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WAYS & MEANS CALENDAR

HOUSE FILE 868
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HF 850)
(SUCCESSOR TO HF 794)
(SUCCESSOR TO HSB 137)

Passed House, Date 4-27-05 Passed Senate, Date _____
Vote: Ayes 92 Nays 8 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development, business, workforce, and
2 regulatory assistance and tax credits, and to state
3 developmental, research, and regulatory oversight, and
4 including effective date and retroactive applicability
5 provisions.

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

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HF
868

DIVISION I

GROW IOWA VALUES FUND

Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

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

Sec. 2. NEW SECTION. 15G.112 FINANCIAL ASSISTANCE.

1. A community may apply to the economic development board for a waiver from wage calculations requirements for financial assistance awarded by the department of economic development from moneys in the grow Iowa values fund. The board may grant a waiver from the wage calculations based on wage calculations brought forth by the applicant including, but not limited to, any of the following:

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

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

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

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

2. a. In order to receive financial assistance from the

1 department from moneys appropriated from the grow Iowa values
2 fund, the average annual wage, including benefits, of new jobs
3 created must be equal to or greater than one hundred thirty
4 percent of the average county wage. For purposes of this
5 section, "average county wage" and "benefits" mean the same as
6 defined in section 15H.1.

7 b. An applicant may apply to the department for a waiver
8 of the wage requirements in paragraph "a". A waiver shall be
9 applied for and considered by the department according to the
10 procedures provided in section 15.335A.

11 DIVISION II

12 IOWA ECONOMIC DEVELOPMENT BOARD

13 Sec. 3. Section 15.103, Code 2005, is amended to read as
14 follows:

15 15.103 ECONOMIC DEVELOPMENT BOARD.

16 1. a. The Iowa economic development board is created,
17 consisting of eleven voting members appointed by the governor
18 and seven ex officio nonvoting members. The ex officio
19 nonvoting members are four legislative members; one president,
20 or the president's designee, of the university of northern
21 Iowa, the university of Iowa, or Iowa state university of
22 science and technology designated by the state board of
23 regents on a rotating basis; and one president, or the
24 president's designee, of a private college or university
25 appointed by the Iowa association of independent colleges and
26 universities; and one superintendent, or the superintendent's
27 designee, of a community college, appointed by the Iowa
28 association of community college presidents. The legislative
29 members are two state senators, one appointed by the president
30 of the senate, after consultation with the majority leader of
31 the senate, and one appointed by the minority leader of the
32 senate, after consultation with the president of the senate,
33 from their respective parties; and two state representatives,
34 one appointed by the speaker and one appointed by the minority
35 leader of the house of representatives from their respective

1 parties. Not more than six of the voting members shall be
2 from the same political party. ~~The secretary of agriculture~~
3 ~~or the secretary's designee shall be one of the voting~~
4 ~~members.~~ The governor shall appoint the ~~remaining ten~~ voting
5 members of the board for a term of four years beginning and
6 ending as provided by section 69.19, subject to confirmation
7 by the senate, and the governor's appointments shall include
8 persons knowledgeable of the various elements of the
9 department's responsibilities.

10 b. Each of the following areas of expertise shall be
11 represented by at least one member of the board who has
12 professional experience in that area of expertise:

- 13 (1) Finance, insurance, or investment banking.
- 14 (2) Advanced manufacturing.
- 15 (3) Statewide agriculture.
- 16 (4) Life sciences.
- 17 (5) Small business development.
- 18 (6) Information technology.
- 19 (7) Economics.
- 20 (8) Labor.
- 21 (9) Marketing.
- 22 (10) Entrepreneurship.

23 c. At least nine members of the board shall be actively
24 employed in the private, for-profit sector of the economy.

25 2. A vacancy on the board shall be filled in the same
26 manner as regular appointments are made for the unexpired
27 portion of the regular term.

28 3. The board shall meet in May of each year for the
29 purpose of electing one of its voting members as chairperson
30 and one of its voting members as vice chairperson. However,
31 the chairperson and the vice chairperson shall not be from the
32 same political party. The board shall meet at the call of the
33 chairperson or when any six members of the board file a
34 written request with the chairperson for a meeting. Written
35 notice of the time and place of each meeting shall be given to

1 each member of the board. A majority of the voting members
2 constitutes a quorum.

3 4. Members of the board, the director, and other employees
4 of the department shall be allowed their actual and necessary
5 expenses incurred in the performance of their duties. All
6 expenses shall be paid from appropriations for those purposes
7 and the department is subject to the budget requirements of
8 chapter 8. Each member of the board may also be eligible to
9 receive compensation as provided in section 7E.6.

10 5. If a member of the board has an interest, either direct
11 or indirect, in a contract to which the department is or is to
12 be a party, the interest shall be disclosed to the board in
13 writing and shall be set forth in the minutes of a meeting of
14 the board. The member having the interest shall not
15 participate in action by the board with respect to the
16 contract. ~~This paragraph does not limit the right of a member
17 of the board to acquire an interest in bonds, or limit the
18 right of a member to have an interest in a bank or other
19 financial institution in which the funds of the department are
20 deposited or which is acting as trustee or paying agent under
21 a trust indenture to which the department is a party.~~

22 6. As part of the organizational structure of the
23 department, the board shall establish a due diligence
24 committee and a loan and credit guarantee committee composed
25 of members of the board. The committees shall serve in an
26 advisory capacity to the board and shall carry out any duties
27 assigned by the board in relation to programs administered by
28 the department.

29 7. For the transitional period beginning July 1, 2005, and
30 ending June 30, 2006, the composition of the voting members of
31 the board shall be determined by the governor and shall be
32 composed of members of the department of economic development
33 in existence on June 30, 2005, and members of the grow Iowa
34 values board as it existed on June 15, 2004. During the
35 transitional period stated in this subsection, the

1 requirements of subsection 1, paragraphs "a" and "b", shall
2 not apply. This subsection is repealed June 30, 2006.

3 Sec. 4. Section 15.104, Code 2005, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 9. By January 15 of each year, submit a
6 report to the general assembly and the governor that
7 delineates expenditures made under each component of the grow
8 Iowa values fund. In addition, the department shall provide
9 in the report the following information regarding each
10 business finance project and in the aggregate for projects
11 funded during the previous fiscal year:

12 a. The number of jobs created as of the time of reporting.

13 b. The average wage of the jobs created as of the time of
14 reporting.

15 c. The amount of capital investment invested as of the
16 time of reporting.

17 d. The location.

18 e. The amount, if any, of private and local government
19 moneys expended as of the time of reporting.

20 f. The amount of moneys expended on research and
21 development activities that were not included in the jobs
22 created and wages paid criteria.

23 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.

24 Appointments of general assembly members to the Iowa economic
25 development board, which are to be made by the president of
26 the senate or by the majority or minority leader of the senate
27 during the period that the senate for the Eighty-first General
28 Assembly is composed of an equal number of members of each
29 major political party, shall be made jointly by the co-
30 presidents or co-floor leaders, as appropriate, in accordance
31 with Senate Resolution 1, adopted during the 2005 legislative
32 session.

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DIVISION III

34

REGULATORY ASSISTANCE

35 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

1 1. The department of economic development shall coordinate
2 all regulatory assistance for the state of Iowa. Each state
3 agency administering regulatory programs for business shall
4 maintain a coordinator within the office of the director or
5 the administrative division of the state agency. Each
6 coordinator shall do all of the following:

7 a. Serve as the state agency's primary contact for
8 regulatory affairs with the department of economic
9 development.

10 b. Provide information regarding regulatory requirements
11 to businesses and represent the state agency to the private
12 sector.

13 c. Monitor permit applications and provide timely permit
14 status information to the department of economic development.

15 d. Require regulatory staff participation in negotiations
16 and discussions with businesses.

17 e. Notify the department of economic development regarding
18 proposed rulemaking activities that impact a regulatory
19 program and any subsequent changes to a regulatory program.

20 2. The department of economic development shall, in
21 consultation with the coordinators described in this section,
22 examine, and to the extent permissible, assist in the
23 implementation of methods, including the possible
24 establishment of an electronic database, to streamline the
25 process for issuing permits to business.

26 3. By January 15 of each year, the department of economic
27 development shall submit a written report to the general
28 assembly regarding the provision of regulatory assistance by
29 state agencies, including the department's efforts, and its
30 recommendations and proposed solutions, to streamline the
31 process of issuing permits to business.

32 DIVISION IV

33 ECONOMIC DEVELOPMENT REGIONS

34 Sec. 7. NEW SECTION. 15E.21 IOWA BUSINESS RESOURCE
35 CENTERS.

1 The department shall establish an Iowa business resource
2 center program for purposes of locating Iowa business resource
3 centers in the state. The department shall partner with
4 another entity wanting to assist with economic growth and
5 establish an Iowa business resource center. Operational
6 duties of a center shall focus on providing information and
7 referrals to entrepreneurs and businesses. Operational duties
8 of a center shall be determined pursuant to a memorandum of
9 agreement between the department and the other entity.

10 Sec. 8. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
11 REGIONS.

12 1. In order for an economic development region to receive
13 moneys from the grow Iowa values fund created in section
14 15G.108, an economic development region's regional development
15 plan must be approved by the department. An economic
16 development region shall consist of not less than three
17 counties, unless two contiguous counties have a combined
18 population of at least three hundred thousand based on the
19 most recent federal decennial census. An economic development
20 region shall establish a focused economic development effort
21 that shall include a regional development plan relating to one
22 or more of the following areas:

- 23 a. Regional marketing strategies.
- 24 b. Development of the information solutions sector.
- 25 c. Development of the advanced manufacturing sector.
- 26 d. Development of the life sciences and biotechnology
27 sector.
- 28 e. Development of the insurance or financial services
29 sector.
- 30 f. Physical infrastructure including, but not limited to,
31 horizontal infrastructure, water and sewer infrastructure, and
32 telecommunications infrastructure.
- 33 g. Entrepreneurship.

34 2. An economic development region may create an economic
35 development region revolving fund as provided in section

1 15E.232.

2 Sec. 9. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION
3 REVOLVING FUNDS -- TAX CREDITS.

4 1. An economic development region may create an economic
5 development region revolving fund.

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

26 b. Subject to the provisions of paragraph "c", an
27 organization exempt from federal income tax pursuant to
28 section 501(c) of the Internal Revenue Code making a
29 contribution to an economic development region revolving fund,
30 shall be paid from the general fund of the state an amount
31 equal to twenty percent of such contributed amount within
32 thirty days after the end of the fiscal year during which the
33 contribution was made.

34 c. The total amount of tax credits and payments to
35 contributors, referred to as the credit amount, authorized

1 during a fiscal year shall not exceed two million dollars plus
2 any unused credit amount carried over from previous years.
3 Any credit amount which remains unused for a fiscal year may
4 be carried forward to the succeeding fiscal year. The maximum
5 credit amount that may be authorized in a fiscal year for
6 contributions made to a specific economic development region
7 revolving fund is equal to two million dollars plus any unused
8 credit amount carried over from previous years divided by the
9 number of economic development region revolving funds existing
10 in the state.

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

17 3. An economic development region may apply for financial
18 assistance from the grow Iowa values fund to assist with the
19 installation of physical infrastructure needs including, but
20 not limited to, horizontal infrastructure, water and sewer
21 infrastructure, and telecommunications infrastructure, related
22 to the development of fully served business and industrial
23 sites by one or more of the region's economic development
24 partners or for the installation of infrastructure related to
25 a new business location or expansion. In order to receive
26 financial assistance pursuant to this subsection, the economic
27 development region must demonstrate all of the following:

28 a. The ability to provide matching moneys on a basis of a
29 one dollar contribution of local matching moneys for every two
30 dollars received from the grow Iowa values fund.

31 b. The commitment of the specific business partner
32 including, but not limited to, a letter of intent defining a
33 capital commitment or a percentage of equity.

34 c. That all other funding alternatives have been
35 exhausted.

1 4. The department may establish and administer a regional
2 economic development revenue sharing pilot project for one or
3 more regions. The department shall take into consideration
4 the geographical dispersion of the pilot projects. The
5 department shall provide technical assistance to the regions
6 participating in a pilot project.

7 5. An economic development region may apply for financial
8 assistance from the grow Iowa values fund to assist an
9 existing business threatened with closure due to a potential
10 consolidation to an out-of-state location. The economic
11 development region may apply for financial assistance from the
12 grow Iowa values fund for the purchase, rehabilitation, or
13 marketing of a building that has become available due to the
14 closing of an existing business due to a consolidation to an
15 out-of-state location. In order to receive financial
16 assistance under this subsection, an economic development
17 region must demonstrate the ability to provide local matching
18 moneys on a basis of a one dollar contribution of local moneys
19 for every three dollars received from the grow Iowa values
20 fund.

21 6. An economic development region may apply for financial
22 assistance from the grow Iowa values fund to establish and
23 operate an entrepreneurial initiative. In order to receive
24 financial assistance under this subsection, an economic
25 development region must demonstrate the ability to provide
26 local matching moneys on a basis of a one dollar contribution
27 of local moneys for every two dollars received from the grow
28 Iowa values fund.

29 7. a. An economic development region may apply for
30 financial assistance from the grow Iowa values fund to
31 establish and operate a business succession assistance program
32 for the region.

33 b. In order to receive financial assistance under this
34 subsection, an economic development region must demonstrate
35 the ability to provide local matching moneys on a basis of a

1 one dollar contribution of local moneys for every two dollars
2 received from the grow Iowa values fund.

3 8. An economic development region may apply for financial
4 assistance from the grow Iowa values fund to implement
5 economic development initiatives that are either unique to the
6 region or innovative in design and implementation. In order
7 to receive financial assistance under this subsection, an
8 economic development region must demonstrate the ability to
9 provide local matching moneys on a one-to-one basis.

10 9. Financial assistance under subsections 3, 5, 6, 7, and
11 8, and section 15E.233 shall be limited to a total of one
12 million dollars each fiscal year for the fiscal period
13 beginning July 1, 2005, and ending June 30, 2015, and shall
14 not be provided to assist in the establishment, operation, or
15 installation of a project, initiative, or activity that may
16 result in the provision, lease, or sale of goods or services
17 by a government body that competes with private enterprise.

18 Sec. 10. NEW SECTION. 15E.233 ECONOMIC ENTERPRISE AREAS.

19 1. An economic development region may apply to the
20 department for approval to be designated as an economic
21 enterprise area based on criteria provided in subsection 3.
22 The department shall approve no more than ten regions as
23 economic enterprise areas.

24 2. a. An approved economic enterprise area may apply to
25 the department for financial assistance from the grow Iowa
26 values fund for up to seventy-five thousand dollars each
27 fiscal year during the fiscal period beginning July 1, 2005,
28 and ending June 30, 2015, for any of the following purposes:

29 (1) Economic development-related strategic planning and
30 marketing for the region as a whole.

31 (2) Economic development of fully-served business sites.

32 (3) The construction of speculative buildings on a fully
33 served lot.

34 (4) The rehabilitation of an existing building to
35 marketable standards.

1 b. In order to receive financial assistance under this
2 subsection, an economic enterprise area must demonstrate the
3 ability to provide local matching moneys on a basis of a one
4 dollar contribution of local moneys for every three dollars
5 received from the grow Iowa values fund.

6 3. An economic enterprise area shall consist of at least
7 one county containing no city with a population of more than
8 twenty-three thousand five hundred and shall meet at least two
9 of the following criteria:

10 a. A per capita income of eighty percent or less than the
11 national average.

12 b. A household median income of eighty percent or less
13 than the national average.

14 c. Twenty-five percent or more of the population of the
15 economic enterprise area with an income level of one hundred
16 fifty percent or less of the United States poverty level as
17 defined by the most recently revised poverty income guidelines
18 published by the United States department of health and human
19 services.

20 d. A population density in the economic enterprise area of
21 less than ten people per square mile.

22 e. A loss of population as shown by the 2000 certified
23 federal census when compared with the 1990 certified federal
24 census.

25 f. An unemployment rate greater than the national rate of
26 unemployment.

27 g. More than twenty percent of the population of the
28 economic enterprise area consisting of people over the age of
29 sixty-five.

30 Sec. 11. NEW SECTION. 15E.351 BUSINESS ACCELERATORS.

31 1. The department shall establish and administer a
32 business accelerator program to provide financial assistance
33 for the establishment and operation of a business accelerator
34 for technology-based, value-added agricultural, information
35 solutions, or advanced manufacturing start-up businesses or

1 for a satellite of an existing business accelerator. The
2 program shall be designed to foster the accelerated growth of
3 new and existing businesses through the provision of technical
4 assistance. The department shall use moneys appropriated to
5 the department from the grow Iowa values fund pursuant to
6 section 15G.111, subsection 1, subject to the approval of the
7 economic development board, to provide financial assistance
8 under this section.

9 2. In determining whether a business accelerator qualifies
10 for financial assistance, the department must find that a
11 business accelerator meets all of the following criteria:

12 a. The business accelerator must be a not-for-profit
13 organization affiliated with an area chamber of commerce, a
14 community or county organization, or economic development
15 region.

16 b. The geographic area served by a business accelerator
17 must include more than one county.

18 c. The business accelerator must possess the ability to
19 provide service to a specific type of business as well as to
20 meet the broad-based needs of other types of start-up
21 entrepreneurs.

22 d. The business accelerator must possess the ability to
23 market business accelerator services in the region and the
24 state.

25 e. The business accelerator must possess the ability to
26 communicate with and cooperate with other business
27 accelerators and similar service providers in the state.

28 f. The business accelerator must possess the ability to
29 engage various funding sources for start-up entrepreneurs.

30 g. The business accelerator must possess the ability to
31 communicate with and cooperate with various entities for
32 purposes of locating suitable facilities for clients of the
33 business accelerator.

34 h. The business accelerator must possess the willingness
35 to accept referrals from the department of economic

1 development.

2 3. In determining whether a business accelerator qualifies
3 for financial assistance, the department may consider any of
4 the following:

5 a. The business experience of the business accelerator's
6 professional staff.

7 b. The business plan review capacity of the business
8 accelerator's professional staff.

9 c. The business accelerator's professional staff with
10 demonstrated disciplines in all aspects of business
11 experience.

12 d. The business accelerator's professional staff with
13 access to external service providers including legal,
14 accounting, marketing, and financial services.

15 4. In order to receive financial assistance under this
16 section, the financial assistance recipient must demonstrate
17 the ability to provide matching moneys on a basis of a two
18 dollar contribution of recipient moneys for every one dollar
19 received in financial assistance.

20 Sec. 12. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
21 REGION REVOLVING FUND TAX CREDIT.

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

26 Sec. 13. Section 422.33, Code 2005, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 17. The taxes imposed under this division
29 shall be reduced by an economic development region revolving
30 fund contribution tax credit authorized pursuant to section
31 15E.232.

32 Sec. 14. Section 422.60, Code 2005, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. 9. The taxes imposed under this division
35 shall be reduced by an economic development region revolving

1 fund contribution tax credit authorized pursuant to section
2 15E.232.

3 Sec. 15. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
4 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

5 The tax imposed under this chapter shall be reduced by an
6 economic development region tax credit authorized pursuant to
7 section 15E.232.

8 Sec. 16. Section 533.24, Code 2005, is amended by adding
9 the following new subsection:

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

14 Sec. 17. BUSINESS SUCCESSION -- SMALL BUSINESS DEVELOPMENT
15 CENTERS. As the loss of a community's small businesses is a
16 major concern for communities around the state, small business
17 development centers shall design a plan which includes all of
18 the following:

19 1. The pursuit of public and private partnerships with
20 family business consultants, experts in the area of employee
21 stock ownership plans, attorneys, certified public
22 accountants, the department of economic development, and other
23 service providers to assist communities with issues related to
24 business succession.

25 2. The development of a comprehensive internet website
26 with resources related to business succession including a
27 listing of family business consultants and service providers
28 by area of expertise, appropriate articles, links to related
29 resources, and a listing of businesses for sale. The internet
30 website should also be designed to promote the state and to
31 encourage former Iowa residents and others to locate in Iowa.

32 3. Basic training on business succession issues for all
33 small business development center directors and staff
34 counselors.

35 4. Courses on business succession issues available in

1 person in communities and on the internet.

2 5. Small business development centers in the state shall
3 develop and administer programs to assist small businesses to
4 plan for the transfer of ownership of the business, including
5 the transfer of all or a part of the ownership of a business
6 to an employee stock ownership plan.

7 DIVISION V

8 CULTURAL AND ENTERTAINMENT DISTRICTS

9 Sec. 18. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
10 DISTRICTS.

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

17 2. A city or county may create and designate a cultural
18 and entertainment district subject to certification by the
19 department of cultural affairs, in consultation with the
20 department of economic development. A cultural and
21 entertainment district is encouraged to include a unique form
22 of transportation within the district and for transportation
23 between the district and recreational trails. A cultural and
24 entertainment district certification shall remain in effect
25 for ten years following the date of certification. Two or
26 more cities or counties may apply jointly for certification of
27 a district that extends across a common boundary. Through the
28 adoption of administrative rules, the department of cultural
29 affairs shall develop a certification application for use in
30 the certification process. The provisions of this subsection
31 relating to the adoption of administrative rules shall be
32 construed narrowly.

33 3. The department of cultural affairs shall encourage
34 development projects and activities located in certified
35 cultural and entertainment districts through incentives under

1 cultural grant programs pursuant to section 303.3, chapter
2 303A, and any other grant programs.

3

DIVISION VI

4

HISTORIC PRESERVATION AND CULTURAL

5

AND ENTERTAINMENT DISTRICT TAX CREDITS

6

Sec. 19. Section 404A.1, subsection 1, Code 2005, is
7 amended to read as follows:

8

1. A property-rehabilitation historic preservation and
9 cultural and entertainment district tax credit, subject to the
10 availability of the credit, is granted against the tax imposed
11 under chapter 422, division II, III, or V, or chapter 432, for
12 the rehabilitation of eligible property located in this state
13 as provided in this chapter. Tax credits in excess of tax
14 liabilities shall be refunded as provided in section 404A.4,
15 subsection 3.

16 Sec. 20. Section 404A.1, subsection 2, unnumbered
17 paragraph 1, Code 2005, is amended to read as follows:

18 Eligible property for which a taxpayer may receive the
19 property-rehabilitation historic preservation and cultural and
20 entertainment district tax credit computed under this chapter
21 includes all of the following:

22 Sec. 21. Section 404A.3, subsection 2, unnumbered
23 paragraph 2, Code 2005, is amended to read as follows:

24 The selection standards shall provide that a person who
25 qualifies for the rehabilitation tax credit under section 47
26 of the Internal Revenue Code shall automatically qualify for
27 the state property-rehabilitation historic preservation and
28 cultural and entertainment district tax credit under this
29 chapter.

30 Sec. 22. Section 404A.4, subsection 2, Code 2005, is
31 amended to read as follows:

32 2. After verifying the eligibility for the tax credit, the
33 state historic preservation office, in consultation with the
34 department of economic development, shall issue a property
35 rehabilitation historic preservation and cultural and

1 entertainment district tax credit certificate to be attached
2 to the person's tax return. The tax credit certificate shall
3 contain the taxpayer's name, address, tax identification
4 number, the date of project completion, the amount of credit,
5 other information required by the department of revenue, and a
6 place for the name and tax identification number of a
7 transferee and the amount of the tax credit being transferred.

8 Sec. 23. Section 404A.4, subsection 3, Code 2005, is
9 amended to read as follows:

10 3. A person receiving a property-rehabilitation historic
11 preservation and cultural and entertainment district tax
12 credit under this chapter which is in excess of the person's
13 tax liability for the tax year is entitled to a refund of the
14 excess at a discounted value. The discounted value of the tax
15 credit refund, as calculated by the department of economic
16 development, in consultation with the department of revenue,
17 shall be determined based on the discounted value of the tax
18 credit five years after the tax year of the project completion
19 at an interest rate equivalent to the prime rate plus two
20 percent. The refunded tax credit shall not exceed seventy-
21 five percent of the allowable tax credit.

22 Sec. 24. Section 404A.4, subsection 4, Code 2005, is
23 amended to read as follows:

24 4. The total amount of tax credits that may be approved
25 for a fiscal year under this chapter shall not exceed two
26 million four hundred thousand dollars. Each fiscal year, the
27 department of cultural affairs shall allocate at least four
28 hundred thousand dollars worth of tax credits for
29 rehabilitation projects which have a total project cost of
30 under two hundred thousand dollars each. For the fiscal years
31 period beginning July 1, 2005, and ~~July 1, 2006~~ and ending
32 June 30, 2015, an additional five-hundred-thousand four
33 million dollars of tax credits may be approved each fiscal
34 year for purposes of projects located in cultural and
35 entertainment districts certified pursuant to section 303.3B.

