
20 credit authorized pursuant to section 15E.232.

21 Sec. 30. Section 422.33, Code 2005, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 17. The taxes imposed under this division
24 shall be reduced by an economic development region revolving
25 fund contribution tax credit authorized pursuant to section
26 15E.232.

27 Sec. 31. Section 422.60, Code 2005, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 9. The taxes imposed under this division
30 shall be reduced by an economic development region revolving
31 fund contribution tax credit authorized pursuant to section
32 15E.232.

33 Sec. 32. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
34 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

35 The tax imposed under this chapter shall be reduced by an

1 economic development region tax credit authorized pursuant to
2 section 15E.232.

3 Sec. 33. Section 533.24, Code 2005, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 6. The moneys and credits tax imposed
6 under this section shall be reduced by an economic development
7 region revolving fund contribution tax credit authorized
8 pursuant to section 15E.232.

9
10 DIVISION VI
11 CULTURAL DISTRICTS

12 Sec. 34. NEW SECTION. 303.3B CULTURAL DISTRICTS.

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

18 2. A city or county may create and designate a cultural
19 district subject to certification by the department of
20 cultural affairs, in consultation with the department of
21 economic development. A cultural district shall consist of a
22 well-defined, compact area that includes both residential and
23 commercial property. A cultural district certification shall
24 remain in effect for ten years following the date of
25 certification. Two or more cities or counties may apply
26 jointly for certification of a district that extends across a
27 common boundary. Through the adoption of administrative
28 rules, the department of cultural affairs shall develop a
29 certification application for use in the certification
30 process. The provisions of this subsection relating to the
31 adoption of administrative rules shall be construed narrowly.

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

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DIVISION VII

REHABILITATION PROJECT TAX CREDITS

Sec. 35. Section 404A.4, subsection 4, Code 2005, is amended to read as follows:

4. The total amount of tax credits that may be approved for a fiscal year under this chapter shall not exceed two million four hundred thousand dollars. For the fiscal years beginning July 1, 2005, ~~and July 1, 2006~~ and every fiscal year thereafter, an additional five eight hundred thousand dollars of tax credits may be approved each fiscal year for purposes of projects located in cultural ~~and-entertainment~~ districts certified pursuant to section 303.3B. Any of the additional tax credits allocated for projects located in certified cultural ~~and-entertainment~~ districts that are not approved during a fiscal year may be carried over to the succeeding fiscal year. The department of cultural affairs shall establish by rule the procedures for the application, review, selection, and awarding of certifications of completion. The departments of economic development, cultural affairs, and revenue shall each adopt rules to jointly administer this subsection and shall provide by rule for the method to be used to determine for which fiscal year the tax credits are available.

EXPLANATION

This bill relates to economic development activities.

DIVISION I -- This division of the bill relates to the issuance of bonds to create revenue for the grow Iowa values fund.

The division provides that, after \$60 million of gambling revenues are deposited in the general fund of the state, after \$15 million of gambling revenues are deposited in the vision Iowa fund, and after \$5 million of gambling revenues are deposited in the school infrastructure fund, the next \$106.7 million of gambling revenues shall be deposited in the grow Iowa values fund for the fiscal year beginning July 1, 2007,

1 and for each fiscal year through the fiscal year beginning
2 July 1, 2024. For each fiscal year thereafter, the next \$89.4
3 million of gambling revenues shall be deposited in the grow
4 Iowa values fund.

5 The division allows the treasurer of state to issue bonds
6 of the state for the purpose of providing a portion of the
7 funding for the grow Iowa values fund. The division provides
8 that the treasurer of state may issue bonds in principal
9 amounts which do not exceed, in the aggregate and excluding
10 refunding bonds, \$210 million to provide funds for the Iowa
11 values fund, to provide for any capitalized interest on the
12 bonds determined by the treasurer of state to be appropriate,
13 to provide for the establishment of reserves to secure the
14 bonds, and to provide for the payment of the costs of issuance
15 of the bonds, other expenditures of the treasurer of state
16 incident to and necessary or convenient to carry out the bond
17 issue for the fund, and all other expenditures of the board
18 necessary or convenient to administer the fund. The division
19 provides that the bonds are investment securities and
20 negotiable instruments within the meaning of and for purposes
21 of the uniform commercial code.