1 Notwithstanding section 404A.1, the tax credits approved for
2 projects located in certified cultural and entertainment
3 districts may be for projects which include new construction
4 or new infrastructure projects that enhance the historic and
5 cultural integrity of the certified cultural and entertainment
6 district. Any of the additional tax credits allocated for
7 projects located in certified cultural and entertainment
8 districts that are not approved during a fiscal year may be
9 carried over to the succeeding fiscal year. The department of
10 cultural affairs shall establish by rule the procedures for
11 the application, review, selection, and awarding of
12 certifications of completion. The departments of economic
13 development, cultural affairs, and revenue shall each adopt
14 rules to jointly administer this subsection and shall provide
15 by rule for the method to be used to determine for which
16 fiscal year the tax credits are available.

17 Sec. 25. Section 404A.5, Code 2005, is amended to read as
18 follows:

19 404A.5 ECONOMIC IMPACT -- RECOMMENDATIONS.

20 The department of cultural affairs, in consultation with
21 the department of economic development, shall be responsible
22 for keeping the general assembly and the legislative services
23 agency informed on the overall economic impact to the state of
24 the rehabilitation of eligible properties. An annual report
25 shall be filed which shall include, but is not limited to,
26 data on the number and potential value of rehabilitation
27 projects begun during the latest twelve-month period, the
28 total property-rehabilitation historic preservation and
29 cultural and entertainment district tax credits originally
30 granted during that period, the potential reduction in state
31 tax revenues as a result of all tax credits still unused and
32 eligible for refund, and the potential increase in local
33 property tax revenues as a result of the rehabilitated
34 projects. The department, to the extent it is able, shall
35 provide recommendations on whether a limit on tax credits

1 should be established, the need for a broader or more
2 restrictive definition of eligible property, and other
3 adjustments to the tax credits under this chapter.

4 DIVISION VII

5 COMMERCIALIZATION

6 Sec. 26. NEW SECTION. 15.115 TECHNOLOGY
7 COMMERCIALIZATION SPECIALIST.

8 The department shall ensure that businesses in the state
9 are well informed about the technology patents, licenses, and
10 options available to them from colleges and universities in
11 the state and to ensure the department's business development
12 and marketing efforts are conducted in a way that maximizes
13 the advantage to the state of research and technology
14 commercialization efforts at colleges and universities in the
15 state. The department shall establish a technology
16 commercialization specialist position which shall be
17 responsible for the obligations imposed by this section and
18 for performance of all of the following activities:

19 1. Establishing and maintaining communication with
20 personnel at colleges and universities in the state in charge
21 of intellectual property management and technology
22 commercialization.

23 2. Meeting at least quarterly with personnel at colleges
24 and universities in the state in charge of intellectual
25 property management and technology commercialization regarding
26 new technology disclosures and technology patents, licenses,
27 or options available to Iowa businesses.

28 3. Being knowledgeable regarding intellectual property,
29 patent, license, and option policies of colleges and
30 universities in the state as well as applicable federal law.

31 4. Establishing and maintaining an internet website to
32 link other internet websites which provide electronic access
33 to information regarding available patents, licenses, or
34 options for technology at colleges and universities in the
35 state.

1 5. Establishing and maintaining communications with
2 business and development organizations in the state regarding
3 available technology patents, licenses, and options.

4 6. Cooperating with colleges and universities in the state
5 in establishing technology fairs or other public events
6 designed to make businesses in the state aware of available
7 technology patents, licenses, or options available to
8 businesses in the state.

9 Sec. 27. NEW SECTION. 15.116 CHIEF TECHNOLOGY OFFICER.

10 The governor shall appoint a chief technology officer for
11 the state. The chief technology officer shall serve a four-
12 year term and shall have national or international stature.
13 The chief technology officer shall coordinate the activities
14 of the technology commercialization specialist employed
15 pursuant to section 15.115. The chief technology officer
16 shall serve as a spokesperson for the department for purposes
17 of promoting to private sector businesses the technology
18 commercialization efforts of the department and the research
19 and technology capabilities of institutions of higher learning
20 in the state.

21 Sec. 28. Section 262B.1, Code 2005, is amended by striking
22 the section and inserting in lieu thereof the following:

23 262B.1 TITLE.

24 This chapter shall be known and may be cited as the
25 "Commercialization of Research for Iowa Act".

26 Sec. 29. Section 262B.2, Code 2005, is amended by striking
27 the section and inserting in lieu thereof the following:

28 262B.2 LEGISLATIVE INTENT.

29 It is the intent of the general assembly that the three
30 universities under the control of the state board of regents
31 have as part of their missions the use of their universities'
32 expertise to expand and stimulate economic growth across the
33 state. This activity may be accomplished through a wide
34 variety of partnerships, public and private joint ventures,
35 and cooperative endeavors, primarily, but not exclusively, in

1 the area of high technology, and may result in investments by
2 the private sector for commercialization of the technology and
3 job creation. It is imperative that whenever possible, the
4 investments and job creation be in Iowa but need not be in the
5 proximity of the universities. The purpose of the investments
6 and job creation shall be to expand and stimulate Iowa's
7 economy, increase the wealth of Iowans, and increase the
8 population of Iowa, which may be accomplished through research
9 conducted within the state that will competitively position
10 Iowa on an economic basis with other states and create high-
11 wage, high-growth employers and jobs. Accredited private
12 universities located in the state are encouraged to
13 incorporate the intent of this section into the mission of
14 their universities.

15 Sec. 30. Section 262B.3, Code 2005, is amended by striking
16 the section and inserting in lieu thereof the following:

17 262B.3 DUTIES AND RESPONSIBILITIES.

18 1. The state board of regents, as part of its mission and
19 strategic plan, shall establish mechanisms for the purpose of
20 carrying out the intent of this chapter. In addition to other
21 board initiatives, the board shall work with the department of
22 economic development, other state agencies, and the private
23 sector to facilitate the commercialization of research.

24 2. The state board of regents, in cooperation with the
25 department of economic development, shall implement this
26 chapter through any of the following activities:

27 a. Developing strategies to market and disseminate
28 information on university research for commercialization in
29 Iowa.

30 b. Evaluating university research for commercialization
31 potential, where relevant.

32 c. Developing a plan to improve private sector access to
33 the university licenses and patent information and the
34 transfer of technology from the university to the private
35 sector.

- 1 d. Identifying research and technical assistance needs of
- 2 existing Iowa businesses and start-up companies and
- 3 recommending ways in which the universities can meet these
- 4 needs.
- 5 e. Linking research and instruction activities to economic
- 6 development.
- 7 f. Reviewing and monitoring activities related to
- 8 technology transfer.
- 9 g. Coordinating activities to facilitate a focus on
- 10 research in the state's targeted industry clusters.
- 11 h. Surveying similar activities in other states and at
- 12 other universities.
- 13 i. Establishing a single point of contact to facilitate
- 14 commercialization of research.
- 15 j. Sustaining faculty and staff resources needed to
- 16 implement commercialization.
- 17 k. Implementing programs to provide public recognition of
- 18 university faculty and staff who demonstrate success in
- 19 technology transfer and commercialization.
- 20 l. Implementing rural entrepreneurial and regional
- 21 development assistance programs.
- 22 m. Providing market research ranging from early stage
- 23 feasibility to extensive market research.
- 24 n. Creating real or virtual research parks that may or may
- 25 not be located near universities, but with the goal of
- 26 providing economic stimulus to the entire state.
- 27 o. Capacity building in key biosciences platform areas.
- 28 p. Encouraging biosciences entrepreneurship by faculty.
- 29 q. Providing matching grants for joint biosciences
- 30 projects involving public and private entities.
- 31 r. Encouraging biosciences entrepreneurship by faculty
- 32 using faculty research and entrepreneurship grants.
- 33 s. Pursuing bioeconomy initiatives in key platform areas
- 34 as recommended by a consultant report on bioeconomy issues
- 35 contracted for by the department of economic development.

1 Sec. 31. Sections 262B.4, 262B.5, and 262B.12, Code 2005,
2 are repealed.

3 Sec. 32. STUDIES.

4 1. The state board of regents shall conduct a study to
5 determine the feasibility of establishing a graduate school in
6 western Iowa in cooperation with other public or private
7 institutions of higher learning. By December 15, 2005, the
8 board shall submit a report to the general assembly and the
9 governor regarding the findings and recommendations of the
10 study.

11 2. The state board of regents shall conduct a study
12 relating to cost-effective methods of recognizing the efforts
13 of faculty to achieve commercialization. By December 15,
14 2005, the board shall submit a report to the general assembly
15 and the governor regarding the findings and recommendations of
16 the study.

17 DIVISION VIII

18 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

19 Sec. 33. Section 260C.18A, subsection 2, paragraph b, Code
20 2005, is amended to read as follows:

21 b. Projects in which an agreement between a community
22 college and a business meet all the requirements of the Iowa
23 jobs training Act under chapter 260F. However, projects
24 funded by moneys provided by a local workforce training and
25 economic development fund of a community college are not
26 subject to the maximum advance or award limitations contained
27 in section 260F.6, subsection 2, or the allocation limitations
28 contained in section 260F.8, subsection 1.

29 Sec. 34. Section 260C.18A, subsection 2, Code 2005, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. f. Training and retraining programs for
32 targeted industries as authorized in section 15.343,
33 subsection 2, paragraph "a".

34 Sec. 35. Section 260C.18A, subsection 5, Code 2005, is
35 amended by striking the subsection.

DIVISION IX

LOAN AND CREDIT GUARANTEE PROGRAM

1
2
3 Sec. 36. Section 15E.224, subsections 1, 5, and 7, Code
4 2005, are amended to read as follows:

5 1. The department shall establish and administer a loan
6 and credit guarantee program. The department, pursuant to
7 agreements with financial institutions, shall provide loan and
8 credit guarantees, or other forms of credit guarantees for
9 qualified businesses and targeted industry businesses for
10 eligible project costs. The department may invest up to ten
11 percent of the assets of the loan and credit guarantee fund,
12 or five hundred thousand dollars, whichever is greater, to
13 provide loan and credit guarantees or other forms of credit
14 guarantees for eligible project costs to microenterprises
15 located in a municipality with a population under fifty
16 thousand that is not contiguous to a municipality with a
17 population of fifty thousand or more. For purposes of this
18 division, "microenterprise" means a business providing
19 services with five or fewer full-time equivalent employee
20 positions. A loan or credit guarantee provided under the
21 program may stand alone or may be used in conjunction with or
22 to enhance other loans or credit guarantees offered by
23 private, state, or federal entities. The department may
24 purchase insurance to cover defaulted loans meeting the
25 requirements of the program. However, the department shall not
26 in any manner directly or indirectly pledge the credit of the
27 state. Eligible project costs include expenditures for
28 productive equipment and machinery, working capital for
29 operations and export transactions, research and development,
30 marketing, and such other costs as the department may so
31 designate.

32 5. The department shall adopt a loan or credit guarantee
33 application procedure for a financial institution on behalf of
34 a qualified business, microenterprise, or targeted industry
35 business.

1 7. The department may adopt loan and credit guarantee
2 application procedures that allow a qualified business,
3 microenterprise, or targeted industry business to apply
4 directly to the department for a preliminary guarantee
5 commitment. A preliminary guarantee commitment may be issued
6 by the department subject to the qualified business,
7 microenterprise, or targeted industry business securing a
8 commitment for financing from a financial institution. The
9 application procedures shall specify the process by which a
10 financial institution may obtain a final loan and credit
11 guarantee.

12 Sec. 37. Section 15E.225, subsection 3, Code 2005, is
13 amended to read as follows:

14 3. For a preliminary guarantee commitment, the department
15 may charge a qualified business, microenterprise, or targeted
16 industry business a preliminary guarantee commitment fee. The
17 application fee shall be in addition to any other fees charged
18 by the department under this section and shall not exceed one
19 thousand dollars for an application.

20 DIVISION X

21 ECONOMIC DEVELOPMENT TAX INCENTIVES

22 Sec. 38. Section 15.113, Code 2005, is amended to read as
23 follows:

24 15.113 ECONOMIC DEVELOPMENT ASSISTANCE -- REPORT.

25 In order for the general assembly to have accurate and
26 complete information regarding expenditures for economic
27 development and job training incentives and to respond to the
28 job training needs of Iowa workers, the department shall
29 provide to the legislative services agency by January 15 of
30 each year data on all assistance or benefits provided under
31 the community economic betterment program, the ~~new-jobs-and~~
32 ~~income-program~~, high quality job creation program, and the
33 Iowa industrial new jobs training Act during the previous
34 calendar year. The department shall meet with the legislative
35 services agency prior to submitting the data to assure that

1 its form and specificity are sufficient to provide accurate
2 and complete information to the general assembly. The
3 department shall also contact other state agencies providing
4 financial assistance to Iowa businesses and, to the extent
5 practical, coordinate the submission of the data to the
6 legislative services agency.

7 Sec. 39. Section 15.326, Code 2005, is amended to read as
8 follows:

9 15.326 SHORT TITLE.

10 This part shall be known and may be cited as the "New-Jobs
11 and-Income "High Quality Job Creation Act"."

12 Sec. 40. Section 15.327, Code 2005, is amended to read as
13 follows:

14 15.327 DEFINITIONS.

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

17 1. "Community" means a city, county, or entity established
18 pursuant to chapter 28E.

19 2. "Contractor or subcontractor" means a person who
20 contracts with the eligible business ~~or-a-supporting-business~~
21 or subcontracts with a contractor for the provision of
22 property, materials, or services for the construction or
23 equipping of a facility, ~~located-within-the-economic~~
24 ~~development-area,~~ of the eligible business ~~or-a-supporting~~
25 ~~business.~~

26 3. "Department" means the Iowa department of economic
27 development.

28 ~~4.--"Director"--means-the-director-of-the-department-or-the~~
29 ~~director's-designee.~~

30 ~~5.--"Economic-development-area"--means-a-site-or-sites~~
31 ~~designated-by-the-department-of-economic-development-for-the~~
32 ~~purpose-of-attracting-an-eligible-business-and-supporting~~
33 ~~businesses-to-locate-facilities-within-the-state.~~

34 6. 4. "Eligible business" means a business meeting the
35 conditions of section 15.329.

1 7- 5. "Program" means the new-jobs-and-income high
2 quality job creation program.

3 8- 6. "Project completion" means the first date upon
4 which the average annualized production of finished product
5 for the preceding ninety-day period at the manufacturing
6 facility operated by the eligible business within-the-economic
7 development-area is at least fifty percent of the initial
8 design capacity of the facility. The eligible business shall
9 inform the department of revenue in writing within two weeks
10 of project completion.

11 9-~~---"Supporting-business"--means-a-business-under-contract~~
12 ~~with-the-eligible-business-to-provide-property,materials,or~~
13 ~~services-which-are-a-necessary-component-of-the-operation-of~~
14 ~~the-manufacturing-facility.---To-qualify-as-a-supporting~~
15 ~~business, the-business-shall-have-a-permanent-facility-or~~
16 ~~operations-located-within-the-economic-development-area-and~~
17 ~~the-revenue-from-fulfilling-the-contract-with-the-eligible~~
18 ~~business-shall-constitute-at-least-seventy-five-percent-of-the~~
19 ~~revenue-generated-by-the-business-from-all-activities~~
20 ~~undertaken-from-the-facility-within-the-economic-development~~
21 ~~area.~~

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

28 Sec. 41. Section 15.329, Code 2005, is amended by striking
29 the section and inserting in lieu thereof the following:

30 15.329 ELIGIBLE BUSINESS.

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

33 a. If the qualifying investment is ten million dollars or
34 more, the community has approved by ordinance or resolution
35 the start-up, location, or expansion of the business for the

1 purpose of receiving the benefits of this part.

2 b. The business has not closed or substantially reduced
3 its operation in one area of the state and relocated
4 substantially the same operation in the community. This
5 subsection does not prohibit a business from expanding its
6 operation in the community if existing operations of a similar
7 nature in the state are not closed or substantially reduced.

8 c. The business is not a retail or service business.

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

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

14 b. Produce or manufacture high value-added goods or
15 services or be engaged in one of the following industries:

16 (1) Value-added agricultural products.

17 (2) Insurance and financial services.

18 (3) Plastics.

19 (4) Metals.

20 (5) Printing paper or packaging products.

21 (6) Drugs and pharmaceuticals.

22 (7) Software development.

23 (8) Instruments and measuring devices and medical
24 instruments.

25 (9) Recycling and waste management.

26 (10) Telecommunications.

27 Retail business shall not be eligible for benefits under
28 this part.

29 c. Provide and pay at least eighty percent of the cost of
30 a standard medical and dental insurance plan for all full-time
31 employees working at the facility in which the new investment
32 occurred.

33 d. Make child care services available to its employees.

34 e. Invest annually no less than one percent of pretax
35 profits, from the facility located to Iowa or expanded under

1 the program, in research and development in Iowa.

2 f. Invest annually no less than one percent of pretax
3 profits, from the facility located to Iowa or expanded under
4 the program, in worker training and skills enhancement.

5 g. Have an active productivity and safety improvement
6 program involving management and worker participation and
7 cooperation with benchmarks for gauging compliance.

8 h. Occupy an existing facility, at least one of the
9 buildings of which shall be vacant and shall contain at least
10 twenty thousand square feet.

11 3. Any business located in a quality jobs enterprise zone
12 is ineligible to receive the economic development incentives
13 under the program.

14 4. If the department finds that a business has a record of
15 violations of the law, including but not limited to
16 environmental and worker safety statutes, rules, and
17 regulations, over a period of time that tends to show a
18 consistent pattern, the business shall not qualify for
19 economic development assistance under this part, unless the
20 department finds that the violations did not seriously affect
21 public health or safety, or the environment, or if it did,
22 that there were mitigating circumstances. In making the
23 findings and determinations regarding violations, mitigating
24 circumstances, and whether the business is disqualified for
25 economic development assistance under this part, the
26 department shall be exempt from chapter 17A.

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

31 a. The quality of the jobs to be created. In rating the
32 quality of the jobs, the department shall place greater
33 emphasis on those jobs that have a higher wage scale, have a
34 lower turnover rate, are full-time or career-type positions,
35 provide comprehensive health benefits, or have other related

1 factors which could be considered to be higher in quality,
2 than to other jobs. Businesses that have wage scales
3 substantially below that of existing Iowa businesses in that
4 area should be rated as providing the lowest quality of jobs
5 and should therefore be given the lowest ranking for providing
6 such assistance.

7 b. The impact of the proposed project on other businesses
8 in competition with the business being considered for
9 assistance. The department shall make a good faith effort to
10 identify existing Iowa businesses within an industry in
11 competition with the business being considered for assistance.
12 The department shall make a good faith effort to determine the
13 probability that the proposed financial assistance will
14 displace employees of the existing businesses. In determining
15 the impact on businesses in competition with the business
16 being considered for assistance, jobs created as a result of
17 other jobs being displaced elsewhere in the state shall not be
18 considered direct jobs created.

19 c. The impact to the state of the proposed project. In
20 measuring the economic impact, the department shall place
21 greater emphasis on projects which have greater consistency
22 with the state strategic plan than other projects. Greater
23 consistency may include any or all of the following:

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

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

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

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

31 (5) A potential for future job growth.

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

33 d. If a business has, within three years of application
34 for assistance, acquired or merged with an Iowa corporation or
35 company, whether the business has made a good faith effort to

1 hire the workers of the acquired or merged company.

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

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

7 6. The department may waive any of the requirements of
8 this section for good cause shown.

9 7. An application to receive incentives under this part
10 may be submitted to the department at any time within one year
11 from the time the job for which benefits are sought commences.

12 Sec. 42. Section 15.330, Code 2005, is amended by striking
13 the section and inserting in lieu thereof the following:

14 15.330 AGREEMENT.

15 A business shall enter into an agreement with the
16 department specifying the requirements that must be met to
17 confirm eligibility pursuant to this part. The department
18 shall consult with the community during negotiations relating
19 to the agreement. The agreement shall contain, at a minimum,
20 the following provisions:

21 1. A business that is approved to receive incentives
22 shall, for the length of the agreement, certify annually to
23 the community and the department the compliance of the
24 business with the requirements of the agreement.

25 2. The repayment of incentives by the business if the
26 business does not meet any of the requirements of this part or
27 the resulting agreement.

28 3. If a business that is approved to receive incentives
29 under this part experiences a layoff within the state or
30 closes any of its facilities within the state, the department
31 shall have the discretion to reduce or eliminate some or all
32 of the incentives. If a business has received incentives
33 under this part and experiences a layoff within the state or
34 closes any of its facilities within the state, the business
35 may be subject to repayment of all or a portion of the

1 incentives that it has received.

2 4. A business creating fifteen or fewer new high quality
3 jobs shall have up to three years to complete a project and
4 shall be required to maintain the jobs for an additional two
5 years. A business creating sixteen or more new high quality
6 jobs shall have up to five years to complete a project and
7 shall be required to maintain the jobs for an additional two
8 years.

9 Sec. 43. Section 15.331A, Code 2005, is amended to read as
10 follows:

11 15.331A SALES AND USE TAX REFUND ---~~CONTRACTOR-OR~~
12 ~~SUBCONTRACTOR.~~

13 The eligible business ~~or-a-supporting-business~~ shall be
14 entitled to a refund of the sales and use taxes paid under
15 chapter 423 for gas, electricity, water, or sewer utility
16 services, goods, wares, or merchandise, or on services
17 rendered, furnished, or performed to or for a contractor or
18 subcontractor and used in the fulfillment of a written
19 contract relating to the construction or equipping of a
20 facility ~~within-the-economic-development-area~~ of the eligible
21 business ~~or-a-supporting-business~~. Taxes attributable to
22 intangible property and furniture and furnishings shall not be
23 refunded. However, an eligible business shall be entitled to
24 a refund for taxes attributable to racks, shelving, and
25 conveyor equipment to be used in a warehouse or distribution
26 center subject to section 15.331C.

27 To receive the refund a claim shall be filed by the
28 eligible business ~~or-a-supporting-business~~ with the department
29 of revenue as follows:

30 1. The contractor or subcontractor shall state under oath,
31 on forms provided by the department, the amount of the sales
32 of goods, wares, or merchandise or services rendered,
33 furnished, or performed including water, sewer, gas, and
34 electric utility services ~~for-use-in-the-economic-development~~
35 ~~area~~ upon which sales or use tax has been paid prior to the

1 project completion, and shall file the forms with the eligible
2 business ~~or-supporting-business~~ before final settlement is
3 made.

4 2. The eligible business ~~or-a-supporting-business~~ shall,
5 not more than one year after project completion, make
6 application to the department for any refund of the amount of
7 the sales and use taxes paid pursuant to chapter 423 upon any
8 goods, wares, or merchandise, or services rendered, furnished,
9 or performed, including water, sewer, gas, and electric
10 utility services. The application shall be made in the manner
11 and upon forms to be provided by the department, and the
12 department shall audit the claim and, if approved, issue a
13 warrant to the eligible business ~~or-supporting-business~~ in the
14 amount of the sales or use tax which has been paid to the
15 state of Iowa under a contract. A claim filed by the eligible
16 business ~~or-a-supporting-business~~ in accordance with this
17 section shall not be denied by reason of a limitation
18 provision set forth in chapter 421 or 423.

19 3. A contractor or subcontractor who willfully makes a
20 false report of tax paid under the provisions of this section
21 is guilty of a simple misdemeanor and in addition is liable
22 for the payment of the tax and any applicable penalty and
23 interest.

24 Sec. 44. Section 15.331C, Code 2005, is amended to read as
25 follows:

26 15.331C CORPORATE TAX CREDIT FOR CERTAIN SALES TAXES PAID
27 BY THIRD-PARTY DEVELOPER.

28 1. An eligible business ~~or-a-supporting-business~~ may claim
29 a corporate tax credit in an amount equal to the taxes paid by
30 a third-party developer under chapters 422 and 423 for gas,
31 electricity, water, or sewer utility services, goods, wares,
32 or merchandise, or on services rendered, furnished, or
33 performed to or for a contractor or subcontractor and used in
34 the fulfillment of a written contract relating to the
35 construction or equipping of a facility ~~within-the-economic~~

1 ~~development-area~~ of the eligible business ~~or-supporting~~
2 ~~business~~. Taxes attributable to intangible property and
3 furniture and furnishings shall not be included, but taxes
4 attributable to racks, shelving, and conveyor equipment to be
5 used in a warehouse or distribution center shall be included.
6 Any credit in excess of the tax liability for the tax year may
7 be credited to the tax liability for the following seven years
8 or until depleted, whichever occurs earlier. An eligible
9 business may elect to receive a refund of all or a portion of
10 an unused tax credit.