22 The division provides the bonds are payable solely and only
23 out of the moneys, assets, or revenues of the grow Iowa values
24 fund and any bond reserve funds. The division provides that
25 the treasurer of state shall not pledge the credit or taxing
26 power of this state or any political subdivision of this state
27 or make the bonds issued payable out of any moneys except
28 those in the grow Iowa values fund.

29 The division provides for the holding of proceeds of bonds
30 issued by the treasurer of state and not required for
31 immediate disbursement. The division provides for the form
32 the bonds shall take. The division provides for persons
33 authorized to invest in the bonds, the manner in which the
34 bonds shall be authorized, and that the authorization does not
35 need to be recorded to be valid and binding. The division

1 provides that the bonds are declared to be issued for a
2 general public and governmental purpose and all bonds issued
3 shall be exempt from taxation by the state of Iowa and the
4 interest on the bonds shall be exempt from the state income
5 tax and the state inheritance and estate tax. The division
6 allows, subject to the terms of any bond documents, moneys in
7 the grow Iowa values fund to be expended for administration
8 expenses.

9 The division allows the treasurer of state to issue bonds
10 for the purpose of refunding any bonds issued provided that
11 all refunding bonds are issued and secured and subject to the
12 provisions and in the same manner and to the same extent as
13 other bonds issued.

14 The division allows the treasurer of state to establish
15 such accounts within the grow Iowa values fund as may be
16 appropriate, including debt service accounts for the purpose
17 of paying the principal of, redemption premium, if any, and
18 interest on bonds payable therefrom. The division provides
19 that moneys in the debt service accounts shall not be subject
20 to appropriation for any other purpose by the general
21 assembly. The division allows the treasurer of state to
22 create and establish one or more special funds, to be known as
23 "bond reserve funds", to secure one or more issues of bonds
24 issued.

25 The division provides that bonds issued are not debts of
26 the state, or of any political subdivision of the state, and
27 do not constitute a pledge of the faith and credit of the
28 state or a charge against the general credit or general fund
29 of the state. The division provides for the liberal
30 construction of the bonding provisions.

31 DIVISION II -- This division of the bill creates the grow
32 Iowa values board and fund.

33 The division creates a grow Iowa values board with 11
34 voting members appointed by the governor and with four ex
35 officio legislative members. The division provides various

1 background criteria for voting board members. The division
2 provides that the board shall receive advice and
3 recommendations from the due diligence committee, the economic
4 development marketing board, and the grow Iowa values review
5 commission; assist the department of economic development in
6 implementing programs and activities in a manner designed to
7 achieve the goals set out in the bill; submit annual reports
8 to the general assembly regarding activities during the prior
9 year; and adopt administrative rules.

10 The division creates a five-member due diligence committee
11 consisting of voting members of the grow Iowa values board
12 elected annually by the voting membership. The division
13 provides that the committee shall determine whether a proposed
14 project using moneys from the grow Iowa values fund is
15 practical and shall provide recommendations to the grow Iowa
16 values board regarding any moneys proposed to be expended from
17 the grow Iowa values fund, with the exception of moneys
18 appropriated for purposes of the loan and credit guarantee
19 program. The division provides that the recommendations shall
20 be based on whether the expenditure would make the achievement
21 of the goals in accordance with the performance measures set
22 out in the bill more likely.

23 The division creates a three-member grow Iowa values review
24 commission consisting of the auditor of state, one member
25 appointed by the governor, and one member appointed by the
26 legislative council. The division provides that the
27 commission shall analyze all annual reports of the grow Iowa
28 values board for purposes of determining if the goals and
29 performance measures set out in the bill have been met. By
30 January 1, 2007, the commission shall submit a report to the
31 grow Iowa values board, the department of economic
32 development, and the general assembly which shall include a
33 recommendation regarding the continuation, elimination, or
34 modification of any programs receiving moneys from the grow
35 Iowa values fund and whether any moneys should continue to be

1 appropriated to and from the fund.