11 2. A third-party developer shall state under oath, on
12 forms provided by the department of economic development, the
13 amount of taxes paid as described in subsection 1 and shall
14 submit such forms to the department. The taxes paid shall be
15 itemized to allow identification of the taxes attributable to
16 racks, shelving, and conveyor equipment to be used in a
17 warehouse or distribution center. After receiving the form
18 from the third-party developer, the department shall issue a
19 tax credit certificate to the eligible business ~~or-supporting~~
20 ~~business~~ equal to the taxes paid by a third-party developer
21 under chapters 422 and 423 for gas, electricity, water, or
22 sewer utility services, goods, wares, or merchandise, or on
23 services rendered, furnished, or performed to or for a
24 contractor or subcontractor and used in the fulfillment of a
25 written contract relating to the construction or equipping of
26 a facility. The department shall also issue a tax credit
27 certificate to the eligible business ~~or-supporting-business~~
28 equal to the taxes paid and attributable to racks, shelving,
29 and conveyor equipment to be used in a warehouse or
30 distribution center. The aggregate combined total amount of
31 tax refunds under section 15.331A for taxes attributable to
32 racks, shelving, and conveyor equipment to be used in a
33 warehouse or distribution center and of tax credit
34 certificates issued by the department for the taxes paid and
35 attributable to racks, shelving, and conveyor equipment to be

1 used in a warehouse or distribution center shall not exceed
2 five hundred thousand dollars in a fiscal year. If an
3 applicant for a tax credit certificate does not receive a
4 certificate for the taxes paid and attributable to racks,
5 shelving, and conveyor equipment to be used in a warehouse or
6 distribution center, the application shall be considered in
7 succeeding fiscal years. The eligible business ~~or-supporting~~
8 ~~business~~ shall not claim a tax credit under this section
9 unless a tax credit certificate issued by the department of
10 economic development is attached to the taxpayer's tax return
11 for the tax year for which the tax credit is claimed. A tax
12 credit certificate shall contain the eligible business's or
13 ~~supporting-business's~~ name, address, tax identification
14 number, the amount of the tax credit, and other information
15 required by the department of revenue.

16 Sec. 45. Section 15.333, Code 2005, is amended by striking
17 the section and inserting in lieu thereof the following:

18 15.333 INVESTMENT TAX CREDIT.

19 1. An eligible business may claim a tax credit equal to a
20 percentage of the new investment directly related to new jobs
21 created by the location or expansion of an eligible business
22 under the program. The tax credit shall be amortized equally
23 over five calendar years. The tax credit shall be allowed
24 against taxes imposed under chapter 422, division II, III, or
25 V, and against the moneys and credits tax imposed in section
26 533.24. If the business is a partnership, S corporation,
27 limited liability company, cooperative organized under chapter
28 501 and filing as a partnership for federal tax purposes, or
29 estate or trust electing to have the income taxed directly to
30 the individual, an individual may claim the tax credit
31 allowed. The amount claimed by the individual shall be based
32 upon the pro rata share of the individual's earnings of the
33 partnership, S corporation, limited liability company,
34 cooperative organized under chapter 501 and filing as a
35 partnership for federal tax purposes, or estate or trust. The

1 percentage shall be determined as provided in section 15.335A.
2 Any tax credit in excess of the tax liability for the tax year
3 may be credited to the tax liability for the following seven
4 years or until depleted, whichever occurs first.

5 Subject to prior approval by the department of economic
6 development, in consultation with the department of revenue,
7 an eligible business whose project primarily involves the
8 production of value-added agricultural products or uses
9 biotechnology-related processes may elect to receive a refund
10 of all or a portion of an unused tax credit. For purposes of
11 this subsection, such an eligible business includes a
12 cooperative described in section 521 of the Internal Revenue
13 Code which is not required to file an Iowa corporate income
14 tax return, and whose project primarily involves the
15 production of ethanol. The refund may be applied against a
16 tax liability imposed under chapter 422, division II, III, or
17 V, and against the moneys and credits tax imposed in section
18 533.24. If the business is a partnership, S corporation,
19 limited liability company, cooperative organized under chapter
20 501 and filing as a partnership for federal tax purposes, or
21 estate or trust electing to have the income taxed directly to
22 the individual, an individual may claim the tax credit
23 allowed. The amount claimed by the individual shall be based
24 upon the pro rata share of the individual's earnings of the
25 partnership, S corporation, limited liability company,
26 cooperative organized under chapter 501 and filing as a
27 partnership for federal tax purposes, or estate or trust.

28 2. For purposes of this subsection, "new investment
29 directly related to new jobs created by the location or
30 expansion of an eligible business under the program" means the
31 cost of machinery and equipment, as defined in section 427A.1,
32 subsection 1, paragraphs "e" and "j", purchased for use in the
33 operation of the eligible business, the purchase price of
34 which has been depreciated in accordance with generally
35 accepted accounting principles, the purchase price of real

1 property and any buildings and structures located on the real
2 property, and the cost of improvements made to real property
3 which is used in the operation of the eligible business. "New
4 investment directly related to new jobs created by the
5 location or expansion of an eligible business under the
6 program" also means the annual base rent paid to a third-
7 party developer by an eligible business for a period not to
8 exceed ten years, provided the cumulative cost of the base
9 rent payments for that period does not exceed the cost of the
10 land and the third-party developer's costs to build or
11 renovate the building for the eligible business. The eligible
12 business shall enter into a lease agreement with the third-
13 party developer for a minimum of five years. If, however,
14 within five years of purchase, the eligible business sells,
15 disposes of, razes, or otherwise renders unusable all or a
16 part of the land, buildings, or other existing structures for
17 which tax credit was claimed under this section, the tax
18 liability of the eligible business for the year in which all
19 or part of the property is sold, disposed of, razed, or
20 otherwise rendered unusable shall be increased by one of the
21 following amounts:

22 a. One hundred percent of the tax credit claimed under
23 this section if the property ceases to be eligible for the tax
24 credit within one full year after being placed in service.

25 b. Eighty percent of the tax credit claimed under this
26 section if the property ceases to be eligible for the tax
27 credit within two full years after being placed in service.

28 c. Sixty percent of the tax credit claimed under this
29 section if the property ceases to be eligible for the tax
30 credit within three full years after being placed in service.

31 d. Forty percent of the tax credit claimed under this
32 section if the property ceases to be eligible for the tax
33 credit within four full years after being placed in service.

34 e. Twenty percent of the tax credit claimed under this
35 section if the property ceases to be eligible for the tax

1 credit within five full years after being placed in service.
2 3. a. An eligible business whose project primarily
3 involves the production of value-added agricultural products
4 or uses biotechnology-related processes, which elects to
5 receive a refund of all or a portion of an unused tax credit,
6 shall apply to the department of economic development for tax
7 credit certificates. Such an eligible business shall not
8 claim a tax credit refund under this subsection unless a tax
9 credit certificate issued by the department of economic
10 development is attached to the taxpayer's tax return for the
11 tax year for which the tax credit refund is claimed. For
12 purposes of this subsection, an eligible business includes a
13 cooperative described in section 521 of the Internal Revenue
14 Code which is not required to file an Iowa corporate income
15 tax return, and whose project primarily involves the
16 production of ethanol. For purposes of this subsection, an
17 eligible business also includes a cooperative described in
18 section 521 of the Internal Revenue Code which is required to
19 file an Iowa corporate income tax return and whose project
20 primarily involves the production of ethanol. Such
21 cooperative may elect to transfer all or a portion of its tax
22 credit to its members. The amount of tax credit transferred
23 and claimed by a member shall be based upon the pro rata share
24 of the member's earnings of the cooperative.
25 b. A tax credit certificate issued under this subsection
26 shall not be valid until the tax year following the date of
27 the capital investment project completion. A tax credit
28 certificate shall contain the taxpayer's name, address, tax
29 identification number, the date of project completion, the
30 amount of the tax credit, and other information required by
31 the department of revenue. The department of economic
32 development shall not issue tax credit certificates under this
33 subsection which total more than four million dollars during a
34 fiscal year. If the department receives and approves
35 applications for tax credit certificates under this subsection

1 in excess of four million dollars, the applicants shall
2 receive certificates for a prorated amount. The tax credit
3 certificates shall not be transferred except as provided in
4 this subsection for a cooperative described in section 521 of
5 the Internal Revenue Code which is required to file an Iowa
6 corporate income tax return and whose project primarily
7 involves the production of ethanol. For a cooperative
8 described in section 521 of the Internal Revenue Code, the
9 department of economic development shall require that the
10 cooperative submit a list of its members and the share of each
11 member's interest in the cooperative. The department shall
12 issue a tax credit certificate to each member contained on the
13 submitted list.

14 Sec. 46. Section 15.333A, Code 2005, is amended by
15 striking the section and inserting in lieu thereof the
16 following:

17 15.333A INSURANCE PREMIUM TAX CREDITS.

18 1. An eligible business may claim an insurance premium tax
19 credit equal to a percentage of the new investment directly
20 related to new jobs created by the location or expansion of an
21 eligible business under the program. The tax credit shall be
22 amortized equally over a five-year period. The tax credit
23 shall be allowed against taxes imposed in chapter 432. A tax
24 credit in excess of the tax liability for the tax year may be
25 credited to the tax liability for the following seven years or
26 until depleted, whichever occurs first. The percentage shall
27 be determined as provided in section 15.335A.

28 2. For purposes of this section, "new investment directly
29 related to new jobs created by the location or expansion of an
30 eligible business under the program" means the cost of
31 machinery and equipment, as defined in section 427A.1,
32 subsection 1, paragraphs "e" and "j", purchased for use in the
33 operation of the eligible business, the purchase price of
34 which has been depreciated in accordance with generally
35 accepted accounting principles, the purchase price of real

1 property and any buildings and structures located on the real
2 property, and the cost of improvements made to real property
3 which is used in the operation of the eligible business. "New
4 investment directly related to new jobs created by the
5 location or expansion of an eligible business under the
6 program" also means the annual base rent paid to a third-party
7 developer by an eligible business for a period not to exceed
8 ten years, provided the cumulative cost of the base rent
9 payments for that period does not exceed the cost of the land
10 and the third-party developer's costs to build or renovate the
11 building for the eligible business. The eligible business
12 shall enter into a lease agreement with the third-party
13 developer for a minimum of five years. If, however, within
14 five years of purchase, the eligible business sells, disposes
15 of, razes, or otherwise renders unusable all or a part of the
16 land, buildings, or other existing structures for which tax
17 credit was claimed under this section, the tax liability of
18 the eligible business for the year in which all or part of the
19 property is sold, disposed of, razed, or otherwise rendered
20 unusable shall be increased by one of the following amounts:
21 a. One hundred percent of the tax credit claimed under
22 this section if the property ceases to be eligible for the tax
23 credit within one full year after being placed in service.
24 b. Eighty percent of the tax credit claimed under this
25 section if the property ceases to be eligible for the tax
26 credit within two full years after being placed in service.
27 c. Sixty percent of the tax credit claimed under this
28 section if the property ceases to be eligible for the tax
29 credit within three full years after being placed in service.
30 d. Forty percent of the tax credit claimed under this
31 section if the property ceases to be eligible for the tax
32 credit within four full years after being placed in service.
33 e. Twenty percent of the tax credit claimed under this
34 section if the property ceases to be eligible for the tax
35 credit within five full years after being placed in service.

1 Sec. 47. NEW SECTION. 15.335A TAX INCENTIVES.

2 1. Tax incentives are available to eligible businesses as
3 provided in this section. The incentives are based upon the
4 number of new high quality jobs created and the amount of the
5 qualifying investment made according to the following
6 schedule:

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

11 (1) The number of jobs is zero and economic activity is
12 furthered by the qualifying investment and the amount of the
13 qualifying investment is one of the following:

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

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

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

24 (2) The number of jobs is one but not more than five and
25 the amount of the qualifying investment is one of the
26 following:

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

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

33 (c) At least five hundred thousand dollars, then the tax
34 incentives are the investment tax credit of up to two percent,
35 the sales tax refund, and the additional research and

1 development tax credit.

2 (3) The number of jobs is six but not more than ten and
3 the amount of the qualifying investment is one of the
4 following:

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

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

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

15 (4) The number of jobs is eleven but not more than fifteen
16 and the amount of the qualifying investment is one of the
17 following:

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

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

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

28 (5) The number of jobs is sixteen or more and the amount
29 of the qualifying investment is one of the following:

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

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

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

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

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

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

21 (3) The number of jobs is forty-one but not more than
22 fifty and the amount of the qualifying investment is at least
23 ten million dollars, then the tax incentives are the local
24 property tax exemption, the investment tax credit of up to
25 eight percent, the sales tax refund, and the additional
26 research and development tax credit.

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

33 (5) The number of jobs is at least sixty-one and the
34 amount of the qualifying investment is at least ten million
35 dollars, then the tax incentives are the local property tax

1 exemption, the investment tax credit of up to ten percent, the
2 sales tax refund, and the additional research and development
3 tax credit.

4 2. For purposes of this section:

5 a. "Additional research and development tax credit" means
6 the research activities credit as provided under section
7 15.335.

8 b. "Average county wage" means the same as defined in
9 section 15H.1.

10 c. "Benefits" means the same as defined in section 15H.1.

11 d. "Investment tax credit" means the investment tax credit
12 or the insurance premium tax credit as provided under section
13 15.333 or 15.333A, respectively.

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

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

20 3. A community may apply to the Iowa economic development
21 board for a waiver from the average county wage calculations
22 provided in subsection 1 in order for an eligible business to
23 receive tax incentives. The board may grant a waiver from the
24 average county wage calculations in subsection 1 for the
25 remainder of the calendar year, based on average county or
26 regional wage calculations brought forth by the applicant
27 county including, but not limited to, any of the following:

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

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

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

35 d. A qualifying wage guideline for a specific project

1 based upon unusual economic circumstances present in the city
2 or county.

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

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

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

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

17 Sec. 48. Section 15.336, Code 2005, is amended to read as
18 follows:

19 15.336 OTHER INCENTIVES.

20 An eligible business may receive other applicable federal,
21 state, and local incentives and credits in addition to those
22 provided in this part. However, a business which participates
23 in the program under this part shall not receive any funds
24 from the community economic development account under the
25 community economic betterment program, tax credits, or
26 incentives under chapter 15E, division XVIII, or moneys from
27 the grow Iowa values fund.

28 Sec. 49. Section 15E.196, subsection 1, paragraph a, Code
29 2005, is amended to read as follows:

30 a. New jobs credit from withholding, as provided in
31 section ~~15.331~~ 15E.197.

32 Sec. 50. Section 15E.196, subsections 3 and 6, Code 2005,
33 are amended to read as follows:

34 3. Investment tax credit of up to ten percent, as provided
35 in section 15.333.

1 6. Insurance premium tax credit of up to ten percent, as
2 provided in section 15.333A.

3 Sec. 51. NEW SECTION. 15E.197 NEW JOBS CREDIT FROM
4 WITHHOLDING.

5 An eligible business may enter into an agreement with the
6 department of revenue and a community college for a
7 supplemental new jobs credit from withholding from jobs
8 created under the program. The agreement shall be for program
9 services for an additional job training project, as defined in
10 chapter 260E. The agreement shall provide for the following:

11 1. That the project shall be administered in the same
12 manner as a project under chapter 260E and that a supplemental
13 new jobs credit from withholding in an amount equal to one and
14 one-half percent of the gross wages paid by the eligible
15 business pursuant to section 422.16 is authorized to fund the
16 program services for the additional project.

17 2. That the supplemental new jobs credit from withholding
18 shall be collected, accounted for, and may be pledged by the
19 community college in the same manner as described in section
20 260E.5.

21 3. That the auditor of state shall perform an annual audit
22 regarding how the training funds are being used.

23 To provide funds for the payment of the costs of the
24 additional project, a community college may borrow money,
25 issue and sell certificates, and secure the payment of the
26 certificates in the same manner as described in section
27 260E.6, including but not limited to providing the assessment
28 of an annual levy as described in section 260E.6, subsection
29 4. The program and credit authorized by this section is in
30 addition to, and not in lieu of, the program and credit
31 authorized in chapter 260E.

32 4. For purposes of this section, "eligible business" means
33 a business which has been approved to receive incentives and
34 assistance by the department of economic development pursuant
35 to application as provided in section 15E.195.

1 Sec. 52. NEW SECTION. 15H.1 DEFINITIONS.

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

4 1. "Average county wage" means the annualized, average
5 hourly wage based on wage information compiled by the
6 department of workforce development.

7 2. "Benefits" means all of the following:

8 a. Medical and dental insurance plans.

9 b. Pension and profit sharing plans.

10 c. Child care services.

11 d. Overtime.

12 e. Life insurance coverage.

13 f. Other benefits identified by rule of the department.

14 3. "Department" means the department of revenue.

15 4. a. "Qualified new job" means a job that meets all of
16 the following:

17 (1) Is a new full-time job that has not existed in the
18 business within the previous twelve months in the state.

19 (2) Is filled by a new employee for at least twelve
20 months.

21 (3) Is filled by a resident of the state.

22 (4) Is not created as a result of a change in ownership.

23 b. "Qualified new job" does not include any of the
24 following:

25 (1) A job previously filled by the same employee in the
26 state.

27 (2) A job that was relocated from another location in the
28 state.

29 (3) A job that is created as a result of a consolidation,
30 merger, or restructuring of a business entity if the job does
31 not represent a new job in the state.

32 5. "Qualifying investment" means a capital investment in
33 real property including the purchase price of land and
34 existing buildings, site preparation, building construction,
35 and long-term lease costs. "Qualifying investment" also means

1 a capital investment in depreciable assets.

2 6. "Retained qualified new job" means the continued
3 employment for another twelve months of the same employee in a
4 qualified new job.

5 Sec. 53. NEW SECTION. 15H.2 WAGE-BENEFITS TAX CREDIT.

6 1. a. Any nonretail, nonservice business may claim a tax
7 credit equal to a percentage of the annual wages and benefits
8 paid for a qualified new job created by the location or
9 expansion of the business in the state. The tax credit shall
10 be allowed against taxes imposed under chapter 422, division
11 II, III, or V, and chapter 432 and against the moneys and
12 credits tax imposed in section 533.24. The percentage shall
13 be equal to the amount provided in subsection 2.

14 Any credit in excess of the tax liability shall be
15 refunded. In lieu of claiming a refund, a taxpayer may elect
16 to have the overpayment shown on the taxpayer's final,
17 completed return credited to the tax liability for the
18 following taxable year.

19 b. If the business is a partnership, S corporation,
20 limited liability company, or estate or trust electing to have
21 the income taxed directly to the individual, an individual may
22 claim the tax credit allowed. The amount claimed by the
23 individual shall be based upon the pro rata share of the
24 individual's earnings of the partnership, S corporation,
25 limited liability company, or estate or trust.

26 2. The percentage of the annual wages and benefits paid
27 for a qualified new job is determined as follows:

28 a. If the annual wage and benefits for the qualified new
29 job equals less than one hundred thirty percent of the average
30 county wage, zero percent.

31 b. If the annual wage and benefits for the qualified new
32 job equals at least one hundred thirty percent but less than
33 one hundred sixty percent of the average county wage, five
34 percent.

35 c. If the annual wage and benefits for the qualified new

1 job equals at least one hundred sixty percent of the average
2 county wage, ten percent.

3 3. A qualified new job is entitled to the tax credit upon
4 the end of the twelfth month of the job having been filled.
5 Once a qualified new job is approved for a tax credit, tax
6 credits for the next four subsequent tax years may be approved
7 if the job continues to be filled and application is made as
8 provided in section 15H.3. The percentage determined under
9 subsection 2 for the first tax year shall continue to apply to
10 subsequent tax credits as the credits relate to that qualified
11 new job.

12 Sec. 54. NEW SECTION. 15H.3 TAX CREDIT CERTIFICATION --
13 CREDIT LIMITATION.

14 1. In order for a wage-benefit tax credit to be claimed,
15 the business shall submit an application to the department
16 along with information on the qualified new job or retained
17 qualified new job and any other information required.
18 Applications for approval of the tax credit shall be on forms
19 approved by the department. Within forty-five days of receipt
20 of the application, the department shall either approve or
21 disapprove the application. After the forty-five-day limit,
22 the application is deemed approved.

23 2. Upon approval of the tax credit and subject to
24 subsection 4, a tax credit certificate shall be issued by the
25 department. A tax credit certificate shall identify the
26 business claiming the tax credit under this chapter and the
27 wage and benefit costs incurred during the previous twelve
28 months.

29 3. The tax credit certificate shall contain the taxpayer's
30 name, address, tax identification number, the date of the
31 qualified new job, the amount of credit, and other information
32 required by the department.

33 4. The total amount of tax credit certificates that may be
34 issued for a fiscal year under this chapter shall not exceed
35 ten million dollars. The department shall establish by rule

1 the procedures for the application, review, selection,
2 awarding of certificates, and the method to be used to
3 determine for which fiscal year the tax credits are available.
4 If the approved tax credits exceed the maximum amount for a
5 fiscal year, tax credit certificates shall be issued on a pro
6 rata basis.

7 5. a. A nonretail, nonservice business that has created a
8 qualified new job and made the qualifying investment for which
9 a tax credit certificate under this chapter is issued is
10 eligible to receive a tax credit certificate for each of the
11 four subsequent tax years without making additional qualifying
12 investments if the business retains the qualified new job
13 during each of the twelve months ending in each of the tax
14 years by applying for the credit under this section.
15 Preference in issuing these tax credit certificates shall be
16 given businesses applying for the credit for retained
17 qualified new jobs.

18 b. A nonretail, nonservice business that created a
19 qualified new job and made the qualifying investments but
20 failed to receive all or part of the tax credit because of the
21 limitation in subsection 4 is eligible to reapply for the tax
22 credit for the retained qualified new job.

23 6. a. A business whose application has been disapproved
24 by the department may appeal the decision to the department of
25 economic development within thirty days of notice of
26 disapproval. If the department of economic development
27 subsequently approves the application, the business shall
28 receive the tax credit certificates subject to the
29 availability of the amount of credits that may be issued as
30 provided in subsection 4.

31 b. A nonretail, nonservice business may apply to the
32 department of economic development for a waiver of any
33 provision of this chapter as it relates to the requirements
34 for qualifying for the wage-benefits tax credit. The
35 department of economic development shall establish by rule the

1 conditions under which a waiver of such requirements will be
2 granted. A waiver from average county wage calculations shall
3 be applied for and considered by the department according to
4 the procedures provided in section 15.335A.

5 Sec. 55. NEW SECTION. 15H.4 MONITORING OF JOB CREATION.

6 The department shall develop definitions for the terms "job
7 creation" and "job retention" to measure and identify the
8 number of permanent, full-time positions which businesses
9 actually create and retain and which can be documented by
10 comparison of the payroll reports during the twenty-four-month
11 period before and after tax credits are earned.

12 Sec. 56. NEW SECTION. 15H.5 OTHER INCENTIVES.

13 A nonretail, nonservice business may receive other
14 applicable federal, state, and local incentives and tax
15 credits in addition to those provided in this chapter.
16 However, a business which has received a tax credit under this
17 chapter shall not receive any funds, incentives, tax credits
18 from the community development account of the community
19 development program, under chapter 15E, division XVIII, and
20 under the grow Iowa values fund, if created.

21 Sec. 57. NEW SECTION. 422.11L WAGE-BENEFITS TAX CREDIT.

22 The taxes imposed under this division, less the credits
23 allowed under sections 422.12 and 422.12B, shall be reduced by
24 a wage-benefits tax credit authorized pursuant to section
25 15H.2.

26 Sec. 58. Section 422.16A, Code 2005, is amended to read as
27 follows:

28 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
29 TRANSFER.

30 Upon the completion by a business of its repayment
31 obligation for a training project funded under chapter 260E,
32 including a job training project funded under section 15A.8 or
33 repaid in whole or in part by the supplemental new jobs credit
34 from withholding under section 15A.7 or section ~~15.331~~
35 15E.197, the sponsoring community college shall report to the

1 department of economic development the amount of withholding
2 paid by the business to the community college during the final
3 twelve months of withholding payments. The department of
4 economic development shall notify the department of revenue of
5 that amount. The department shall credit to the workforce
6 development fund account established in section 15.342A
7 twenty-five percent of that amount each quarter for a period
8 of ten years. If the amount of withholding from the business
9 or employer is insufficient, the department shall prorate the
10 quarterly amount credited to the workforce development fund
11 account. The maximum amount from all employers which shall be
12 transferred to the workforce development fund account in any
13 year is four million dollars.

14 Sec. 59. Section 422.33, Code 2005, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 17. The taxes imposed under this division
17 shall be reduced by a wage-benefits tax credit authorized
18 pursuant to section 15H.2.

19 Sec. 60. Section 422.60, Code 2005, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 9. The taxes imposed under this division
22 shall be reduced by a wage-benefits tax credit authorized
23 pursuant to section 15H.2.

24 Sec. 61. Section 427B.17, subsection 5, unnumbered
25 paragraph 2, Code 2005, is amended to read as follows:

26 Any electric power generating plant which operated during
27 the preceding assessment year at a net capacity factor of more
28 than twenty percent, shall not receive the benefits of this
29 section or of ~~sections~~ section 15.332 ~~and 15.334~~. For
30 purposes of this section, "electric power generating plant"
31 means any nameplate rated electric power generating plant, in
32 which electric energy is produced from other forms of energy,
33 including all taxable land, buildings, and equipment used in
34 the production of such energy. "Net capacity factor" means
35 net actual generation divided by the product of net maximum

1 capacity times the number of hours the unit was in the active
2 state during the assessment year. Upon commissioning, a unit
3 is in the active state until it is decommissioned. "Net
4 actual generation" means net electrical megawatt hours
5 produced by the unit during the preceding assessment year.
6 "Net maximum capacity" means the capacity the unit can sustain
7 over a specified period when not restricted by ambient
8 conditions or equipment deratings, minus the losses associated
9 with station service or auxiliary loads.

10 Sec. 62. NEW SECTION. 432.12G WAGE-BENEFITS TAX CREDIT.

11 The taxes imposed under this chapter shall be reduced by a
12 wage-benefits tax credit authorized pursuant to section 15H.2.

13 Sec. 63. Section 533.24, Code 2005, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 6. The moneys and credits tax imposed
16 under this section shall be reduced by a wage-benefits tax
17 credit authorized pursuant to section 15H.2.

18 Sec. 64. Sections 15.331, 15.331B, 15.334, 15.334A,
19 15.337, and 15.381 through 15.387, Code 2005, are repealed.

20 Sec. 65. EFFECTIVE AND APPLICABILITY DATE. The provisions
21 of this division of this Act relating to Code chapter 15H,
22 being deemed of immediate importance, take effect upon
23 enactment and apply to qualified new jobs created on or after
24 the effective date of this division of this Act. This
25 division of this Act applies to tax years ending on or after
26 the effective date of this division of this Act.

27 DIVISION XI

28 RESEARCH AND DEVELOPMENT

29 TAX CREDIT

30 Sec. 66. Section 15.335, subsection 1, unnumbered
31 paragraph 1, Code 2005, is amended to read as follows:

32 An eligible business may claim a corporate tax credit for
33 increasing research activities in this state during the period
34 the eligible business is participating in the program. For
35 purposes of this section, "research activities" includes the

1 development and deployment of innovative renewable energy
2 generation components manufactured or assembled in this state.
3 For purposes of this section, "innovative renewable energy
4 generation components" does not include a component with more
5 than two hundred megawatts of installed effective nameplate
6 capacity. The tax credits for innovative renewable energy
7 generation components shall not exceed one million dollars.

8 DIVISION XII

9 ENDOW IOWA

10 Sec. 67. Section 15E.303, subsections 4 and 6, Code 2005,
11 are amended to read as follows:

12 4. "Endowment gift" means an irrevocable contribution to a
13 permanent endowment held by a an endow Iowa qualified
14 community foundation.

15 6. "~~Qualified~~ "Endow Iowa qualified community foundation"
16 means a community foundation organized or operating in this
17 state that ~~meets-or-exceeds~~ substantially complies with the
18 national standards established by the national council on
19 foundations as determined by the department in collaboration
20 with the Iowa council of foundations.

21 Sec. 68. Section 15E.304, subsection 2, paragraphs c and
22 d, Code 2005, are amended to read as follows:

23 c. Identify ~~a~~ an endow Iowa qualified community foundation
24 to hold all funds. ~~A~~ An endow Iowa qualified community
25 foundation shall not be required to meet this requirement.

26 d. Provide a plan to the board demonstrating the method
27 for distributing grant moneys received from the board to
28 organizations within the community or geographic area as
29 defined by the endow Iowa qualified community foundation or
30 the community affiliate organization.

31 Sec. 69. Section 15E.304, subsection 3, Code 2005, is
32 amended to read as follows:

33 3. Endow Iowa grants awarded to new and existing endow
34 Iowa qualified community foundations and to community
35 affiliate organizations shall not exceed twenty-five thousand

1 dollars per foundation or organization unless a foundation or
2 organization demonstrates a multiple county or regional
3 approach. Endow Iowa grants may be awarded on an annual basis
4 with not more than three grants going to one county in a
5 fiscal year.

6 Sec. 70. Section 15E.305, subsection 1, Code 2005, is
7 amended to read as follows:

8 1. For tax years beginning on or after January 1, 2003, a
9 tax credit shall be allowed against the taxes imposed in
10 chapter 422, divisions II, III, and V, and in chapter 432, and
11 against the moneys and credits tax imposed in section 533.24
12 equal to twenty percent of a taxpayer's endowment gift to ~~a~~ an
13 endow Iowa qualified community foundation. An individual may
14 claim a tax credit under this section of a partnership,
15 limited liability company, S corporation, estate, or trust
16 electing to have income taxed directly to the individual. The
17 amount claimed by the individual shall be based upon the pro
18 rata share of the individual's earnings from the partnership,
19 limited liability company, S corporation, estate, or trust. A
20 tax credit shall be allowed only for an endowment gift made to
21 ~~a~~ an endow Iowa qualified community foundation for a permanent
22 endowment fund established to benefit a charitable cause in
23 this state. Any tax credit in excess of the taxpayer's tax
24 liability for the tax year may be credited to the tax
25 liability for the following five years or until depleted,
26 whichever occurs first. A tax credit shall not be carried
27 back to a tax year prior to the tax year in which the taxpayer
28 claims the tax credit.

29 Sec. 71. Section 15E.305, subsection 2, Code 2005, is
30 amended by adding the following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. Ten percent of the aggregate
32 amount of tax credits authorized in a calendar year shall be
33 reserved for those endowment gifts in amounts of thirty
34 thousand dollars or less. If by September 1 of a calendar
35 year the entire ten percent of the reserved tax credits is not

1 distributed, the remaining tax credits shall be available to
2 any other eligible applicants.

3 Sec. 72. Section 15E.305, subsection 4, Code 2005, is
4 amended to read as follows:

5 4. A tax credit shall not be authorized pursuant to this
6 section after December 31, ~~2005~~ 2008.

7 Sec. 73. Section 15E.311, subsection 3, paragraphs a and
8 c, Code 2005, are amended to read as follows:

9 a. At the end of each fiscal year, moneys in the fund
10 shall be transferred into separate accounts within the fund
11 and designated for use by each county in which no licensee
12 authorized to conduct gambling games under chapter 99F was
13 located during that fiscal year. Moneys transferred to county
14 accounts shall be divided equally among the counties. Moneys
15 transferred into an account for a county shall be transferred
16 by the department to an eligible county recipient for that
17 county. Of the moneys transferred, an eligible county
18 recipient shall distribute seventy-five percent of the moneys
19 as grants to charitable organizations for ~~educational, civic,~~
20 ~~public, charitable, patriotic, or religious uses, as defined~~
21 ~~in section 99B.7, subsection 3, paragraph "b",~~ charitable
22 purposes in that county and shall retain twenty-five percent
23 of the moneys for use in establishing a permanent endowment
24 fund for the benefit of charitable organizations for
25 ~~educational, civic, public, charitable, patriotic, or~~
26 ~~religious uses, as defined in section 99B.7, subsection 3,~~
27 paragraph "b" charitable purposes.

28 ~~c. --For purposes of~~

29 3A. As used in this subsection section, an "eligible
30 unless the context otherwise requires:

31 a. "Charitable organization" means an organization that is
32 described in section 501(c)(3) of the Internal Revenue Code
33 that is exempt from taxation under section 501(a) of the
34 Internal Revenue Code or an organization that is established
35 for a charitable purpose.

1 b. "Charitable purpose" means a purpose described in
2 section 501(c)(3) of the Internal Revenue Code, or a
3 benevolent, educational, philanthropic, humane, scientific,
4 patriotic, social welfare or advocacy, public health,
5 environmental conservation, civic, or other eleemosynary
6 objective.

7 c. "Eligible county recipient" means a an endow Iowa
8 qualified community foundation or community affiliate
9 organization, as defined in section 15E.303, that is selected,
10 in accordance with the procedures described in section
11 15E.304, to receive moneys from an account created in this
12 section for a particular county. To be selected as an
13 eligible county recipient, a community affiliate organization
14 shall establish a county affiliate fund to receive moneys as
15 provided by this section.

16 Sec. 74. Section 15E.311, Code 2005, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 5. Three percent of the moneys deposited
19 in the county endowment fund shall be used by the lead
20 philanthropic organization identified by the department
21 pursuant to section 15E.304 for purposes of administering and
22 marketing the county endowment fund.

23 Sec. 75. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
24 This division of this Act, being deemed of immediate
25 importance, takes effect upon enactment and applies
26 retroactively to January 1, 2005.

27 DIVISION XIII

28 E-85 BLENDED GASOLINE

29 Sec. 76. NEW SECTION. 15.401 E-85 BLENDED GASOLINE.

30 The department shall provide a cost-share program for
31 financial incentives for the installation or conversion of
32 infrastructure used by service stations to sell and dispense
33 E-85 blended gasoline and for the installation or conversion
34 of infrastructure required to establish on-site and off-site
35 terminal facilities that store biodiesel for distribution to

1 service stations. The department shall provide for an
2 addition of at least thirty new or converted E-85 retail
3 outlets and four new or converted on-site or off-site terminal
4 facilities with a maximum expenditure of three hundred twenty-
5 five thousand dollars per year for the fiscal period beginning
6 July 1, 2005, and ending June 30, 2008. The department may
7 provide for the marketing of these products in conjunction
8 with this infrastructure program.

9

EXPLANATION

10 This bill relates to economic development activities.

11 DIVISION I -- This division of the bill creates the grow
12 Iowa values fund.

13 The division creates the grow Iowa values fund under the
14 control of the department of economic development and
15 consisting of moneys appropriated to the fund.

16 The division allows a community to apply to the economic
17 development board for financial assistance awarded by the
18 department from moneys in the grow Iowa values fund. The
19 division provides that, in order to receive financial
20 assistance from the department from moneys appropriated from
21 the grow Iowa values fund, the average annual wage, including
22 benefits, of new jobs created must be equal to or greater than
23 130 percent of the average county wage. An applicant may
24 apply for a waiver of the wage requirements.

25 DIVISION II -- This division of the bill amends the Iowa
26 economic development board provisions. The bill also provides
27 areas of expertise that must be represented on the board by at
28 least one member each. The bill requires, as part of the
29 organizational structure of the department, that the board
30 establish a due diligence committee and a loan and credit
31 guarantee committee composed of members of the board. The
32 bill provides composition requirements for a transitional
33 period for the board beginning July 1, 2005, and ending June
34 30, 2006. The bill provides annual reporting requirements for
35 the board relating to expenditures under the grow Iowa values

1 fund.

2 DIVISION III -- This division of the bill requires the
3 department of economic development to coordinate all
4 regulatory assistance for the state of Iowa. Each state
5 agency administering regulatory programs for business shall
6 maintain a coordinator within the agency. The division
7 provides that the department of economic development shall, in
8 consultation with the coordinators, examine, and to the extent
9 permissible, assist in the implementation of methods,
10 including the possible establishment of an electronic
11 database, to streamline the process for issuing permits to
12 business. The division was previously enacted in 2003 and
13 then was stricken pursuant to *Rants v. Vilsack*, 684 N.W.2d
14 193.

15 DIVISION IV -- This division of the bill relates to Iowa
16 business resource centers, business accelerators, and economic
17 development regions, and provides for a tax credit.

18 The bill requires the department of economic development to
19 establish an Iowa business resource center program for
20 purposes of locating Iowa business resource centers in the
21 state. The bill provides that the department shall partner
22 with another entity wanting to assist with economic growth to
23 establish a center. The bill provides that operational duties
24 for a center shall be determined pursuant to a memorandum of
25 agreement.

26 The division provides for the creation of economic
27 development regions. A regional development plan must be
28 approved by the department of economic development before the
29 region may receive moneys from the grow Iowa values fund.
30 Such regions may create economic development region revolving
31 funds.

32 The division provides that a nongovernmental entity making
33 a contribution to an economic development region revolving
34 fund may claim a tax credit equal to 20 percent of the amount
35 contributed to the revolving fund. The tax credit is allowed

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

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

1 assistance to economic development regions to a total of \$1
2 million each fiscal year for the fiscal period beginning July
3 1, 2005, and ending June 30, 2015, and provides that such
4 assistance shall not be provided to assist in the
5 establishment, operation, or installation of certain projects,
6 initiatives, or activities.

7 The division allows an economic development region to apply
8 to the department for approval to be designated as an economic
9 enterprise area based on criteria as determined by the
10 department. An economic enterprise area must consist of at
11 least one county containing no city with a population of more
12 than 23,500 meeting other certain distress criteria. The
13 division limits the number of economic enterprise areas to 10
14 regions. The division provides that an approved economic
15 enterprise area may apply for financial assistance from the
16 grow Iowa values fund of up to \$75,000 each fiscal year over a
17 10-year period for certain economic development-related
18 purposes for the area.

19 The bill requires the department of economic development to
20 establish and administer a business accelerator program to
21 provide financial assistance for the establishment and
22 operation of a business accelerator for technology-based,
23 value-added agricultural, information solutions, or advanced
24 manufacturing start-up businesses or for a satellite of an
25 existing business accelerator. The bill provides certain
26 criteria that a business accelerator must meet in order to
27 receive financial assistance and other criteria that the
28 department may consider in determining financial assistance
29 awards.

30 The division requires small business development centers to
31 design a plan which relates to business succession issues for
32 small business owners.

33 DIVISION V -- This division of the bill relates to the
34 establishment of cultural and entertainment districts. The
35 cultural and entertainment district legislation was previously

1 enacted in 2003 and then stricken pursuant to Rants v.
2 Vilsack, 684 N.W.2d 193. The division allows a city or county
3 to create and designate a district subject to certification by
4 the department of cultural affairs, in consultation with the
5 department of economic development. The division provides
6 that a district is encouraged to include a unique form of
7 transportation within the district.

8 The division provides that district certification is for a
9 period of 10 years and allows for the certification of areas
10 that extend across boundaries of cities and counties. The
11 division provides that the department of cultural affairs
12 shall encourage development projects and activities located in
13 certified cultural and entertainment districts through
14 incentives under cultural grant programs and any other grant
15 programs.

16 DIVISION VI -- This division of the bill relates to
17 rehabilitation project tax credits. The division changes the
18 name of the tax credit to historic preservation and cultural
19 and entertainment district tax credits. The bill provides
20 that, each fiscal year, the department of cultural affairs
21 shall allocate at least \$400,000 of the tax credits for
22 rehabilitation projects which have a total cost of under
23 \$200,000 each. The division provides that, for the fiscal
24 period beginning July 1, 2005, and ending June 30, 2015, an
25 additional \$4 million of the rehabilitation tax credits may be
26 approved each fiscal year for purposes of projects located in
27 certified cultural and entertainment districts. The division
28 allows tax credits approved for projects located in cultural
29 and entertainment districts to be used for projects which
30 include new construction or new infrastructure projects.

31 DIVISION VII -- This division of the bill repeals and
32 strikes current Code chapter 262B and replaces it with
33 provisions relating to commercialization of research.

34 The division requires the department of economic
35 development to ensure that businesses in the state are well

1 informed about the technology patents, licenses, and options
2 available to them from colleges and universities in the state
3 and to ensure the department's business development and
4 marketing efforts are conducted in a way that maximizes the
5 advantage to the state of research and technology
6 commercialization efforts at colleges and universities in the
7 state. The division requires the department to establish a
8 technology commercialization specialist position to be
9 responsible for certain responsibilities related to maximizing
10 research and technology commercialization efforts at colleges
11 and universities in the state.

12 The division requires the governor to appoint a chief
13 technology officer for the state to serve a four-year term.
14 The chief technology officer shall coordinate the activities
15 of the technology commercialization specialist and shall serve
16 as a spokesperson for the department of economic development
17 for purposes of promoting to private sector businesses the
18 technology commercialization efforts of the department and the
19 research and technology capabilities of institutions of higher
20 learning in the state.

21 The bill requires that the state board of regents, as part
22 of its mission and strategic plan, establish mechanisms for
23 the purpose of carrying out commercialization activities. The
24 bill requires the board to work with the department of
25 economic development, other state agencies, and the private
26 sector to facilitate the commercialization of research. The
27 board, in cooperation with the department of economic
28 development, is required to implement various
29 commercialization-related activities.

30 The bill requires the state board of regents to conduct a
31 study to determine the feasibility of establishing a graduate
32 school in western Iowa in cooperation with other public or
33 private institutions of higher learning. The bill requires
34 the board to conduct a study relating to cost-effective
35 methods of recognizing the efforts of faculty to achieve

1 commercialization.

2 DIVISION VIII -- This division of the bill relates to
3 workforce training and economic development funds.

4 The bill provides that projects funded by moneys provided
5 by a local workforce training and economic development fund of
6 a community college and which meet the requirements of Code
7 chapter 260F are not subject to certain maximum advance or
8 award limitations contained in Code chapter 260F. The bill
9 provides that moneys in a local workforce training and
10 economic development fund may also be used for training and
11 retraining programs for targeted industries. The bill strikes
12 the June 30, 2010, repeal of the workforce training and
13 economic development funds.

14 DIVISION IX -- This division of the bill relates to the
15 loan and credit guarantee program.

16 The bill provides that the department of economic
17 development may invest up to 10 percent of the assets of the
18 loan and credit guarantee fund, or \$500,000, whichever is
19 greater, to provide loan and credit guarantees or other forms
20 of credit guarantees for eligible project costs to
21 microenterprises located in a municipality with a population
22 under 50,000 that is not contiguous to a municipality with a
23 population of 50,000 or more. The bill defines a
24 microenterprise as a business providing services with five or
25 fewer full-time equivalent employee positions.

26 DIVISION X -- This division of the bill establishes a high
27 quality job creation program and enacts a new Code chapter 15H
28 that provides wage-benefits tax credits.

29 The division eliminates the new jobs and income program and
30 the new capital investment program and creates a high quality
31 job creation program to be administered by the department of
32 economic development. Under the program, an eligible business
33 is not a retail business, has not closed or substantially
34 reduced its operation in one area of the state and relocated
35 substantially the same operation, and, if the qualifying

1 investment is \$10 million or more, the community has approved
2 the start-up, location, or expansion of the business. The
3 division provides that an eligible business must also meet
4 four of eight other possible criteria in order to receive
5 assistance and provides other factors for the department to
6 consider in determining eligibility. The division allows the
7 department to waive any eligibility requirement of the program
8 for good cause shown. The division allows an applicant to
9 submit an application at any time within one year from the
10 time the job for which benefits are sought commences.

11 The division requires a business to enter into an agreement
12 with the department specifying the requirements that must be
13 met to confirm eligibility pursuant to the program.

14 The division includes the sales and use tax refund under
15 the new jobs and income program for the program except that
16 the division eliminates the term "supporting businesses".

17 The division includes the corporate tax credit for certain
18 sales taxes paid by third-party developers under the new jobs
19 and income program for the program except that the division
20 eliminates the terms "supporting business" and "economic
21 development areas".

22 The division includes the investment tax credit and the
23 insurance premium tax credit under the new capital investment
24 program for the program. The division changes the amount of
25 the tax credits to be an amount provided under new Code
26 section 15.335A, which relates to tax incentives under the
27 program and provides that the tax credit shall be amortized
28 equally over a five-year period.

29 The division creates a system of tax incentives under the
30 program that are based on the number of new high quality jobs
31 created, the amount of qualifying investments made, and the
32 annual wage, including benefits, as compared to the average
33 county wage. The types of tax incentives include investment
34 tax credits, research and development tax credits, property
35 tax exemptions, and sales tax refunds. The type and amount of

1 generation components manufactured or assembled in this state.
2 The division provides that "innovative renewable energy
3 generation components" does not include a component with more
4 than 200 megawatts of installed effective nameplate capacity.
5 The division limits the tax credits for such components to \$1
6 million.

7 DIVISION XII -- This division of the bill relates to the
8 endow Iowa program and the county endowment funds and makes
9 appropriations.

10 The division changes the term "qualified community
11 foundation" to "endow Iowa qualified community foundation".
12 The division changes the definition of endow Iowa qualified
13 community foundation to provide that such a foundation must
14 substantially comply with national standards established by
15 the national council on foundations as determined by the
16 department of economic development in collaboration with the
17 Iowa council of foundations. The division provides that 10
18 percent of the aggregate amount of tax credits authorized in a
19 calendar year shall be reserved for those endowment gifts in
20 amounts of \$30,000 or less. If by September 1 of a calendar
21 year the entire 10 percent of the reserved tax credits is not
22 distributed, the remaining tax credits shall be available to
23 any other eligible applicants. The division provides that a
24 tax credit shall not be authorized after December 31, 2008.

25 The division provides that 75 percent of the moneys in the
26 county endowment fund shall be distributed to charitable
27 organizations for charitable purposes and 25 percent of the
28 moneys shall be retained for use in establishing a permanent
29 endowment fund for the benefit of charitable organizations for
30 charitable purposes. The division defines "charitable
31 purpose" as a purpose described in section 501(c)(3) of the
32 Internal Revenue Code, or a benevolent, educational,
33 philanthropic, humane, scientific, patriotic, social welfare
34 or advocacy, public health, environmental conservation, civic,
35 or other eleemosynary objective. The division provides that 3

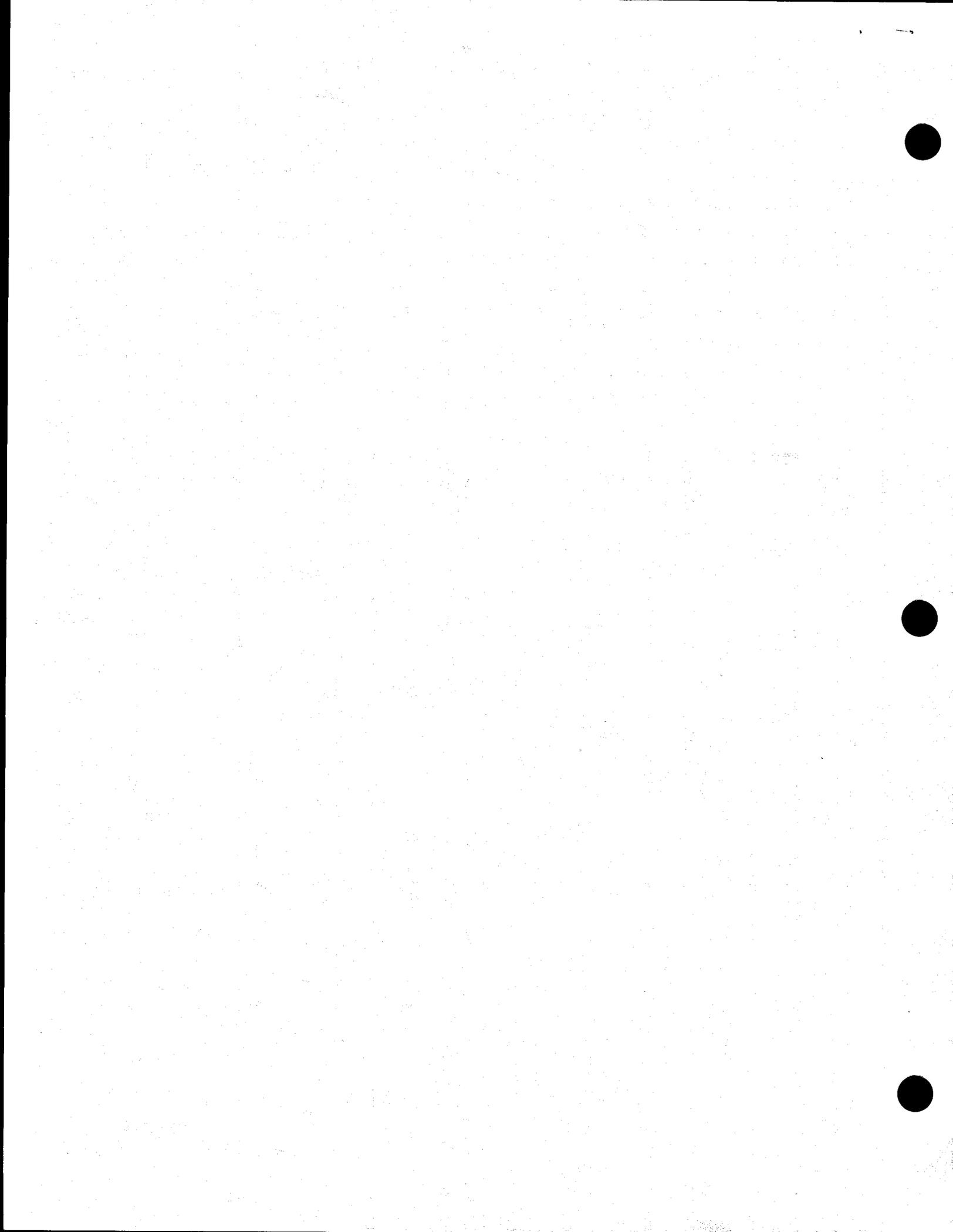
1 percent of the moneys deposited in the county endowment fund
2 shall be used for purposes of administering and marketing the
3 county endowment fund.