2 For purposes of applying the goals and performance
3 measures, the division divides the state into five grow Iowa
4 values geographic regions.

5 The division provides goals for the grow Iowa values board,
6 the due diligence committee, the economic development
7 marketing board, the grow Iowa values review commission, and
8 the department of expanding and stimulating the state economy,
9 increasing the wealth of Iowans, and increasing the population
10 of the state. The division provides that goal achievement
11 shall be examined on a regional basis and that performance of
12 the grow Iowa values geographic regions shall be compared to
13 the performance of the state, the upper midwest region, and
14 the United States. The division defines performance measures
15 to be used in determining achievement of each of the three
16 goals.

17 The division creates the grow Iowa values fund under the
18 control of the grow Iowa values board and consisting of moneys
19 appropriated to the fund.

20 The division creates an economic development marketing
21 board consisting of seven members appointed by the governor.
22 The division provides that the board shall accept proposals
23 for marketing strategies designed to market Iowa as a
24 lifestyle, increase the population of the state, increase the
25 wealth of Iowans, and expand and stimulate the state economy.
26 The division provides that the board shall recommend marketing
27 strategies to the grow Iowa values board for approval. The
28 division requires the department of economic development to
29 implement and administer the marketing strategies approved by
30 the board.

31 The division requires the legislative services agency, not
32 later than February 1, 2007, to prepare and deliver identical
33 bills that repeal the provisions of Code chapter 15G relating
34 to the grow Iowa values board and fund. The division states
35 that it is the intent of the general assembly that such bills

1 be considered by the general assembly in an expeditious
2 manner.

3 Many of the provisions in this division were previously
4 enacted in 2003 and then stricken pursuant to Rants v.
5 Vilsack, 684 N.W.2d 193. In 2004, legislation was enacted
6 validating the establishment and existence of the grow Iowa
7 values board, the economic development marketing board, and
8 the loan and credit guarantee advisory board. The 2004
9 legislation also provided for the composition of the boards to
10 remain the same, but provided that the boards would serve only
11 in an advisory capacity to the department of economic
12 development. This division eliminates the provision of the
13 2004 legislation requiring that the boards serve only in an
14 advisory capacity.

15 DIVISION III -- This division of the bill appropriates
16 moneys from the grow Iowa values fund to various entities.

17 For the fiscal year beginning July 1, 2005, and every
18 fiscal year thereafter, the division appropriates to the
19 department of economic development \$4 million for purposes of
20 implementing and administering the marketing strategies
21 approved by the grow Iowa values board.

22 For the fiscal period beginning July 1, 2005, and ending
23 June 30, 2007, the division appropriates each fiscal year to
24 the department of economic development \$49 million for
25 programs administered by the department of economic
26 development. For the fiscal year beginning July 1, 2007, and
27 every fiscal year thereafter, the division appropriates to the
28 department of economic development \$51.9 million for programs
29 administered by the department of economic development. The
30 division provides for the allocation of moneys appropriated
31 for programs administered by the department, for the use of
32 one-quarter of 1 percent of the moneys appropriated to be used
33 by the department for administrative purposes, for
34 preferential treatment to be given to applications for
35 financial assistance that meet certain criteria, and for use

1 of such moneys by recipients for private sector physical
2 infrastructure purposes.

3 For the fiscal year beginning July 1, 2005, and every
4 fiscal year thereafter, the division appropriates to the
5 department of economic development \$2.7 million for deposit in
6 the loan and credit guarantee fund.