4 The division takes effect upon enactment and applies
5 retroactively to January 1, 2005.

6 DIVISION XIII -- This division of the bill relates to E-85
7 blended gasoline.

8 The division requires the department of economic
9 development to provide a cost-share program for financial
10 incentives for the installation or conversion of
11 infrastructure used by service stations to sell and dispense
12 E-85 blended gasoline and for the installation or conversion
13 of infrastructure required to establish on-site and off-site
14 terminal facilities that store biodiesel for distribution to
15 service stations.

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HOUSE FILE 868

H-1442

1 Amend House File 868 as follows:

2 1. Page 52, by inserting after line 20 the
3 following:

4 "Sec. ____ . Section 422.7, Code 2005, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 44. Subtract, to the extent not
7 otherwise excluded, the first twenty-five thousand
8 dollars of the gain from the sale of a unique work of
9 art, provided the artist, as defined by the department
10 of cultural affairs, lives and works in a cultural and
11 entertainment district certified pursuant to section
12 303.3B."

13 2. Page 54, by striking line 20 and inserting the
14 following:

15 "Sec. ____ . EFFECTIVE AND APPLICABILITY DATES.

16 1. The provisions".

17 3. Page 54, by inserting after line 26 the
18 following:

19 "2. The provision of this division of this Act
20 amending section 422.7 and allowing an exclusion from
21 income regarding a unique work of art applies
22 retroactively to January 1, 2005, for tax years
23 beginning on or after that date."

24 4. Title page, line 2, by inserting after the
25 word "credits" the following: "and exclusions".

26 5. By renumbering as necessary.

By MILLER of Webster
REICHERT of Muscatine

H-1442 FILED APRIL 20, 2005

HOUSE FILE 868

H-1451

1 Amend House File 868 as follows:

2 1. Page 59, by inserting after line 8 the
3 following:

4 "DIVISION XIV
5 MINIMUM WAGE

6 Sec. ____ . Section 91D.1, subsection 1, paragraphs
7 a and d, Code 2005, are amended to read as follows:

8 a. The hourly wage stated in the federal minimum
9 wage law, pursuant to 29 U.S.C. § 206, shall be
10 increased to ~~-\$3.85~~ \$5.90 on January 1 ~~of 1990, 2006,~~
11 ~~-\$4.25 on January 1 of 1991,~~ and ~~-\$4.65~~ \$6.65 on
12 January 1 ~~of 1992,~~ 2007.

13 d. An employer is not required to pay an employee
14 the applicable minimum wage provided in paragraph "a"
15 until the employee has completed ninety calendar days
16 of employment with the employer. An employee who has
17 completed ninety calendar days of employment with the
18 employer prior to January 1 ~~of 1990, 1991, 2006,~~ or
19 ~~1992~~ January 1, 2007, shall earn the applicable hourly
20 minimum wage. An employer shall pay an employee who
21 has not completed ninety calendar days of employment
22 with the employer an hourly wage of at least ~~-\$3.35~~
23 \$5.40 as of January 1 ~~of 1990, 2006,~~ ~~-\$3.85 as of~~
24 ~~January 1 of 1991,~~ and ~~-\$4.25~~ \$6.15 as of January 1 ~~of~~
25 ~~1992,~~ 2007."

26 2. By renumbering as necessary.

- | | |
|--------------------------|----------------------------|
| By HUNTER of Polk | MASCHER of Johnson |
| BERRY of Black Hawk | MCCARTHY of Polk |
| BUKTA of Clinton | R. OLSON of Polk |
| FALLON of Polk | PETTENGILL of Benton |
| FOEGE of Linn | REASONER of Union |
| FREVERT of Palo Alto | SHOULTZ of Black Hawk |
| GASKILL of Wapello | D. TAYLOR of Linn |
| HEDDENS of Story | T. TAYLOR of Linn |
| JACOBY of Johnson | WENDT of Woodbury |
| JOCHUM of Dubuque | WESSEL-KROESCHELL of Story |
| KRESSIG of Black Hawk | WHITAKER of Van Buren |
| KUHN of Floyd | WHITEAD of Woodbury |
| LENSING of Johnson | WINCKLER of Scott |

H-1451 FILED APRIL 20, 2005

H-1475

1 Amend House File 868 as follows:

2 1. Page 18, line 7, by inserting after the word
3 "transferred." the following: "Any tax credit
4 certificate issued by the state historic preservation
5 office to a taxpayer prior to July 1, 2005, but not
6 transferred to another person or entity, may be
7 reissued with an earlier maturity date if additional
8 tax credits become available."

9 2. Page 18, line 25, by striking the word "two"
10 and inserting the following: "two twenty".

11 3. By striking page 18, line 26, through page 19,
12 line 9, and inserting the following: "million four
13 hundred thousand dollars. For the fiscal years
14 beginning July 1, 2005, and July 1, 2006, an
15 additional five hundred thousand dollars of tax
16 credits may be approved each fiscal year for purposes
17 of projects located in cultural and entertainment
18 districts certified pursuant to section 303.3B. Any
19 of the additional tax credits allocated for projects
20 located in certified cultural and entertainment
21 districts that are not approved during a fiscal year
22 may be carried over to the succeeding fiscal year.
23 For each fiscal year, at least ten percent of the
24 maximum amount of credits that may be approved shall
25 be dedicated for awards to projects with qualified
26 rehabilitation costs equal to five hundred thousand
27 dollars or less. For each fiscal year, at least
28 twenty-five percent of the maximum amount of credits
29 that may be approved shall be dedicated for awards to
30 projects located in a cultural and entertainment
31 district certified pursuant to section 303.3B. Any of
32 the additional tax credits allocated for projects
33 located in certified cultural and entertainment
34 districts that are not approved during a fiscal year
35 may be carried over to the succeeding fiscal year.
36 Notwithstanding section 404A.1, the tax credits
37 approved for projects located in certified cultural
38 and entertainment districts may be for projects which
39 include new construction or new infrastructure
40 projects that enhance the historic and cultural
41 integrity of the certified cultural and entertainment
42 district. The department of".

By SCHUELLER of Jackson
BELL of Jasper
BERRY of Black Hawk
BUKTA of Clinton
COHOON of Des Moines
FALLON of Polk
FORD of Polk
GASKILL of Wapello
HEDDENS of Story
JACOBY of Johnson
JOCHUM of Dubuque
KRESSIG of Black Hawk
LENSING of Johnson
LYKAM of Scott
MASCHER of Johnson
MERTZ of Kossuth

MILLER of Webster
MURPHY of Dubuque
OLDSON of Polk
PETERSEN of Polk
PETTENGILL of Benton
REICHERT of Muscatine
SHOMSHOR of Pottawattamie
SMITH of Marshall
T. TAYLOR of Linn
WENDT of Woodbury
WESSEL-KROESCHELL of Story
WHITAKER of Van Buren
WHITEAD of Woodbury
WINCKLER of Scott
WISE of Lee
ZIRKELBACH of Jones

H-1475 FILED APRIL 21, 2005

HOUSE FILE 868

H-1472

1 Amend House File 868 as follows:

2 1. Page 5, line 4, by striking the word

3 "subsection" and inserting the following:

4 "subsections".

5 2. Page 5, by inserting after line 22 the

6 following:

7 "NEW SUBSECTION. 10. By January 15 of each year,
8 submit a report to the general assembly and the
9 governor identifying the number of minority-owned
10 businesses that received financial assistance from
11 moneys appropriated from the grow Iowa values fund
12 during the previous calendar year. The report shall
13 provide an analysis as to the reasons why more
14 minority-owned businesses have not applied for
15 assistance and include recommendations regarding how
16 to encourage the creation of more minority-owned
17 businesses."

By FORD of Polk

H-1472 FILED APRIL 21, 2005

HOUSE FILE 868

H-1478

1 Amend House File 868 as follows:

2 1. Page 2, by inserting after line 10 the
3 following:

4 "Sec. ____ . NEW SECTION. 16B.1 DISCLOSURE OF
5 PROPERTY TAX REDUCTIONS AND ABATEMENTS.

6 On or before January 1, 2006, the department of
7 revenue shall prescribe a standardized disclosure form
8 for use by all property-taxing entities. The form
9 shall require the inclusion of, but not be limited to,
10 the following data:

11 1. The name of the property owner.

12 2. The address and description of the property.

13 3. The date upon which any individual property tax
14 reduction or abatement first took effect.

15 4. The date upon which any individual property tax
16 reduction or abatement is scheduled to expire.

17 5. The aggregate foregone revenue of the entity
18 for the calendar year as a result of each property tax
19 reduction or abatement, including the impact on other
20 properties as a result of tax increment financing.

21 6. Effective January 1, 2007, and each subsequent
22 year, every property-taxing entity in this state shall
23 use the standardized form to report to the department
24 of revenue all property tax reductions or abatements
25 which were in effect during the previous fiscal year.

26 7. The department of revenue shall, by January 1,
27 2008, and for each subsequent year, compile and
28 publish all data from the disclosure forms in both
29 written and electronic form."

30 2. Page 5, by striking lines 7 through 22 and
31 inserting the following: "delineates development
32 assistance. Development assistance includes any form
33 of public assistance, including tax expenditures, made
34 for the purpose of stimulating the economic
35 development of a given corporation, industry,
36 geographic jurisdiction, or other subset of the
37 state's economy, including but not limited to
38 assistance in the form of industrial development
39 bonds, loans, loan guarantees, revolving loan funds,
40 bond bank programs, enterprise zone incentives and
41 assistance, tax increment financing, property tax
42 exemptions or abatements, tax credits and tax
43 discounts of every kind, including corporate income
44 tax, personal income tax, excise tax, insurance
45 premium tax, sales and use tax, job creation credits,
46 exemptions, and deductions, industrial investment
47 credits, exemptions, and deductions, and research and
48 development tax credits, exemptions, and deductions.

49 The department shall provide in the report the
50 following information for development assistance

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- 1 projects funded during the previous fiscal year:
- 2 a. The name, street, mailing address, and
3 telephone number of the chief officer of the recipient
4 entity at the specific project site for which the
5 development assistance was approved.
- 6 b. The kind of state development assistance and
7 value of assistance that was approved.
- 8 c. The kind and value, if any, of local government
9 development assistance expended and promised as of the
10 time of reporting.
- 11 d. The kind and amount of private moneys expended,
12 if any.
- 13 e. The number of new jobs the recipient stated in
14 its application would be created through the
15 development assistance, broken down by full-time,
16 part-time, and temporary employment.
- 17 f. The number of new jobs the recipient created as
18 of the time of reporting, broken down by full-time,
19 part-time, and temporary employment.
- 20 g. The hourly wage paid as of the reporting year
21 to employees filling the new jobs at the project site
22 and specified by the following wage groupings:
- 23 (1) At least six dollars and fifty cents an hour,
24 but less than eleven dollars an hour.
- 25 (2) At least eleven dollars an hour, but less than
26 sixteen dollars an hour.
- 27 (3) At least sixteen dollars an hour, but less
28 than twenty-one dollars an hour.
- 29 (4) At least twenty-one dollars an hour, but less
30 than twenty-six dollars an hour.
- 31 (5) At least twenty-six dollars an hour, but less
32 than thirty-one dollars an hour.
- 33 (6) At least thirty-one dollars an hour, but less
34 than forty dollars an hour.
- 35 (7) At least forty dollars an hour, but less than
36 fifty dollars an hour.
- 37 (8) At least fifty dollars an hour.
- 38 h. The nature of employer-paid health care
39 coverage provided within ninety days of hiring to the
40 employees filling the new jobs, including any costs
41 incurred by new employees.
- 42 i. A statement describing how the recipient's use
43 of the development assistance during the reporting
44 year reduced employment at another site controlled by
45 the recipient or any corporate parent of the
46 recipient, including but not limited to events such as
47 automation, consolidation, merger, acquisition,
48 product line movement, business activity movement, or
49 restructuring by either the recipient or any corporate
50 parent of the recipient."

1 3. Page 29, by inserting after line 8 the
2 following:

3 "d. Provide and pay at least eighty percent of the
4 cost of a standard medical and dental insurance plan
5 for all full-time employees working at the facility in
6 which the qualifying investment occurred."

7 4. Page 29, by striking lines 29 through 32.

8 5. Page 48, line 6, by inserting after the word
9 "development" the following: "or twenty-eight
10 thousand five hundred dollars, whichever is greater".

11 6. Page 52, by inserting after line 20 the
12 following:

13 "Sec. ____ . NEW SECTION. 16B.2 DISCLOSURE OF
14 STATE TAX EXPENDITURES.

15 1. Effective July 1, 2006, and each succeeding
16 year, the department of revenue shall provide a
17 detailed tax expenditure budget disclosure report to
18 the general assembly, derived from state income tax
19 filings or other relevant state filings for the
20 previous calendar year. The disclosure report shall
21 include, but not be limited to, the following data:

22 a. The dollar amount of tax expenditures made by
23 the state, in the form of uncollected revenues, for
24 each individual tax credit provided by the state,
25 including credits for wages of certain qualified
26 employees, enterprise zone incentives or assistance,
27 tax increment financing, grants, matching funds, tax
28 abatements, and tax credits and tax discounts of every
29 kind, including corporate income, personal income,
30 excise, insurance premium, sales and use, job
31 creation, industrial investment, and research and
32 development tax credits and deductions.

33 b. For each of the tax expenditures in paragraph
34 "a", except as specified in paragraph "c", an
35 itemization of the name of each individual corporate
36 taxpayer which claimed the credit of any value equal
37 to or greater than five thousand dollars, and the
38 specific dollar amount credited to the corporation's
39 tax liability under that credit for that year.

40 c. Credits claimed by individual corporations of
41 less than five thousand dollars shall not be itemized
42 as required in paragraph "b". Instead, in reporting
43 credits for each tax expenditure, the department of
44 revenue shall aggregate all claims of less than five
45 thousand dollars and report them as a single
46 nonspecified group, with the number of claimants
47 stated.

48 2. All data produced by the department of revenue
49 and received by the general assembly in compliance
50 with this chapter shall be a public record subject to

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1 examination and copying under chapter 22,
2 notwithstanding sections 422.20, 422.72, and 423.42,
3 or any other provision of state law to the contrary
4 pertaining to confidentiality of information."
5 7. By renumbering as necessary.

By JOCHUM of Dubuque
WINCKLER of Scott

H-1478 FILED APRIL 25, 2005

HOUSE FILE 868

H-1480

1 Amend House File 868 as follows:
2 1. Page 59, by inserting after line 8 the
3 following:

4 "DIVISION XIV

5 HEALTH CARE INSURANCE EXPENDITURES

6 Sec. ____ . NEW SECTION. 84A.11 HEALTH CARE
7 INSURANCE EXPENDITURES ASSESSMENT.

8 1. By January 31 of each year, a for-profit
9 employer with more than fifteen thousand employees
10 shall file a report with the department of workforce
11 development identifying all of the following:

12 a. The total amount of wages paid to employees
13 during the previous calendar year.

14 b. The total amount of health care insurance
15 expenditures paid by the employer during the previous
16 calendar year for the benefit of employees. "Health
17 care insurance" includes insurance for medical care,
18 prescription drugs, vision care, dental care, and
19 other costs to provide health care insurance benefits.

20 2. At the same time the report required under
21 subsection 1 is filed with the department of workforce
22 development, if the amount reported for the previous
23 calendar year pursuant to subsection 1, paragraph "b",
24 is less than eight percent of the amount reported for
25 the previous calendar year pursuant to subsection 1,
26 paragraph "a", the employer shall be assessed an
27 amount equal to the difference of eight percent of the
28 amount reported for the previous calendar year
29 pursuant to subsection 1, paragraph "a", and the
30 amount reported for the previous calendar year
31 pursuant to subsection 1, paragraph "b". An
32 assessment under this section shall be remitted to the
33 department of workforce development for deposit in the
34 medical assistance fund of the department of human
35 services. An employer shall not deduct any assessment
36 paid pursuant to this subsection from wages paid to
37 employees.

38 3. An employer failing to meet a requirement of
39 this section may be assessed a civil penalty not to
40 exceed two hundred fifty thousand dollars for any
41 violation."

42 2. Title page, line 2, by inserting after the
43 word "assistance" the following: ", assessments,".

44 3. By renumbering as necessary.

By MASCHER of Johnson

H-1480 FILED APRIL 25, 2005

H-1486

1 Amend House File 868 as follows:

2 1. Page 59, by inserting after line 8 the
3 following:

4 "DIVISION XIV

5 IOWA GREAT PLACES

6 Sec. ____ . NEW SECTION. 303.3C IOWA GREAT PLACES
7 PROGRAM.

8 1. a. The department of cultural affairs shall
9 establish and administer an Iowa great places program
10 for purposes of combining resources of state
11 government in an effort to showcase the unique and
12 authentic qualities of communities, regions,
13 neighborhoods, and districts that make such places
14 exceptional places to work and live. The department
15 of cultural affairs shall provide administrative
16 assistance to the Iowa great places board. The
17 department of cultural affairs shall coordinate the
18 efforts of the Iowa great places board with the
19 efforts of state agencies participating in the program
20 which shall include, but not be limited to, the
21 department of economic development, the Iowa finance
22 authority, the department of human rights, the
23 department of natural resources, the department of
24 transportation, and the department of workforce
25 development.

26 b. The program shall combine resources from state
27 government to capitalize on all of the following
28 aspects of the chosen Iowa great places:

- 29 (1) Arts and culture.
- 30 (2) Historic fabric.
- 31 (3) Architecture.
- 32 (4) Natural environment.
- 33 (5) Housing options.
- 34 (6) Amenities.
- 35 (7) Entrepreneurial incentive for business
36 development.
- 37 (8) Diversity.

38 c. Initially, three Iowa great places projects
39 shall be identified by the Iowa great places board.
40 Two years after the third project is identified by the
41 board, the board may identify additional Iowa great
42 places for participation under the program.

43 2. a. The Iowa great places board is established
44 consisting of twelve members. The board shall be
45 located for administrative purposes within the
46 department of cultural affairs and the director shall
47 provide office space, staff assistance, and necessary
48 supplies and equipment for the board. The director
49 shall budget moneys to pay the compensation and
50 expenses of the board. In performing its functions,

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

4 b. The members of the board shall be appointed by
5 the governor, subject to confirmation by the senate.
6 At least four members shall be less than thirty years
7 old on the date the member is appointed by the
8 governor. The board shall include representatives of
9 cities and counties, local government officials,
10 cultural leaders, housing developers, business owners,
11 and parks officials.

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

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

25 e. A majority of the members of the board
26 constitutes a quorum.

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

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

36 3. The board shall do all of the following:

37 a. Organize.

38 b. Identify three Iowa great places for purposes
39 of receiving a package of resources under the program.

40 c. Identify a combination of state resources which
41 can be provided to Iowa great places."

42 2. By renumbering as necessary.

By REICHERT of Muscatine LENSING of Johnson
MILLER of Webster SCHUELLER of Jackson
BERRY of Black Hawk FORD of Polk
WINCKLER of Scott

H-1486 FILED APRIL 26, 2005

HOUSE FILE 868

1 Amend House File 868 as follows:

2 1. Title page, line 1, by inserting after the
3 word "workforce," the following: "renewable fuels,".

By FREVERT of Palo Alto

H-1508 FILED APRIL 26, 2005

HOUSE FILE 868

H-1526

1 Amend House File 868 as follows:

2 1. Page 5, line 4, by striking the word

3 "subsection" and inserting the following:

4 "subsections".

5 2. Page 5, by inserting after line 22 the

6 following:

7 "NEW SUBSECTION. 10. By January 15 of each year,
8 submit a report to the general assembly and the
9 governor identifying the number of woman-owned
10 businesses that received financial assistance from
11 moneys appropriated from the grow Iowa values fund
12 during the previous calendar year. The report shall
13 provide an analysis as to the reasons why more woman-
14 owned businesses have not applied for assistance and
15 include recommendations regarding how to encourage the
16 creation of more woman-owned businesses."

By FORD of Polk

H-1526 FILED APRIL 26, 2005

HOUSE FILE 868

H-1534

1 Amend House File 868 as follows:

2 1. Page 58, by striking line 28, and inserting
3 the following:

4 "RENEWABLE FUELS

5 Sec. _____. Section 8A.362, subsection 3, unnumbered
6 paragraph 2, Code 2005, is amended to read as follows:

7 A motor vehicle operated under this subsection
8 shall not operate on gasoline other than ethanol
9 blended gasoline blended with at least ten percent
10 ethanol as provided in section 214A.2, unless under
11 emergency circumstances. A state-issued credit card
12 used to purchase gasoline shall not be valid to
13 purchase gasoline other than ethanol blended gasoline
14 ~~blended with at least ten percent ethanol~~, if
15 commercially available. The motor vehicle shall also
16 be affixed with a brightly visible sticker which
17 notifies the traveling public that the motor vehicle
18 is being operated on ethanol blended gasoline ~~blended~~
19 ~~with ethanol~~. However, the sticker is not required to
20 be affixed to an unmarked vehicle used for purposes of
21 providing law enforcement or security.

22 Sec. _____. Section 8A.362, subsection 5, paragraph
23 a, subparagraphs (1) and (2), Code 2005, are amended
24 to read as follows:

25 (1) ~~A fuel blended with not more than fifteen~~
26 ~~percent E-85 gasoline and at least eighty-five percent~~
27 ~~ethanol~~ as provided in section 214A.2.

28 (2) ~~A fuel which is a mixture of diesel Biodiesel~~
29 ~~fuel and processed soybean oil. At least twenty~~
30 ~~percent of the mixed fuel by volume must be processed~~
31 ~~soybean oil as defined in section 159A.2."~~

32 2. Page 59, by inserting after line 8 the
33 following:

34 "Sec. _____. Section 159A.2, Code 2005, is amended
35 by adding the following new subsections:

36 NEW SUBSECTION. 0A. "Biodiesel fuel" means a
37 motor vehicle fuel which is a mixture of diesel fuel
38 and processed soybean oil, which meets the standards
39 for such motor vehicle fuel established in section
40 214A.2, if at least twenty percent of the mixed fuel
41 by volume is processed soybean oil.

42 NEW SUBSECTION. 3A. "Ethanol blended gasoline"
43 means motor vehicle fuel which is a mixture of
44 gasoline and denatured alcohol, which meets the
45 standards for such motor vehicle fuel established in
46 section 214A.2.

47 NEW SUBSECTION. 4A. "Motor vehicle fuel". means
48 the same as defined in section 214A.1.

49 Sec. _____. Section 159A.2, subsection 6, Code 2005,
50 is amended by striking the subsection and inserting in

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1 lieu thereof the following:

2 6. "Renewable fuel" means the same as defined in
3 section 214A.1.

4 Sec. _____. Section 159A.3, subsection 3, Code 2005,
5 is amended to read as follows:

6 3. a. A chief purpose of the office is to further
7 the production and consumption of ethanol ~~fuel~~ blended
8 gasoline in this state. The office shall be the
9 primary state agency charged with the responsibility
10 to promote public consumption of ethanol ~~fuel~~ blended
11 gasoline.