7 For the fiscal period beginning July 1, 2005, and ending
8 June 30, 2007, the division appropriates each fiscal year to
9 the department of economic development \$10 million for
10 financial assistance for institutions of higher learning under
11 the control of the state board of regents and for accredited
12 private institutions for accelerating new business creation, a
13 national center for food safety and security, innovation
14 accelerators and business parks, incubator facilities,
15 transgenic animal facilities, transgenic plant facilities, and
16 bioanalytical, biochemical, chemical, and microbiological
17 support facilities. For the fiscal year beginning July 1,
18 2005, and every fiscal year thereafter, the division
19 appropriates to the Iowa state university of science and
20 technology \$1 million for small business development centers,
21 the science and technology research park, and the institute
22 for physical research. For the fiscal year beginning July 1,
23 2005, and every fiscal year thereafter, the division
24 appropriates to the state university of Iowa \$1 million for
25 the university of Iowa research park and for the advanced drug
26 development program at the Oakdale research park. For the
27 fiscal year beginning July 1, 2005, and every fiscal year
28 thereafter, the division appropriates to the university of
29 northern Iowa \$1 million for the metal casting institute and
30 the institute of decision making.

31 For the fiscal year beginning July 1, 2005, and every
32 fiscal year thereafter, the division appropriates to the
33 general fund of the state \$800,000 for payment of tax credits
34 approved for projects located in certified cultural districts.

35 For the fiscal year beginning July 1, 2005, and every

1 fiscal year thereafter, the division appropriates to the
2 department of economic development \$500,000 for purposes of
3 providing financial assistance for projects in targeted state
4 parks and destination parks.

5 For the fiscal year beginning July 1, 2005, and every
6 fiscal year thereafter, the division appropriates to the
7 office of the treasurer of state \$500,000 for deposit in the
8 Iowa cultural trust fund.

9 For the fiscal year beginning July 1, 2005, and every
10 fiscal year thereafter, the division appropriates to the
11 department of economic development \$8.5 million for deposit
12 into the workforce training and economic development funds of
13 the community colleges.

14 For the fiscal year beginning July 1, 2005, and every
15 fiscal year thereafter, the division appropriates to the
16 department of economic development \$500,000 for endow Iowa
17 grants to lead philanthropic entities.

18 For the fiscal year beginning July 1, 2005, and every
19 fiscal year thereafter, the division appropriates to the
20 general fund of the state \$500,000 for payment of endow Iowa
21 tax credits.

22 For the fiscal period beginning July 1, 2005, and ending
23 June 30, 2007, the division appropriates each fiscal year to
24 the department of economic development \$5 million for
25 providing economic development region financial assistance.

26 For the fiscal year beginning July 1, 2007, and every fiscal
27 year thereafter, the division appropriates to the department
28 of economic development \$12.5 million for providing economic
29 development region financial assistance.

30 For the fiscal period beginning July 1, 2005, and ending
31 June 30, 2007, the division appropriates each fiscal year to
32 the general fund of the state \$2.5 million for payment of
33 economic development region revolving fund contribution tax
34 credits. For the fiscal year beginning July 1, 2007, and
35 every fiscal year thereafter, the division appropriates to the

1 general fund of the state \$4 million for payment of economic
2 development region revolving fund contribution tax credits.

3 The division provides that moneys that remain unexpended at
4 the end of a fiscal year shall not revert to any fund but
5 shall remain available for expenditure for the designated
6 purposes during the succeeding fiscal year.

7 DIVISION IV -- This division of the bill relates to the
8 loan and credit guarantee program.

9 The division establishes a loan and credit guarantee
10 advisory board consisting of seven members appointed by the
11 governor. The division provides that the advisory board shall
12 provide the department with technical advice regarding the
13 administration of the program, including the adoption of
14 administrative rules. The division provides that the advisory
15 board shall review and provide recommendations regarding all
16 applications under the program.

17 The loan and guarantee advisory board was previously
18 enacted in 2003 and then stricken pursuant to Rants v.
19 Vilsack, 684 N.W.2d 193. In 2004, legislation was enacted
20 validating the establishment and existence of the loan and
21 credit guarantee advisory board. The 2004 legislation also
22 provided for the composition of the board to remain the same,
23 but provided that the board would serve only in an advisory
24 capacity to the department of economic development. The
25 remaining provisions in this division make amendments
26 conforming to the reestablishment of the loan and guarantee
27 advisory board.