12 b. The office shall promote the production and
13 consumption of ~~soydiesel~~ biodiesel fuel in this state.

14 Sec. _____. Section 214A.1, Code 2005, is amended by
15 adding the following new subsections:

16 NEW SUBSECTION. 0A. "Advertise" means to present
17 a commercial message in any medium, including but not
18 limited to print, radio, television, sign, display,
19 label, tag, or articulation.

20 NEW SUBSECTION. 6A. "Renewable fuel" means an
21 energy source at least in part derived from biomass or
22 other nonfossil organic compound capable of powering
23 machinery, including but not limited to an engine or
24 power plant. A renewable fuel includes but is not
25 limited to ethanol blended gasoline or biodiesel fuel
26 meeting the standards of section 214A.2.

27 Sec. _____. Section 214A.2, subsection 1, Code 2005,
28 is amended to read as follows:

29 1. The secretary shall adopt rules pursuant to
30 chapter 17A for carrying out this chapter. The rules
31 may include, but are not limited to, specifications
32 relating to motor vehicle fuel ~~or~~, including but not
33 limited to renewable fuel which may contain oxygenate
34 octane enhancers. In the interest of uniformity, the
35 secretary shall adopt by reference or otherwise
36 specifications relating to tests and standards for
37 motor fuel or oxygenate octane enhancers, established
38 by A.S.T.M. (American society for testing and
39 materials) international, unless the secretary
40 determines those specifications are inconsistent with
41 this chapter or are not appropriate to the conditions
42 which exist in this state.

43 Sec. _____. Section 214A.2, subsection 3, Code 2005,
44 is amended by striking the subsection and inserting in
45 lieu thereof the following:

46 3. a. Gasoline blended with denatured alcohol
47 shall be known as ethanol blended gasoline if it meets
48 the standards for renewable fuel as provided in this
49 section. In addition, all of the following must
50 apply:

1 (1) Until July 1, 2015, at least ten percent of
2 the mixture of gasoline and denatured alcohol by
3 volume must be denatured alcohol.

4 (2) On and after July 1, 2015, at least twenty
5 percent of the mixture of gasoline and denatured
6 alcohol by volume must be denatured alcohol.

7 b. Ethanol blended gasoline shall be known as E-85
8 gasoline if it meets the standards for renewable fuel
9 as provided in this section. In addition, all of the
10 following must apply:

11 (1) From the first day of April until the last day
12 of October, at least eighty-five percent of the
13 mixture of gasoline and denatured alcohol by volume
14 must be denatured alcohol.

15 (2) From the first day of November until the last
16 day of March, at least seventy-five percent of the
17 mixture of gasoline and denatured alcohol by volume
18 must be denatured alcohol.

19 Sec. _____. Section 214A.2, Code 2005, is amended by
20 adding the following new subsection:

21 NEW SUBSECTION. 3A. Diesel fuel blended with
22 processed soybean oil shall be known as biodiesel fuel
23 if it meets the standards for renewable fuel as
24 provided in this section. In addition, all of the
25 following must apply:

26 (1) Until July 1, 2015, at least two percent of
27 the mixture of diesel fuel and processed soybean oil
28 by volume must be processed soybean oil.

29 (2) On and after July 1, 2015, at least twenty
30 percent of the mixture of diesel fuel and processed
31 soybean oil by volume must be processed soybean oil.

32 Sec. _____. Section 214A.3, Code 2005, is amended to
33 read as follows:

34 214A.3 FALSE REPRESENTATIONS ADVERTISING.

35 A person ~~for purposes of selling~~ shall not falsely
36 ~~represent~~ do any of the following:

37 1. Falsely advertise the quality or kind of any
38 motor vehicle fuel or oxygenate octane enhancer ~~or add~~
39 which is blended into the motor vehicle fuel.

40 2. Falsely advertise that a motor vehicle fuel is
41 a renewable fuel as provided in section 214A.2. The
42 dealer shall not advertise the sale of motor vehicle
43 fuel using the term "ethanol", "E-85", or "biodiesel",
44 or use any derivative, plural, or compound of any such
45 word unless the motor vehicle fuel meets the standards
46 as provided in section 214A.2.

47 3. Add coloring matter ~~thereto~~ to motor vehicle
48 fuel for the purpose of misleading the public as to
49 its quality.

50 Sec. _____. Section 214A.19, subsection 1,

1 unnumbered paragraph 1, Code 2005, is amended to read
2 as follows:

3 The department of natural resources, conditioned
4 upon the availability of funds, is authorized to award
5 demonstration grants to persons who purchase vehicles
6 which operate on alternative fuels, including but not
7 limited to, ~~high blend ethanol E-85 gasoline,~~
8 compressed natural gas, electricity, solar energy, or
9 hydrogen. A grant shall be for the purpose of
10 conducting research connected with the fuel or the
11 vehicle, and not for the purchase of the vehicle
12 itself, except that the money may be used for the
13 purchase of the vehicle if all of the following
14 conditions are satisfied:

15 Sec. _____. Section 216B.3, subsection 16, paragraph
16 a, Code 2005, is amended to read as follows:

17 a. A motor vehicle purchased by the commission
18 shall ~~not~~ only operate on ethanol blended gasoline
19 ~~other than gasoline blended with at least ten percent~~
20 ~~ethanol as provided in section 214A.2.~~ A ~~state-issued~~
21 state-issued credit card used to purchase gasoline
22 shall not be valid to purchase gasoline other than
23 ethanol blended gasoline ~~blended with at least ten~~
24 ~~percent ethanol.~~ The motor vehicle shall also be
25 affixed with a brightly visible sticker which notifies
26 the traveling public that the motor vehicle is being
27 operated on ethanol blended gasoline ~~blended with~~
28 ~~ethanol.~~ However, the sticker is not required to be
29 affixed to an unmarked vehicle used for purposes of
30 providing law enforcement or security.

31 Sec. _____. Section 216B.3, subsection 16, paragraph
32 b, subparagraph (1), subparagraph subdivisions (a) and
33 (b), Code 2005, are amended to read as follows:

34 (a) ~~A fuel blended with not more than fifteen~~
35 ~~percent E-85 gasoline and at least eighty five percent~~
36 ~~ethanol as provided in section 214A.2.~~

37 (b) ~~A fuel which is a mixture of diesel Biodiesel~~
38 ~~fuel and processed soybean oil. At least twenty~~
39 ~~percent of the mixed fuel by volume must be processed~~
40 ~~soybean oil as defined in section 159A.2.~~

41 Sec. _____. Section 260C.19A, subsection 1, Code
42 2005, is amended to read as follows:

43 1. A motor vehicle purchased by or used under the
44 direction of the board of directors to provide
45 services to a merged area shall ~~not~~ only operate on
46 ethanol blended gasoline ~~other than gasoline blended~~
47 ~~with at least ten percent ethanol as provided in~~
48 section 214A.2. The motor vehicle shall also be
49 affixed with a brightly visible sticker which notifies
50 the traveling public that the motor vehicle is being

1 operated on ethanol blended gasoline ~~blended with~~
2 ~~ethanol~~. However, the sticker is not required to be
3 affixed to an unmarked vehicle used for purposes of
4 providing law enforcement or security.

5 Sec. _____. Section 260C.19A, subsection 2,
6 paragraph a, subparagraphs (1) and (2), Code 2005, are
7 amended to read as follows:

8 (1) ~~A fuel blended with not more than fifteen~~
9 ~~percent E-85 gasoline and at least eighty-five percent~~
10 ~~ethanol~~ as provided in section 214A.2.

11 (2) ~~A fuel which is a mixture of diesel Biodiesel~~
12 ~~fuel and processed soybean oil. At least twenty~~
13 ~~percent of the mixed fuel by volume must be processed~~
14 ~~soybean oil as defined in section 159A.2.~~

15 Sec. _____. Section 262.25A, subsection 2, Code
16 2005, is amended to read as follows:

17 2. A motor vehicle purchased by the institutions
18 shall ~~not only~~ operate on ethanol blended gasoline
19 ~~other than gasoline blended with at least ten percent~~
20 ~~ethanol~~ as provided in section 214A.2. A state-issued
21 credit card used to purchase gasoline shall not be
22 valid to purchase gasoline other than ethanol blended
23 ~~gasoline blended with at least ten percent ethanol.~~

24 The motor vehicle shall also be affixed with a
25 brightly visible sticker which notifies the traveling
26 public that the motor vehicle is being operated on
27 ethanol blended gasoline ~~blended with ethanol~~.
28 However, the sticker is not required to be affixed to
29 an unmarked vehicle used for purposes of providing law
30 enforcement or security.

31 Sec. _____. Section 279.34, Code 2005, is amended to
32 read as follows:

33 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON
34 ETHANOL-BLENDED ETHANOL BLENDED GASOLINE.

35 A motor vehicle purchased by or used under the
36 direction of the board of directors to provide
37 services to a school corporation shall ~~not, on or~~
38 ~~after January 1, 1993,~~ only operate on ethanol blended
39 ~~gasoline other than gasoline blended with at least ten~~
40 ~~percent ethanol~~ as provided in section 214A.2. The
41 motor vehicle shall also be affixed with a brightly
42 visible sticker which notifies the traveling public
43 that the motor vehicle is being operated on ethanol
44 blended gasoline ~~blended with ethanol~~. However, the
45 sticker is not required to be affixed to an unmarked
46 vehicle used for purposes of providing law enforcement
47 or security.

48 Sec. _____. Section 307.20, subsection 3, paragraph
49 a, Code 2005, is amended to read as follows:

50 a. "Biodiesel fuel" means ~~soydiesel fuel~~ the same

1 as defined in section 159A.2.

2 Sec. _____. Section 307.21, subsection 4, paragraph
3 d, Code 2005, is amended to read as follows:

4 d. A motor vehicle purchased by the administrator
5 shall not operate on gasoline other than ethanol
6 ~~blended gasoline blended with at least ten percent~~
7 ~~ethanol~~ as provided in section 214A.2. A state-issued
8 credit card used to purchase gasoline shall not be
9 valid to purchase gasoline other than ethanol blended
10 ~~gasoline blended with at least ten percent ethanol.~~

11 The motor vehicle shall also be affixed with a
12 brightly visible sticker which notifies the traveling
13 public that the motor vehicle is being operated on
14 ethanol blended gasoline ~~blended with ethanol.~~
15 However, the sticker is not required to be affixed to
16 an unmarked vehicle used for purposes of providing law
17 enforcement or security.

18 Sec. _____. Section 307.21, subsection 5, paragraph
19 a, subparagraphs (1) and (2), Code 2005, are amended
20 to read as follows:

21 (1) ~~A fuel blended with not more than fifteen~~
22 ~~percent E-85 gasoline and at least eighty-five percent~~
23 ~~ethanol~~ as provided in section 214A.2.

24 (2) ~~A fuel which is a mixture of processed soybean~~
25 ~~oil and diesel Biodiesel fuel. At least twenty~~
26 ~~percent of the fuel by volume must be processed~~
27 ~~soybean oil~~ as defined in section 159A.2.

28 Sec. _____. Section 331.908, Code 2005, is amended
29 to read as follows:

30 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON
31 ~~ETHANOL-BLENDED~~ ETHANOL BLENDED GASOLINE.

32 A motor vehicle purchased or used by a county to
33 provide county services shall not, ~~on or after January~~
34 ~~1, 1993,~~ operate on gasoline other than ethanol
35 blended gasoline ~~blended with at least ten percent~~
36 ~~ethanol~~ as provided in section 214A.2. The motor
37 vehicle shall also be affixed with a brightly visible
38 sticker which notifies the traveling public that the
39 motor vehicle is being operated on ethanol blended
40 ~~gasoline blended with ethanol.~~ However, the sticker
41 is not required to be affixed to an unmarked vehicle
42 used for purposes of providing law enforcement or
43 security.

44 Sec. _____. Section 364.20, Code 2005, is amended to
45 read as follows:

46 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON
47 ~~ETHANOL-BLENDED~~ ETHANOL BLENDED GASOLINE.

48 A motor vehicle purchased or used by a city to
49 provide city services shall not, ~~on or after January~~
50 ~~1, 1993,~~ operate on gasoline other than ethanol

1 ~~blended gasoline blended with at least ten percent~~
2 ~~ethanol~~ as provided in section 214A.2. The motor
3 vehicle shall also be affixed with a brightly visible
4 sticker which notifies the traveling public that the
5 motor vehicle is being operated on ethanol blended
6 ~~gasoline blended with ethanol.~~ However, the sticker
7 is not required to be affixed to an unmarked vehicle
8 used for purposes of providing law enforcement or
9 security.

10 Sec. ____ . Section 452A.2, subsection 11, Code
11 2005, is amended to read as follows:

12 11. "Ethanol blended gasoline" means ~~motor fuel~~
13 ~~containing at least ten percent alcohol distilled from~~
14 ~~cereal grains~~ gasoline which meets the standards
15 provided in section 214A.2.

16 Sec. ____ . Section 904.312A, subsection 1, Code
17 2005, is amended to read as follows:

18 1. A motor vehicle purchased by the department
19 shall not operate on gasoline other than ethanol
20 blended gasoline ~~blended with at least ten percent~~
21 ~~ethanol~~ as provided in section 214A.2. A state-issued
22 credit card used to purchase gasoline shall not be
23 valid to purchase gasoline other than ethanol blended
24 ~~gasoline blended with at least ten percent ethanol.~~
25 The motor vehicle shall also be affixed with a
26 brightly visible sticker which notifies the traveling
27 public that the motor vehicle is being operated on
28 ethanol blended gasoline ~~blended with ethanol.~~
29 However, the sticker is not required to be affixed to
30 an unmarked vehicle used for purposes of providing law
31 enforcement or security.

32 Sec. ____ . Section 904.312A, subsection 2,
33 paragraph a, subparagraphs (1) and (2), Code 2005, are
34 amended to read as follows:

35 (1) ~~A fuel blended with not more than fifteen~~
36 ~~percent E-85 gasoline and at least eighty-five percent~~
37 ~~ethanol~~ as provided in section 214A.2.

38 (2) ~~A fuel which is a mixture of diesel Biodiesel~~
39 ~~fuel and processed soybean oil. At least twenty~~
40 ~~percent of the mixed fuel by volume must be processed~~
41 ~~soybean oil~~ as defined in section 159A.2."

42 3. By renumbering as necessary.

By ZIRKELBACH of Jones

H-1534 FILED APRIL 26, 2005

HOUSE FILE 868

H-1538

1 Amend House File 868 as follows:
2 1. Page 18, by striking lines 26 through 30, and
3 inserting the following: "million four hundred
4 thousand dollars. For the fiscal years".

By HOFFMAN of Crawford
THOMAS of Clayton

H-1538 FILED APRIL 26, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 868 - Iowa Values Fund 2005 (LSB 1809 HW)

Analyst: Russell Trimble (Phone: (515) 281-4613) {russ.trimble@legis.state.ia.us}

Fiscal Note Version - New

Description

House File 868 does the following:

- Creates the Grow Iowa Values Fund.
- Makes changes to the composition and structure of the Economic Development Board.
- Requires the Department of Economic Development (DED) to coordinate all business-related regulatory assistance for the State.
- Requires the DED to establish an Iowa Business Resource Center Program.
- Allows for the establishment of economic development regions and economic development region revolving funds.
- Allows for a 20.0% tax credit for making a contribution to an economic development region revolving fund, caps the tax credit at \$2.0 million per fiscal year plus carry-forward, allows un-awarded tax credits to be carried forward and used in subsequent fiscal years, and allows a non-profit entity to receive a General Fund appropriation in lieu of the tax credit for its contribution.
- Allows economic development regions to apply to the DED for financial assistance, and caps the aggregate financial assistance to \$1.0 million per fiscal year.
- Establishes and defines economic enterprise areas, and allows up to ten areas to receive up to \$75,000 each per fiscal year from the Grow Iowa Values Fund.
- Requires the DED to create a business accelerator program and requires the Department to use moneys appropriated from the Grow Iowa Values Fund to fund the program.
- Requires the Department of Cultural Affairs to establish a Cultural and Entertainment District Certification Program.
- Amends Section 404A.1(1), Code of Iowa, relating to historic rehabilitation tax credits by allowing tax credits for projects in certified cultural and entertainment districts, requires an allocation of \$400,000 each fiscal year for projects costing less than \$200,000, and allows an additional \$4.0 million in tax credits each fiscal year for historic rehabilitation and cultural and entertainment tax credits.
- Requires the establishment of a Technology Commercialization Specialist in the DED and specifies the duties of the position.
- Requires the Governor to appoint a Chief Technology Officer to a four-year term to facilitate and oversee commercialization of research efforts.
- Allows the Department of Economic Development to allocate up to 10.0% of the assets in the Loan and Credit Guarantee Fund for certain microenterprises as defined in the Bill.
- Creates the High Quality Job Creation Program in the Department of Economic Development to take the place of the New Jobs and Income Program and the New Capital Investment Program, and allows for the award of tax credits under the Program on a sliding scale based on the size of the capital investment, number of jobs created, and wages and benefits paid for those jobs. The more jobs a business creates, and the greater the investment and compensation, the greater the tax incentive will be. The tax credit awarded is to be amortized equally over a five-year period, and may be carried forward and used for up to seven years or until depleted, whichever occurs first.
- Investment tax credits are capped at \$3.6 million annually for investments below \$1.0 million under the High Quality Job Creation Program. There is no cap for investments greater than \$1.0 million.

- The Bill specifies wage thresholds that must be met in order to receive tax incentives and allows the Department of Economic Development to grant waivers.
- Creates the Wage-Benefits Tax Credit Program and allows a non-retail, non-service business to apply to the Department of Revenue to claim a minimum of 5.0% to a maximum of 10.0 % tax credit of the annual wages and benefits paid for a qualified new job created by the location or expansion of the business in the State. The percentage of the award is based on the wages and benefits paid for the new job. The Bill caps the tax credit at \$10.0 million per year, to be awarded on a pro rata basis after the business maintains the new job for a 12-month period. The business is eligible to receive the same tax credit for four additional years without additional investment provided it maintains the new jobs it created for each of those years. Businesses that receive a tax credit in excess of their tax liability are allowed to receive a tax refund for the amount in excess of the liability or are allowed to carry the credits forward to be used in a subsequent year.
- Allows up to \$1.0 million in research and development tax credits for innovative renewable energy generation as specified in the Bill.
- Amends the definition of "qualified community foundation" under the Endow Iowa Program, extends the sunset date for tax credits under the Program from December 31, 2005, to December 31, 2008, allocates 10.0% of the aggregate tax credits each year for gifts of \$30,000 or under, requires 3.0% of the county endowment fund to be used by the lead philanthropic entity for administration, and specifies effective and retroactivity dates.
- Requires the Department of Economic Development to create a cost-share program for financial incentives for 30 new or converted E-85 retail outlets and 4 new or converted on-site or off-site terminal facilities, and caps the expenditure for this program at \$325,000 per year from FY 2006 through FY 2008.

Assumptions

1. The DED would coordinate business-related financial assistance using existing staff.
2. The DED would establish an Iowa Business Resource Center Program using existing staff, but would incur annual costs of approximately \$100,000 for development and distribution of information and marketing materials for placement in the resource centers starting in FY 2006.
3. The DED would incur annual costs of \$122,000 and 2.0 FTE positions for administration of the financial assistance and awarding of tax credits for economic development regions and economic enterprise areas starting in FY 2006.
4. Various economic development regions will be established in FY 2006 and will be awarded a total of \$1.0 million in financial assistance from the DED. This amount will be awarded annually starting in FY 2006. Tax credits for contributions to economic development region revolving funds will reach the capped amount of \$2.0 million per fiscal year and will be fully utilized each fiscal year starting in FY 2006.
5. Ten economic enterprise areas will be established in FY 2006 and will each receive the maximum award of \$75,000 from the DED. This amount will be awarded each fiscal year starting in FY 2006.
6. The Business Accelerator Program will be administered by the DED using existing staff and will be funded by an appropriation from the Grow Iowa Values Fund as specified in the Bill. The amount to be appropriated for this purpose is not specified and the cost cannot be determined.
7. The DED would require \$200,000 and 2.0 FTE positions annually for the Technology Commercialization Specialist and Chief Technology Officer positions.
8. The E-85 Cost-share Program will result in an annual cost of \$325,000 from FY 2006 through FY 2008. The DED will administer the Program using existing staff.
9. The Department of Cultural Affairs will administer the Cultural and Entertainment District Certification Program using existing staff.
10. House File 868 allows an additional \$4.0 million in tax credits for projects located in historic districts and cultural and entertainment districts. Under current law, \$2.4 million in tax credits may be awarded each year for just historic rehabilitation projects. The maximum of \$2.4 million has been awarded to projects each year through FY 2016. Given the strong

demand for these tax credits, the additional \$4.0 million per fiscal year will be fully awarded and utilized each fiscal year. The tax credits awarded in FY 2006 will be fully utilized in FY 2007.

11. Projects with investments below \$1.0 million under the High Quality Job Creation Program will reach the capped amount of \$3.6 million in investment tax credits per fiscal year and will be fully utilized over a five-year period starting in FY 2007 ($\$3.6 \text{ million} / 5 \text{ years} = \$720,000/\text{FY}$). In addition, annual sales and use tax rebates for these projects will amount to approximately \$800,000 annually starting in FY 2007.
12. Investment tax credits currently awarded under the New Jobs and Income Program and the New Capital Investment Program (minimum investment of \$1.0 million) are utilized on average over a five-year period. The same will be true of investment tax credits awarded for projects over \$1.0 million under the High Quality Job Creation Program.
13. According to the DED, changes in Program requirements as well as the ability to grant a waiver, will result in an increase of 25.0% in the utilization of investment tax credits compared to the current estimated amount utilized under the New Jobs and Income Program and New Capital Investment Program. The current estimate of investment tax credits awarded in FY 2005 is \$45.9 million. Of this, approximately 50.0%, or \$22.9 million of the investment tax credits will be utilized, with utilization occurring over a five-year period (\$4.6 million per year). This Bill will increase utilization of investment tax credits under the High Quality Job Creation Program by \$1.1 million annually starting in FY 2007 ($\$4.6 \text{ million} \times 25.0\%$).
14. Sales and use tax rebate estimates under the current New Jobs and Income Program and the New Capital Investment Program total \$11.5 million. The proposed legislation will increase this amount by approximately 25.0% or \$2.9 million annually starting in FY 2007.
15. Tax credits issued under the Wage and Benefits Tax Credit Program will reach the capped amount of \$10.0 million and will be fully utilized each year starting in FY 2007.
16. Research and development tax credits for innovative renewable energy generation will reach the capped amount of \$1.0 million and will be fully utilized each year starting in FY 2006.
17. Approximately \$2.0 million in Endow Iowa Tax Credits will be awarded and utilized each year from FY 2006 through FY 2009. Half of the tax credits will be first utilized in FY 2006.
18. The Department of Economic Development will incur annual costs of \$325,000 and 6.0 FTE positions to administer the High Quality Job Creation Program.
19. The Department of Revenue will incur one-time costs of approximately \$125,000 in FY 2006 to design new features of the reporting information system for capturing data from applicants from the Wage and Benefits Tax Credit Program and will incur annual costs of \$20,000 and 0.25 FTE position to help with administration of the Program.

Fiscal Impact

The table below provides the General Fund costs of the tax and program policies contained in HF 868. The fiscal impact of research and development tax credits that may be awarded under the High Quality Job Creation Program cannot be determined and is therefore not included in the fiscal impact of this Bill. In addition, the cost of the Business Accelerator Program cannot be determined and is not included in the fiscal impact of this Bill.

Estimated General Fund Cost of HF 868 (In Millions)						
Tax Credit	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11 & beyond
High Quality Job Creation Program						
Projects above \$1.0 million						
Investment Tax Credit Increase		\$ 1.1	\$ 2.2	\$ 3.3	\$ 4.4	\$ 5.5
Sales and Use Tax Rebate Increase		2.9	2.9	2.9	2.9	2.9
Subtotal		4.0	5.1	6.2	7.3	8.4
Projects below \$1.0 million						
Investment Tax Credit Increase		0.7	1.4	2.1	2.8	3.5
Sales and Use Tax Rebate Increase		0.8	0.8	0.8	0.8	0.8
Subtotal		1.5	2.2	2.9	3.6	4.3
Wage and Benefits Tax Credit		10.0	10.0	10.0	10.0	10.0
R&D Tax Credits for Innovative Renewable Energy		1.0	1.0	1.0	1.0	1.0
Endow Iowa Tax Credits	1.0	2.0	2.0	1.0	-	-
Econ. Development Region Revolving Fund Tax Credit	2.0	2.0	2.0	2.0	2.0	2.0
Historic Rehab. & Cult. Ent. Tax Credit Increase		4.0	4.0	4.0	4.0	4.0
Total Fiscal Impact of Tax Credits	\$ 3.0	\$ 24.5	\$ 26.3	\$ 27.1	\$ 27.9	\$ 29.7
Program & Policy						
Iowa Business Resource Center Program	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Economic Development Regions & Enterprise Areas	1.8	1.8	1.8	1.8	1.8	1.8
Administration (Includes 2.0 FTEs)	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal	1.9	1.9	1.9	1.9	1.9	1.9
Commercialization Specialist & Tech. Officer (2.0 FTEs)	0.2	0.2	0.2	0.2	0.2	0.2
E-85 Cost Share	0.3	0.3	0.3			
Administration - High Quality Job Creation Program (includes 6.0 FTEs)	0.3	0.3	0.3	0.3	0.3	0.3
Administration - Wage and Benefit Tax Credit Program (includes 0.3 FTEs)	0.1	0.0	0.0	0.0	0.0	0.0
Total Fiscal Impact of Program & Policy (Includes a total of 10.3 FTEs)	\$ 2.9	\$ 2.8	\$ 2.8	\$ 2.5	\$ 2.5	\$ 2.5
Total Fiscal Impact of HF 868 (Includes a total of 10.3 FTEs)	\$ 5.9	\$ 27.3	\$ 29.1	\$ 29.6	\$ 30.4	\$ 32.2

Sources

Department of Economic Development
Department of Revenue
Legislative Services Agency

/s/ Holly M. Lyons

April 25, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE FILE 868

H-1548

- 1 Amend House File 868 as follows:
- 2 1. Page 1, by striking lines 18 through 34.
- 3 2. Page 1, line 35, by striking the figure and
- 4 word "2. a." and inserting the following: "1."
- 5 3. Page 2, line 2, by inserting after the word
- 6 "fund," the following: "the average annual wage,
- 7 excluding benefits, of new jobs created must be equal
- 8 to or greater than one hundred ten percent of the
- 9 average county wage, and".
- 10 4. Page 2, by striking lines 7 through 10 and
- 11 inserting the following:
- 12 "2. An applicant may apply to the Iowa economic
- 13 development board for a waiver of the wage
- 14 requirements in subsection 1."
- 15 5. Page 4, line 32, by striking the words
- 16 "department of economic development" and inserting the
- 17 following: "Iowa economic development board".
- 18 6. Page 13, line 6, by inserting after the word
- 19 and figure "subsection 1," the following: "if
- 20 enacted,".
- 21 7. Page 18, line 25, by inserting after the word
- 22 "chapter" the following: "for projects located inside
- 23 or outside certified cultural and entertainment
- 24 districts".
- 25 8. Page 20, by striking lines 20 through 22 and
- 26 inserting the following: "personnel in charge of
- 27 intellectual property management and technology at
- 28 colleges and universities in the state."
- 29 9. Page 20, lines 23 and 24, by striking the
- 30 words "at colleges and universities in the state".
- 31 10. Page 20, line 27, by inserting after the word
- 32 "businesses" the following: "at colleges and
- 33 universities in the state".
- 34 11. Page 29, by inserting after line 26 the
- 35 following:
- 36 "(11) Trucking and warehousing."
- 37 12. Page 29, line 27, by striking the word
- 38 "business" and inserting the following: "and service
- 39 businesses".
- 40 13. Page 31, line 35, by striking the word ",
- 41 whether" and inserting the following: "and".
- 42 14. Page 32, line 23, by striking the words "the
- 43 community and".
- 44 15. Page 32, line 24, by inserting after the word
- 45 "agreement." the following: "If the business receives
- 46 a local property tax exemption, the business shall
- 47 also certify annually to the community the compliance
- 48 of the business with the requirements of the
- 49 agreement."
- 50 16. Page 45, line 21, by inserting after the

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- 1 words "for a" the following: "project-specific".
2 17. Page 45, line 23, by inserting after the
3 words "grant a" the following: "project-specific".
4 18. Page 46, by inserting after line 16 the
5 following:
6 "6. The department shall negotiate the amount of
7 tax incentives provided to an applicant under the
8 program in accordance with this section."
9 19. Page 46, by striking lines 25 through 27, and
10 inserting the following: "community economic
11 betterment program or wage-benefits tax credits under
12 chapter 15H."
13 20. By striking page 48, line 32, through page
14 49, line 1.
15 21. Page 51, line 8, by striking the words "and
16 made the qualifying investment".
17 22. Page 51, lines 11 and 12, by striking the
18 words "without making additional qualifying
19 investments".
20 23. Page 51, by striking lines 15 through 17.
21 24. Page 51, line 19, by striking the words "and
22 made the qualifying investments".
23 25. Page 51, by striking lines 24 through 26, and
24 inserting the following: "by the department may
25 appeal the decision to the Iowa economic development
26 board within thirty days of notice of disapproval. If
27 the board".
28 26. Page 51, line 32, by striking the words
29 "department of economic development" and inserting the
30 following: "Iowa economic development board".
31 27. Page 51, line 35, by striking the words
32 "department of economic development" and inserting the
33 following: "Iowa economic development board".
34 28. Page 52, line 3, by striking the word
35 "department" and inserting the following: "board".
36 29. Page 52, by striking lines 19 and 20, and
37 inserting the following: "development program or tax
38 incentives under the high quality job creation program
39 in chapter 15, subchapter II, part 13."
40 30. Page 53, line 16, by striking the figure
41 "17." and inserting the following: "18."
42 31. Page 53, line 21, by striking the figure "9."
43 and inserting the following: "10."
44 32. Page 54, line 15, by striking the figure "6."
45 and inserting the following: "7."
46 33. Page 54, by inserting after line 19 the
47 following:
48 "Sec. _____. CONTRACT VALIDITY -- NEW JOBS AND
49 INCOME PROGRAM -- NEW CAPITAL INVESTMENT PROGRAM. Any
50 contract entered into for a project or activity

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Page 3

1 approved by the department of economic development
2 under the new jobs and income program and the new
3 capital investment program remains valid. The
4 elimination of the new jobs and income program and the
5 new capital investment program under this Act shall
6 not constitute grounds for rescission or modification of
7 contracts entered into with the department under the
8 programs."

9 34. By renumbering as necessary.

By HOFFMAN of Crawford

H-1548 FILED APRIL 27, 2005

WITHDRAWN

HOUSE FILE 868

H-1547

1 Amend House File 868 as follows:

2 1. Page 2, by inserting after line 10 the
3 following:

4 "3. In awarding moneys appropriated from the grow
5 Iowa values fund, the department shall give special
6 consideration to projects that include significant
7 physical infrastructure components designed to
8 increase property tax revenues to local governments."

By HOFFMAN of Crawford

H-1547 FILED APRIL 27, 2005

ADOPTED

HOUSE FILE 868

H-1553

1 Amend House File 868 as follows:

2 1. Page 1, by striking lines 18 through 34.

3 2. Page 1, line 35, by striking the figure and
4 word "2. a." and inserting the following: "1."

5 3. Page 2, by striking lines 7 through 10 and
6 inserting the following:

7 "2. An applicant may apply to the Iowa economic
8 development board for a waiver of the wage
9 requirements in subsection 1."

10 4. Page 4, line 32, by striking the words
11 "department of economic development" and inserting the
12 following: "Iowa economic development board".

13 5. Page 13, line 6, by inserting after the word
14 and figure "subsection 1," the following: "if
15 enacted,".

16 6. Page 18, line 25, by inserting after the word
17 "chapter" the following: "for projects located inside
18 or outside certified cultural and entertainment
19 districts".

20 7. Page 18, line 35, by inserting after the
21 figure "303.3B" the following: "or for rehabilitation
22 projects approved pursuant to section 404A.3
23 regardless of the location of such rehabilitation
24 projects".

25 8. Page 20, by striking lines 20 through 22 and
26 inserting the following: "personnel in charge of
27 intellectual property management and technology at
28 colleges and universities in the state."

29 9. Page 20, lines 23 and 24, by striking the
30 words "at colleges and universities in the state".

31 10. Page 20, line 27, by inserting after the word
32 "businesses" the following: "at colleges and
33 universities in the state".

34 11. Page 29, by inserting after line 26 the
35 following:

36 "(11) Trucking and warehousing."

37 12. Page 29, line 27, by striking the word
38 "business" and inserting the following: "and service
39 businesses".

40 13. Page 31, line 35, by striking the word "
41 whether" and inserting the following: "and".

42 14. Page 32, line 23, by striking the words "the
43 community and".

44 15. Page 32, line 24, by inserting after the word
45 "agreement." the following: "If the business receives
46 a local property tax exemption, the business shall
47 also certify annually to the community the compliance
48 of the business with the requirements of the
49 agreement."

50 16. Page 45, line 21, by inserting after the

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Page 2

- 1 words "for a" the following: "project-specific".
2 17. Page 45, line 23, by inserting after the
3 words "grant a" the following: "project-specific".
4 18. Page 46, by inserting after line 16 the
5 following:
6 "6. The department shall negotiate the amount of
7 tax incentives provided to an applicant under the
8 program in accordance with this section."
9 19. Page 46, by striking lines 25 through 27, and
10 inserting the following: "community economic
11 betterment program or wage-benefits tax credits under
12 chapter 15H."
13 20. By striking page 48, line 32, through page
14 49, line 1.
15 21. Page 51, line 8, by striking the words "and
16 made the qualifying investment".
17 22. Page 51, lines 11 and 12, by striking the
18 words "without making additional qualifying
19 investments".
20 23. Page 51, by striking lines 15 through 17.
21 24. Page 51, line 19, by striking the words "and
22 made the qualifying investments".
23 25. Page 51, by striking lines 24 through 26, and
24 inserting the following: "by the department may
25 appeal the decision to the Iowa economic development
26 board within thirty days of notice of disapproval. If
27 the board".
28 26. Page 51, line 32, by striking the words
29 "department of economic development" and inserting the
30 following: "Iowa economic development board".
31 27. Page 51, line 35, by striking the words
32 "department of economic development" and inserting the
33 following: "Iowa economic development board".
34 28. Page 52, line 3, by striking the word
35 "department" and inserting the following: "board".
36 29. Page 52, by striking lines 19 and 20, and
37 inserting the following: "development program or tax
38 incentives under the high quality job creation program
39 in chapter 15, subchapter II, part 13."
40 30. Page 53, line 16, by striking the figure
41 "17." and inserting the following: "18."
42 31. Page 53, line 21, by striking the figure "9."
43 and inserting the following: "10."
44 32. Page 54, line 15, by striking the figure "6."
45 and inserting the following: "7."
46 33. Page 54, by inserting after line 19 the
47 following:
48 "Sec. ____ . CONTRACT VALIDITY -- NEW JOBS AND
49 INCOME PROGRAM -- NEW CAPITAL INVESTMENT PROGRAM. Any
50 contract entered into for a project or activity

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Page 3

1 approved by the department of economic development
2 under the new jobs and income program and the new
3 capital investment program remains valid. The
4 elimination of the new jobs and income program and the
5 new capital investment program under this Act shall
6 not constitute grounds for rescission or modification of
7 contracts entered into with the department under the
8 programs."

9 34. By renumbering as necessary.

By HOFFMAN of Crawford
WISE of Lee
STRUYK of Pottawattamie

H-1553 FILED APRIL 27, 2005

ADOPTED

HOUSE FILE 868

H-1561

1 Amend House File 868 as follows:

2 1. Page 13, line 12, by inserting after the words
3 "be a" the following: "profit or".

By KURTENBACH of Story

H-1561 FILED APRIL 27, 2005

LOST

HOUSE FILE 868

H-1563

1 Amend House File 868 as follows:

2 1. Page 21, by inserting after line 8 the
3 following:

4 "Sec. ____ . NEW SECTION. 15.115A TECHNOLOGY
5 COMMERCIALIZATION COMMITTEE.

6 To evaluate and approve funding for projects and
7 programs under section 15G.111, subsection 2, if
8 enacted, the economic development board shall create a
9 technology commercialization committee composed of
10 members with expertise in the areas of biosciences,
11 engineering, manufacturing, pharmaceuticals,
12 materials, information solutions, software, and
13 energy. An organization designated by the department,
14 composed of members from both the public and private
15 sectors and composed of subunits or subcommittees in
16 the areas of already identified bioscience platforms,
17 education and workforce development,
18 commercialization, communication, policy and
19 governance, and finance, shall provide funding
20 recommendations to the technology commercialization
21 committee."

22 2. By renumbering as necessary.

By JENKINS of Black Hawk

H-1563 FILED APRIL 27, 2005

ADOPTED

HOUSE FILE 868

H-1566

1 Amend the amendment, H-1553, to House File 868 as
2 follows:

3 1. Page 2, by striking lines 9 through 12, and
4 inserting the following:

5 "____. Page 46, by striking lines 23 through 27,
6 and inserting the following: "in the program under
7 this part shall not receive any funds from the
8 ~~community economic development account under the~~
9 ~~community economic betterment program~~ wage-benefits
10 tax credits under chapter 15H."

11 2. Page 2, by striking lines 36 through 39 and
12 inserting the following:

13 "____. Page 52, by striking lines 17 through 20
14 and inserting the following: "chapter shall not
15 receive tax incentives under the high quality job
16 creation program in chapter 15, subchapter II, part
17 13."

18 3. By renumbering as necessary.

By HOFFMAN of Crawford

H-1566 FILED APRIL 27, 2005

ADOPTED

HOUSE FILE 868

H-1567

1 Amend House File 868 as follows:

2 1. Page 51, lines 5 and 6, by striking the words
3 "a pro rata" and inserting the following: "an
4 earliest date applied".

By HOFFMAN of Crawford

H-1567 FILED APRIL 27, 2005

ADOPTED

HOUSE FILE 868

H-1573

1 Amend House File 868 as follows:

2 1. Page 58, by inserting after line 22 the
3 following:

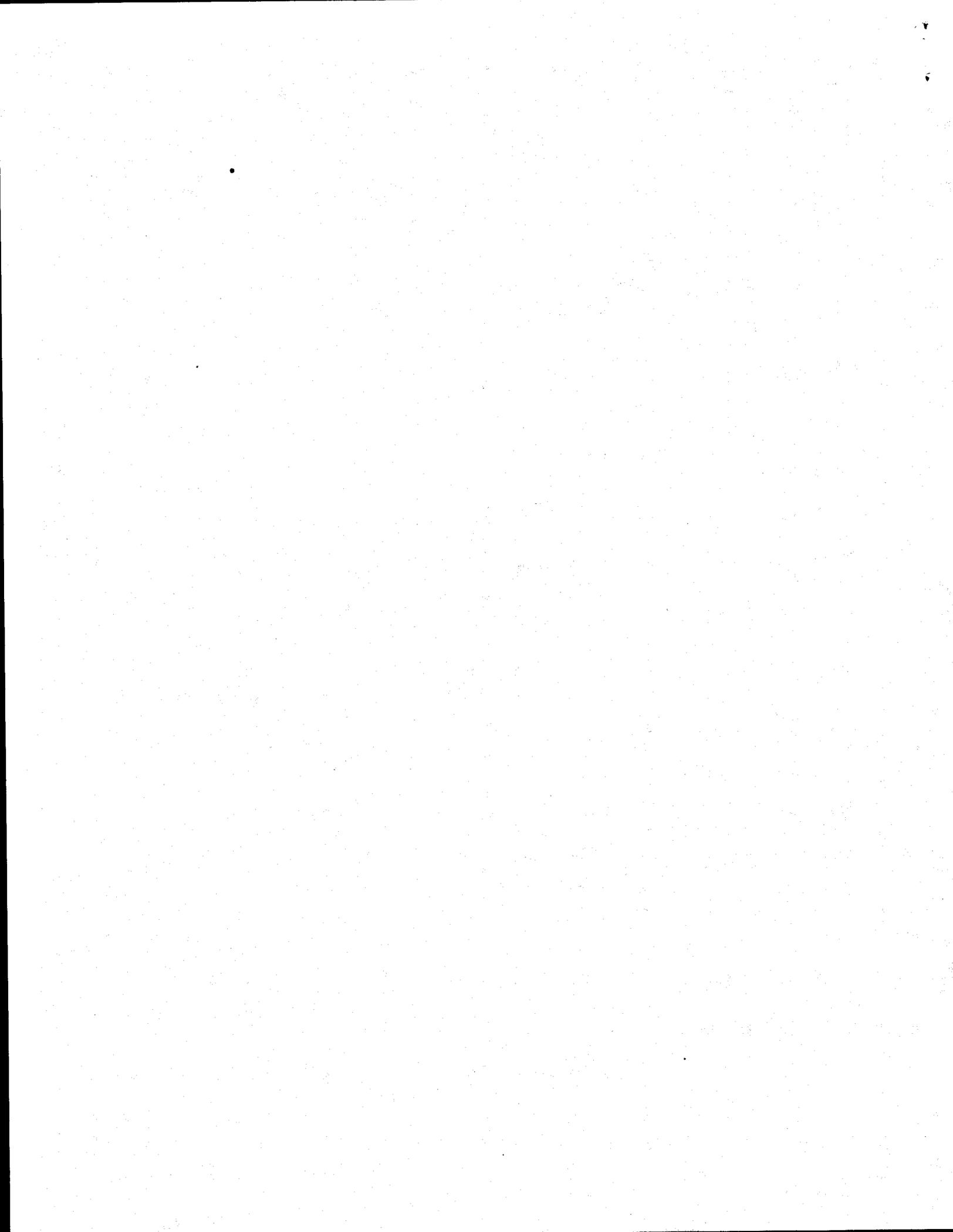
4 "Sec. ____ . LEGISLATIVE INTENT. It is the intent
5 of the general assembly that the entire two million
6 dollars worth of tax credits allowed under section
7 15E.305, subsection 2, shall be issued."

8 2. By renumbering as necessary.

By RAECKER of Polk

H-1573 FILED APRIL 27, 2005

ADOPTED



HOUSE FILE 868

H-1707

1 Amend the Senate amendment, H-1633, to House File
2 868, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 2, by inserting after line 43, the
5 following:

6 "____. Page 25, by inserting after line 18, the
7 following:

8 "Sec. _____. OPERATIONAL EXPENSES. Moneys that are
9 appropriated to the department of economic development
10 pursuant to section 15G.111, if enacted, for deposit
11 in workforce training and economic development funds
12 of community colleges may be used by community
13 colleges for operational expenses associated with
14 vocational technical training."

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

17 "____. Page 57, by inserting after line 16 the
18 following:

19 "Sec. _____. Section 15E.305, subsection 2, Code
20 2005, is amended to read as follows:

21 2. The aggregate amount of tax credits authorized
22 pursuant to this section shall not exceed a total of
23 two million dollars annually. The maximum amount of
24 tax credits granted to a taxpayer shall not exceed
25 five percent of the aggregate amount of tax credits
26 authorized."

27 _____. Page 59, line 14, by inserting after the
28 word "issued" the following: "each calendar year".

29 3. Page 3, line 14, by striking the word
30 "state." and inserting the following: "state."

31 4. Page 3, by inserting after line 14 the
32 following:

33 "Sec. _____. Section 452A.3, Code 2005, is amended
34 by adding the following new subsection:

35 NEW SUBSECTION. 1C. The rate of the excise tax on
36 E-85 gasoline imposed in subsection 1B shall be
37 determined based on the number of gallons of E-85
38 gasoline that is distributed in this state during the
39 previous calendar year. The department shall
40 determine the actual tax paid for E-85 gasoline for
41 each period beginning January 1 and ending December
42 31. The amount of the tax paid on E-85 gasoline
43 during the past calendar year shall be compared to the
44 amount of tax on E-85 gasoline that would have been
45 paid using the tax rate for gasoline imposed in
46 subsection 1 or 1A and a difference shall be
47 established. If this difference is equal to or
48 greater than twenty-five thousand dollars, the tax
49 rate for E-85 gasoline for the period beginning July 1
50 following the end of the determination period shall be

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1 the rate in effect as stated in subsection 1 or 1A.
 2 Sec. _____. STUDY. The state department of
 3 transportation shall review the current revenue levels
 4 of the road use tax fund and its sufficiency for the
 5 projected construction and maintenance needs of city,
 6 county, and state governments in the future. The
 7 department shall submit a written report to the
 8 general assembly regarding its findings on or before
 9 December 31, 2006. The report may include
 10 recommendations concerning funding levels needed to
 11 support the future mobility and accessibility for
 12 users of Iowa's public road system.

13 Sec. _____. EFFECTIVE DATE. The sections of this
 14 division of this Act amending chapter 452A take effect
 15 January 1, 2006."

16 5. Page 5, by inserting after line 4, the
 17 following:

18 "_____. Page 59, by inserting after line 35, the
 19 following:

20 "DIVISION
 21 PORT AUTHORITIES

22 Sec. _____. Section 12.30, subsection 1, paragraph
 23 a, Code 2005, is amended to read as follows:

24 a. "Authority" means a department, or public or
 25 quasi-public instrumentality of the state including,
 26 but not limited to, the authority created under
 27 chapter 12E, 16, 16A, 175, 257C, 261A, or 327I, which
 28 has the power to issue obligations, except that
 29 "authority" does not include the state board of
 30 regents or the Iowa finance authority to the extent it
 31 acts pursuant to chapter 260C. "Authority" also
 32 includes a port authority created under chapter 28J.

33 Sec. _____. NEW SECTION. 28J.1 DEFINITIONS.

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

36 1. "Authorized purposes" means an activity that
 37 enhances, fosters, aids, provides, or promotes
 38 transportation, economic development, housing,
 39 recreation, education, governmental operations,
 40 culture, or research within the jurisdiction of a port
 41 authority.

42 2. "Board" means the board of directors of a port
 43 authority established pursuant to section 28J.2.

44 3. "City" means the same as defined in section
 45 362.2.

46 4. "Construction" means alteration, creation,
 47 development, enlargement, erection, improvement,
 48 installation, reconstruction, remodeling, and
 49 renovation.

50 5. "Contracting governmental agency" means any

1 governmental agency or taxing district of the state
2 that, by action of its legislative authority, enters
3 into an agreement with a port authority pursuant to
4 section 28J.17.

5 6. "Cost" as applied to a port authority facility
6 means any of the following:

7 a. The cost of construction contracts, land,
8 rights-of-way, property rights, easements, franchise
9 rights, and interests required for acquisition or
10 construction.

11 b. The cost of demolishing or removing any
12 buildings or structures on land, including the cost of
13 acquiring any lands to which those buildings or
14 structures may be moved.

15 c. The cost of diverting a highway, interchange of
16 a highway, and access roads to private property,
17 including the cost of land or easements, and
18 relocation of a facility of a utility company or
19 common carrier.

20 d. The cost of machinery, furnishings, equipment,
21 financing charges, interest prior to and during
22 construction and for no more than twelve months after
23 completion of construction, engineering, and expenses
24 of research and development with respect to a
25 facility.

26 e. Legal and administrative expenses, plans,
27 specifications, surveys, studies, estimates of cost
28 and revenues, engineering services, and other expenses
29 necessary or incident to determining the feasibility
30 or practicability of acquiring or constructing a
31 facility.

32 f. The interest upon the revenue bonds and pledge
33 orders during the period or estimated period of
34 construction and for twelve months thereafter, or for
35 twelve months after the acquisition date, reserve
36 funds as the port authority deems advisable in
37 connection with a facility and the issuance of port
38 authority revenue bonds and pledge orders.

39 g. The costs of issuance of port authority revenue
40 bonds and pledge orders.

41 h. The cost of diverting a rail line, rail spur
42 track, or rail spur track switch, including the cost
43 of land or easements, and relocation of a facility of
44 a utility company or common carrier.

45 i. The cost of relocating an airport's runways,
46 terminals, and related facilities including the cost
47 of land or easements, and relocation of a facility of
48 a utility company or common carrier.

49 7. "Facility" or "port authority facility" means
50 real or personal property owned, leased, or otherwise

1 controlled or financed by a port authority and related
2 to or in furtherance of one or more authorized
3 purposes.