28 DIVISION V -- This division of the bill relates to economic
29 development regions and provides for a tax credit.

30 The division provides for the creation of economic
31 development regions which must be approved by the department
32 of economic development before the region may receive moneys
33 from the grow Iowa values fund. Such regions may create
34 economic development region revolving funds.

35 The division provides that a nongovernmental entity making

1 a contribution to an economic development region revolving
2 fund may claim a tax credit equal to 20 percent of the amount
3 contributed to the revolving fund. The tax credit is allowed
4 against personal and corporate income tax, the franchise tax
5 for financial institutions, the insurance premium tax, and the
6 moneys and credits tax for credit unions. The division allows
7 an organization exempt from federal income tax pursuant to
8 section 501(c) of the Internal Revenue Code making a
9 contribution to an economic development region revolving fund
10 to be paid from the general fund of the state an amount equal
11 to 20 percent of such contributed amount within 30 days after
12 the end of the fiscal year during which the contribution was
13 made. The total amount of tax credits and payments to
14 contributors, referred to as the credit amount, authorized
15 during a fiscal year shall not exceed \$4 million plus any
16 unused credit amount carried over from previous years. The
17 division provides that any credit amount which remains unused
18 for a fiscal year may be carried forward to the succeeding
19 fiscal year. The division provides that the maximum credit
20 amount that may be authorized in a fiscal year for
21 contributions made to a specific economic development region
22 revolving fund is equal to \$4 million plus any unused credit
23 amount carried over from previous years divided by the number
24 of economic development region revolving funds existing in the
25 state.

26 The division provides that an economic development region
27 may apply for financial assistance from the grow Iowa values
28 fund to assist with physical infrastructure needs related to a
29 specific business partner, to assist an existing business
30 located in the region impacted by business consolidation
31 actions, to implement economic development initiatives unique
32 to the region, or to implement innovative initiatives that do
33 not otherwise qualify for financial assistance. The division
34 allows the grow Iowa values board to establish and administer
35 a regional economic development revenue sharing pilot project

1 for one or more regions. The division limits financial
2 assistance to economic development regions to a total of \$5
3 million each fiscal year for the fiscal period beginning July
4 1, 2005, and ending June 30, 2007, and to a total of \$12.5
5 million for the fiscal year beginning July 1, 2007, and each
6 fiscal year thereafter.

7 The division allows an approved economic development region
8 to apply to the grow Iowa values board for approval to be
9 designated as an economically isolated area based on criteria
10 as determined by the board. An economically isolated area
11 must consist of at least one county meeting the county
12 distress criteria provided under the enterprise zone program.
13 The division limits the number of economically isolated areas
14 to five regions. The division provides that an approved
15 economically isolated area may apply for financial assistance
16 from the grow Iowa values fund of up to \$750,000 over a five-
17 year period for purposes of economic development-related
18 marketing assistance for the area.

19 DIVISION VI -- This division of the bill relates to the
20 establishment of cultural districts. The cultural district
21 legislation, then known as cultural and entertainment
22 districts, was previously enacted in 2003 and then stricken
23 pursuant to *Rants v. Vilsack*, 684 N.W.2d 193. Along with
24 changing the names of the districts, the division modifies the
25 criteria for certification by the department of cultural
26 affairs. The division provides that a district shall consist
27 of a well-defined, compact area that includes both residential
28 and commercial property.

29 The division provides that district certification is for a
30 period of 10 years and allows for the certification of areas
31 that extend across boundaries of cities and counties. The
32 division provides that the department of cultural affairs
33 shall encourage development projects and activities located in
34 certified cultural districts through incentives under cultural
35 grant programs and any other grant programs.

1 DIVISION VII -- This division of the bill relates to
2 rehabilitation project tax credits. The division provides
3 that, for the fiscal year beginning July 1, 2005, and every
4 fiscal year thereafter, \$800,000 of the rehabilitation tax
5 credits may be approved each fiscal year for purposes of
6 projects located in certified cultural districts. The
7 division allows any additional tax credits allocated for
8 projects located in cultural districts that are not approved
9 during a fiscal year to be carried over to the succeeding
10 fiscal year.

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