4 8. "Governmental agency" means a department,
5 division, or other unit of state government of this
6 state or any other state, city, county, township, or
7 other governmental subdivision, or any other public
8 corporation or agency created under the laws of this
9 state, any other state, the United States, or any
10 department or agency thereof, or any agency,
11 commission, or authority established pursuant to an
12 interstate compact or agreement or combination
13 thereof.

14 9. "Person" means the same as defined in section
15 4.1.

16 10. "Pledge order" means a promise to pay out of
17 the net revenues of a port authority, which is
18 delivered to a contractor or other person in payment
19 of all or part of the cost of a facility.

20 11. "Political subdivision" means a city, county,
21 city-county consolidation, or multicounty
22 consolidation, or combination thereof.

23 12. "Political subdivisions comprising the port
24 authority" means the political subdivisions which
25 created or participated in the creation of the port
26 authority under section 28J.2, or which joined an
27 existing port authority under section 28J.4.

28 13. "Port authority" means an entity created
29 pursuant to section 28J.2.

30 14. "Port authority revenue bonds" means revenue
31 bonds and revenue refunding bonds issued pursuant to
32 section 28J.21.

33 15. "Public roads" means all public highways,
34 roads, and streets in this state, whether maintained
35 by the state or by a county or city.

36 16. "Revenues" means rental fees and other charges
37 received by a port authority for the use or services
38 of a facility, a gift or grant received with respect
39 to a facility, moneys received with respect to the
40 lease, sublease, sale, including installment sale or
41 conditional sale, or other disposition of a facility,
42 moneys received in repayment of and for interest on
43 any loans made by the port authority to a person or
44 governmental agency, proceeds of port authority
45 revenue bonds for payment of principal, premium, or
46 interest on the bonds authorized by the port
47 authority, proceeds from any insurance, condemnation,
48 or guarantee pertaining to the financing of the
49 facility, and income and profit from the investment of
50 the proceeds of port authority revenue bonds or of any

1 revenues.

2 Sec. ____ . NEW SECTION. 28J.2 CREATION AND POWERS
3 OF PORT AUTHORITY.

4 1. Two or more political subdivisions may create a
5 port authority under this chapter by resolution. If a
6 proposal to create a port authority receives a
7 favorable majority of the members of the elected
8 legislative body of the political subdivision, the
9 port authority is created at the time provided in the
10 resolution. The jurisdiction of a port authority
11 includes the territory described in section 28J.8.

12 2. A port authority created pursuant to this
13 section may sue and be sued, complain, and defend in
14 its name and has the powers and jurisdiction
15 enumerated in this chapter.

16 3. At the time a port authority is created
17 pursuant to this section, the political subdivisions
18 comprising the port authority may restrict the powers
19 granted the port authority pursuant to this chapter by
20 specifically adopting such restrictions in the
21 resolution creating the port authority.

22 4. The political subdivisions comprising the port
23 authority whose powers have been restricted pursuant
24 to subsection 3 may at any time adopt a resolution to
25 grant additional powers to the port authority, so long
26 as the additional powers do not exceed the powers
27 permitted under this chapter.

28 Sec. ____ . NEW SECTION. 28J.3 APPROPRIATION AND
29 EXPENDITURE OF PUBLIC FUNDS -- DISSOLUTION.

30 1. The political subdivisions comprising a port
31 authority may appropriate and expend public funds to
32 finance or subsidize the operation and authorized
33 purposes of the port authority. A port authority
34 shall control tax revenues allocated to the facilities
35 the port authority administers and all revenues
36 derived from the operation of the port authority, the
37 sale of its property, interest on investments, or from
38 any other source related to the port authority.

39 2. All revenues received by the port authority
40 shall be held in a separate fund in a manner agreed to
41 by the political subdivisions comprising the port
42 authority. Revenues may be paid out only at the
43 direction of the board of directors of the port
44 authority.

45 3. A port authority shall comply with section
46 331.341, subsections 1, 2, 4, and 5, and section
47 331.342, when contracting for public improvements.

48 4. Subject to making due provisions for payment
49 and performance of any outstanding obligations, the
50 political subdivisions comprising the port authority

1 may dissolve the port authority, and transfer the
2 property of the port authority to the political
3 subdivisions comprising the port authority in a manner
4 agreed upon between the political subdivisions
5 comprising the port authority prior to the dissolution
6 of the port authority.

7 Sec. ____ . NEW SECTION. 28J.4 JOINING AN EXISTING
8 PORT AUTHORITY.

9 1. A political subdivision which is contiguous to
10 either a political subdivision which participated in
11 the creation of the port authority or a political
12 subdivision which proposes to join the port authority
13 at the same time which is contiguous to a political
14 subdivision which participated in the creation of the
15 port authority may join the port authority by
16 resolution.

17 2. If more than one such political subdivision
18 proposes to join the port authority at the same time,
19 the resolution of each such political subdivision
20 shall designate the political subdivisions which are
21 to be so joined.

22 3. Any territory or city not included in a port
23 authority which is annexed to a city included within
24 the jurisdiction of a port authority shall, on such
25 annexation and without further proceedings, be annexed
26 to and be included in the jurisdiction of the port
27 authority.

28 4. Before a political subdivision is joined to a
29 port authority, other than by annexation to a city,
30 the political subdivisions comprising the port
31 authority shall agree upon the terms and conditions
32 pursuant to which such political subdivision is to be
33 joined.

34 5. For the purpose of this chapter, such political
35 subdivision shall be considered to have participated
36 in the creation of the port authority, except that the
37 initial term of any director of the port authority
38 appointed by a joining political subdivision shall be
39 four years.

40 6. After each resolution proposing a political
41 subdivision to join a port authority has become
42 effective and the terms and conditions of joining the
43 port authority have been agreed to, the board of
44 directors of the port authority shall by resolution
45 either accept or reject the proposal. Such proposal
46 to join a port authority shall be effective upon
47 adoption of the resolution by the board of directors
48 of the port authority and thereupon the jurisdiction
49 of the port authority includes the joining political
50 subdivision.

1 Sec. ____ . NEW SECTION. 28J.5 MEMBERSHIP OF BOARD
2 OF DIRECTORS.

3 1. A port authority created pursuant to section
4 28J.2 shall be governed by a board of directors.
5 Members of a board of directors of a port authority
6 shall be divided among the political subdivisions
7 comprising the port authority in such proportions as
8 the political subdivisions may agree and shall be
9 appointed by the respective political subdivision's
10 elected legislative body.

11 2. The number of directors comprising the board
12 shall be determined by agreement between the political
13 subdivisions comprising the port authority, and which
14 number may be changed by resolution of the political
15 subdivisions comprising the port authority.

16 3. A majority of the directors shall have been
17 qualified electors of, or owned a business or been
18 employed in, one or more political subdivisions within
19 the area of the jurisdiction of the port authority for
20 a period of at least three years preceding
21 appointment.

22 4. The directors of a port authority first
23 appointed shall serve staggered terms. Thereafter
24 each successor director shall serve for a term of four
25 years, except that any person appointed to fill a
26 vacancy shall be appointed to only the unexpired term.
27 A director is eligible for reappointment.

28 5. The board may provide procedures for the
29 removal of a director who fails to attend three
30 consecutive regular meetings of the board. If a
31 director is so removed, a successor shall be appointed
32 for the remaining term of the removed director in the
33 same manner provided for the original appointment.
34 The appointing body may at any time remove a director
35 appointed by it for misfeasance, nonfeasance, or
36 malfeasance in office.

37 6. The board may adopt bylaws and shall elect one
38 director as chairperson and one director as vice
39 chairperson, designate terms of office, and appoint a
40 secretary who need not be a director.

41 7. A majority of the board of directors shall
42 constitute a quorum for the purpose of holding a
43 meeting of the board. The affirmative vote of a
44 majority of a quorum shall be necessary for any action
45 taken by the port authority unless the board
46 determines that a greater number of affirmative votes
47 is necessary for particular actions to be taken by the
48 port authority. A vacancy in the membership of the
49 board shall not impair the rights of a quorum to
50 exercise all the rights and perform all the duties of

1 the port authority.

2 8. Each director shall be entitled to receive from
3 the port authority such sum of money as the board may
4 determine as compensation for services as a director
5 and reimbursement for reasonable expenses in the
6 performance of official duties.

7 Sec. ____ . NEW SECTION. 28J.6 CIVIL IMMUNITY OF
8 DIRECTORS.

9 A director of a port authority shall not be
10 personally liable for any monetary damages that arise
11 from actions taken in the performance of the
12 director's official duties, except for acts or
13 omissions that are not in good faith or that involve
14 intentional misconduct, a knowing violation of law, or
15 any transaction from which the director derived an
16 improper personal benefit.

17 Sec. ____ . NEW SECTION. 28J.7 EMPLOYEES, ADVISORY
18 BOARD, PEACE OFFICERS.

19 1. A port authority shall employ and fix the
20 qualifications, duties, and compensation of any
21 employees and enter into contracts for any services
22 that may be required to conduct the business of the
23 port authority, and may appoint an advisory board,
24 which shall serve without compensation.

25 2. An employee of a port authority is a public
26 employee for the purposes of collective bargaining
27 under chapter 20.

28 3. a. A port authority may provide for the
29 administration and enforcement of the laws of the
30 state by employing peace officers who shall have all
31 the powers conferred by law on peace officers of this
32 state with regard to the apprehension of violators
33 upon all property under its control within and without
34 the port authority. The peace officers may seek the
35 assistance of other appropriate law enforcement
36 officers to enforce its rules and maintain order.

37 b. Peace officers employed by a port authority
38 shall meet all requirements as police officers
39 appointed under the civil service law of chapter 400
40 and shall participate in the retirement system
41 established by chapter 411.

42 c. Peace officers employed by a port authority
43 shall serve as a peace officer force with respect to
44 the property, grounds, buildings, equipment, and
45 facilities under the control of the port authority, to
46 prevent hijacking of aircraft or watercraft, protect
47 the property of the authority and the property of
48 others located thereon, suppress nuisances and
49 disturbances and breaches of the peace, and enforce
50 laws and the rules of the port authority for the

1 preservation of good order. Peace officers are vested
2 with the same powers of arrest as peace officers under
3 section 804.7.

4 4. If an employee of a political subdivision
5 comprising the port authority is transferred to a
6 comparable position with the port authority, the
7 employee is entitled to suffer no loss in pay,
8 pension, fringe benefits, or other benefits and shall
9 be entitled to a comparable rank and grade as the
10 employee's prior position. Sick leave, longevity, and
11 vacation time accrued to such employees shall be
12 credited to them as employees of the port authority.
13 All rights and accruals of such employees as members
14 of the Iowa public employees' retirement system
15 pursuant to chapter 97B and the retirement system for
16 police officers pursuant to chapter 411 shall remain
17 in force and shall be automatically transferred to the
18 port authority.

19 Sec. ____ . NEW SECTION. 28J.8 AREA OF
20 JURISDICTION.

21 1. The area of jurisdiction of a port authority
22 shall include all of the territory of the political
23 subdivisions comprising the port authority and, if the
24 port authority owns or leases a railroad line or
25 airport, the territory on which the railroad's line,
26 terminals, and related facilities or the airport's
27 runways, terminals, and related facilities are
28 located, regardless of whether the territory is
29 located in the political subdivisions comprising the
30 port authority.

31 2. A political subdivision that has created a port
32 authority or joined an existing port authority shall
33 not be included in any other port authority.

34 Sec. ____ . NEW SECTION. 28J.9 POWERS OF PORT
35 AUTHORITY.

36 A port authority may exercise all of the following
37 powers:

38 1. Adopt bylaws for the regulation of the port
39 authority's affairs and the conduct of the port
40 authority's business.

41 2. Adopt an official seal.

42 3. Maintain a principal office and branch offices
43 within the port authority's jurisdiction.

44 4. Acquire, construct, furnish, equip, maintain,
45 repair, sell, exchange, lease, lease with an option to
46 purchase, convey interests in real or personal
47 property, and operate any property of the port
48 authority in connection with transportation,
49 recreational, governmental operations, or cultural
50 activities in furtherance of an authorized purpose.

- 1 5. Straighten, deepen, and improve any channel,
2 river, stream, or other watercourse or way which may
3 be necessary or proper in the development of the
4 facilities of the port authority.
- 5 6. Make available the use or services of any
6 facility of the port authority to any person or
7 governmental agency.
- 8 7. Issue bonds or pledge orders pursuant to the
9 requirements and limitations in section 28J.21.
- 10 8. Issue port authority revenue bonds beyond the
11 limit of bonded indebtedness provided by law, payable
12 solely from revenues as provided in section 28J.21,
13 for the purpose of providing funds to pay the costs of
14 any facility or facilities of the port authority or
15 parts thereof.
- 16 9. Apply to the proper authorities of the United
17 States for the right to establish, operate, and
18 maintain foreign trade zones and establish, operate,
19 and maintain foreign trade zones and to acquire,
20 exchange, sell, lease to or from, lease with an option
21 to purchase, or operate facilities, land, or property
22 in accordance with the federal Foreign Trade Zones
23 Act, 19 U.S.C. § 81a-81u.
- 24 10. Enjoy and possess the same legislative and
25 executive rights, privileges, and powers granted
26 cities under chapter 364 and counties under chapter
27 331, including the exercise of police power but
28 excluding the power to levy taxes.
- 29 11. Maintain such funds as it considers necessary
30 and adhere to the public funds investment standards of
31 chapter 12B, as applicable.
- 32 12. Direct port authority agents or employees,
33 after at least five days' written notice, to enter
34 upon lands within the port authority's jurisdiction to
35 make surveys and examinations preliminary to location
36 and construction of works for the port authority,
37 without liability of the port authority or its agents
38 or employees except for actual damages.
- 39 13. Promote, advertise, and publicize the port
40 authority and its facilities, and provide information
41 to shippers and other commercial interests.
- 42 14. Adopt bylaws, not in conflict with state or
43 federal law, necessary or incidental to the
44 performance of the duties of and the execution of the
45 powers of the port authority under this chapter.
- 46 15. Do any of the following in regard to interests
47 in real or personal property, including machinery,
48 equipment, plants, factories, offices, and other
49 structures and facilities related to or in furtherance
50 of any authorized purpose as the board in its sole

- 1 discretion may determine:
- 2 a. Loan money to any person or governmental agency
- 3 for the acquisition, construction, furnishing, or
- 4 equipping of the property.
- 5 b. Acquire, construct, maintain, repair, furnish,
- 6 or equip the property.
- 7 c. Sell to, exchange with, lease, convey other
- 8 interests in, or lease with an option to purchase the
- 9 same or any lesser interest in the property to the
- 10 same or any other person or governmental agency.
- 11 d. Guarantee the obligations of any person or
- 12 governmental agency.
- 13 e. Accept and hold as consideration for the
- 14 conveyance of property or any interest therein such
- 15 property or interests therein as the board may
- 16 determine, notwithstanding any restrictions that apply
- 17 to the investment of funds by a port authority.
- 18 16. Sell, lease, or convey other interests in real
- 19 and personal property, and grant easements or rights-
- 20 of-way over property of the port authority. The board
- 21 shall specify the consideration and terms for the
- 22 sale, lease, or conveyance of other interests in real
- 23 and personal property. A determination made by the
- 24 board under this subsection shall be conclusive. The
- 25 sale, lease, or conveyance may be made without
- 26 advertising and the receipt of bids.
- 27 17. Enter into an agreement with a political
- 28 subdivision comprising the port authority for the
- 29 political subdivision to exercise its right of eminent
- 30 domain pursuant to chapters 6A and 6B on behalf of the
- 31 port authority. However, a condemnation exercised on
- 32 behalf of a port authority pursuant to this subsection
- 33 shall not take or disturb property or a facility
- 34 belonging to a governmental agency, utility company,
- 35 or common carrier, which property or facility is
- 36 necessary and convenient in the operation of the
- 37 governmental agency, utility company, or common
- 38 carrier, unless provision is made for the restoration,
- 39 relocation, or duplication of such property or
- 40 facility, or upon the election of the governmental
- 41 agency, utility company, or common carrier, for the
- 42 payment of compensation, if any, at the sole cost of
- 43 the port authority, provided that both of the
- 44 following apply:
- 45 a. If a restoration or duplication proposed to be
- 46 made under this subsection involves a relocation of
- 47 the property or facility, the new facility and
- 48 location shall be of at least comparable utilitarian
- 49 value and effectiveness and shall not impair the
- 50 ability of the utility company or common carrier to

1 compete in its original area of operation.

2 b. If a restoration or duplication made under this
3 subsection involves a relocation of the property or
4 facility, the port authority shall acquire no interest
5 or right in or to the appropriated property or
6 facility, until the relocated property or facility is
7 available for use and until marketable title thereto
8 has been transferred to the utility company or common
9 carrier.

10 18. a. Make and enter into all contracts and
11 agreements and execute all instruments necessary or
12 incidental to the performance of the duties of and the
13 execution of powers of the port authority under this
14 chapter.

15 b. Except as provided in paragraph "c", when the
16 cost of a contract for the construction of a building,
17 structure, or other improvement undertaken by a port
18 authority involves an expenditure exceeding twenty-
19 five thousand dollars, and the port authority is the
20 contracting entity, the port authority shall make a
21 written contract after notice calling for bids for the
22 award of the contract has been given by publication
23 twice, with at least seven days between publications,
24 in a newspaper of general circulation in the area of
25 the port authority. Each such contract shall be let
26 to the lowest responsive and responsible bidder.
27 Every contract shall be accompanied by or shall refer
28 to plans and specifications for the work to be done,
29 prepared for and approved by the port authority, and
30 signed by an authorized officer of the port authority
31 and by the contractor.

32 c. The board of directors may provide criteria for
33 the negotiation and award without competitive bidding
34 of any contract as to which the port authority is the
35 contracting entity for the construction of any
36 building or structure or other improvement under any
37 of the following circumstances:

38 (1) A real and present emergency exists that
39 threatens damage or injury to persons or property of
40 the port authority or other persons, provided that a
41 statement specifying the nature of the emergency that
42 is the basis for the negotiation and award of a
43 contract without competitive bidding shall be signed
44 by the officer of the port authority that executes
45 that contract at the time of the contract's execution
46 and shall be attached to the contract.

47 (2) A commonly recognized industry or other
48 standard or specification does not exist and cannot
49 objectively be articulated for the improvement.

50 (3) The contract is for any energy conservation

1 measure as defined in section 7D.34.

2 (4) With respect to material to be incorporated
3 into the improvement, only a single source or supplier
4 exists for the material.

5 (5) A single bid is received by the port authority
6 after complying with the provisions of paragraph "b".

7 d. (1) If a contract is to be negotiated and
8 awarded without competitive bidding for the reason set
9 forth in paragraph "c", subparagraph (2), the port
10 authority shall publish a notice calling for technical
11 proposals at least twice, with at least seven days
12 between publications, in a newspaper of general
13 circulation in the area of the port authority. After
14 receipt of the technical proposals, the port authority
15 may negotiate with and award a contract for the
16 improvement to the person making the proposal
17 considered to be the most advantageous to the port
18 authority.

19 (2) If a contract is to be negotiated and awarded
20 without competitive bidding for the reason set forth
21 in paragraph "c", subparagraph (4), construction
22 activities related to the incorporation of the
23 material into the improvement also may be provided
24 without competitive bidding by the source or supplier
25 of that material.

26 e. A purchase, exchange, sale, lease, lease with
27 an option to purchase, conveyance of other interests
28 in, or other contract with a person or governmental
29 agency that pertains to the acquisition, construction,
30 maintenance, repair, furnishing, equipping, or
31 operation of any real or personal property, related to
32 or in furtherance of economic development and the
33 provision of adequate housing, shall be made in such
34 manner and subject to such terms and conditions as may
35 be determined in the board's discretion. This
36 paragraph applies to all contracts that are subject to
37 this section, notwithstanding any other provision of
38 law that might otherwise apply, including a
39 requirement of notice, competitive bidding or
40 selection, or for the provision of security. However,
41 this paragraph shall not apply to a contract secured
42 exclusively by or to be paid exclusively from the
43 general revenues of the port authority. For the
44 purposes of this paragraph, any revenues derived by
45 the port authority under a lease or other agreement
46 that, by its terms, contemplates the use of amounts
47 payable under the agreement either to pay the costs of
48 the improvement that is the subject of the contract or
49 to secure obligations of the port authority issued to
50 finance costs of such improvement, are excluded from

1 general revenues.

2 19. Employ managers, superintendents, and other
3 employees and retain or contract with consulting
4 engineers, financial consultants, accounting experts,
5 architects, attorneys, and any other consultants and
6 independent contractors as are necessary in the port
7 authority's judgment to carry out this chapter, and
8 fix the compensation thereof. All expenses thereof
9 shall be payable from any available funds of the port
10 authority or from funds appropriated for that purpose
11 by the political subdivisions comprising the port
12 authority.

13 20. Receive and accept from a governmental agency
14 grants and loans for the construction of a port
15 authority facility, for research and development with
16 respect to a port authority facility, or any other
17 authorized purpose, and receive and accept aid or
18 contributions from any source of moneys, property,
19 labor, or other things of value, to be held, used, and
20 applied only for the purposes for which the grants,
21 loans, aid, or contributions are made.

22 21. Engage in research and development with
23 respect to a port authority facility.

24 22. Purchase fire and extended coverage and
25 liability insurance for a port authority facility and
26 for the principal office and branch offices of the
27 port authority, insurance protecting the port
28 authority and its officers and employees against
29 liability for damage to property or injury to or death
30 of persons arising from its operations, and any other
31 insurance the port authority may agree to provide
32 under a resolution authorizing port authority revenue
33 bonds, pledge orders, or in any trust agreement
34 securing the same.

35 23. Charge, alter, and collect rental fees and
36 other charges for the use or services of a port
37 authority facility as provided in section 28J.16.

38 24. Perform all acts necessary or proper to carry
39 out the powers expressly granted in this chapter.

40 Sec. ____ . NEW SECTION. 28J.10 PARTICIPATION OF
41 PRIVATE ENTERPRISE.

42 The port authority shall foster and encourage the
43 participation of private enterprise in the development
44 of the port authority facilities to the fullest extent
45 practicable in the interest of limiting the necessity
46 of construction and operation of the facilities by the
47 port authority.

48 Sec. ____ . NEW SECTION. 28J.11 PROVISIONS DO NOT
49 AFFECT OTHER LAWS OR POWERS.

50 This chapter shall not do any of the following:

1 1. Impair a provision of law directing the payment
2 of revenues derived from public property into sinking
3 funds or dedicating those revenues to specific
4 purposes.

5 2. Impair the powers of a political subdivision to
6 develop or improve a port and terminal facility except
7 as restricted by section 28J.15.

8 3. Enlarge, alter, diminish, or affect in any way,
9 a lease or conveyance made, or action taken prior to
10 the creation of a port authority under section 28J.2
11 by a city or a county.

12 4. Impair or interfere with the exercise of a
13 permit for the removal of sand or gravel, or other
14 similar permits issued by a governmental agency.

15 5. Impair or contravene applicable federal
16 regulations.

17 Sec. ____ . NEW SECTION. 28J.12 CONVEYANCE, LEASE,
18 OR EXCHANGE OF PUBLIC PROPERTY.

19 A port authority may convey or lease, lease with an
20 option to purchase, or exchange with any governmental
21 agency or other port authority without competitive
22 bidding and on mutually agreeable terms, any personal
23 or real property, or any interest therein.

24 Sec. ____ . NEW SECTION. 28J.13 ANNUAL BUDGET --
25 USE OF RENTS AND CHARGES.

26 The board shall annually prepare a budget for the
27 port authority. Revenues received by the port
28 authority shall be used for the general expenses of
29 the port authority and to pay interest, amortization,
30 and retirement charges on money borrowed. Except as
31 provided in section 28J.26, if there remains, at the
32 end of any fiscal year, a surplus of such funds after
33 providing for the above uses, the board shall pay such
34 surplus into the general funds of the political
35 subdivisions comprising the port authority as agreed
36 to by the subdivisions.

37 Sec. ____ . NEW SECTION. 28J.14 SECRETARY TO
38 FURNISH BOND -- DEPOSIT AND DISBURSEMENT OF FUNDS.

39 Before receiving any revenues, the secretary of a
40 port authority shall furnish a bond in such amount as
41 shall be determined by the port authority with
42 sureties satisfactory to the port authority, and all
43 funds coming into the hands of the secretary shall be
44 deposited by the secretary to the account of the port
45 authority in one or more such depositories as shall be
46 qualified to receive deposits of county funds, which
47 deposits shall be secured in the same manner as county
48 funds are required to be secured. A disbursement
49 shall not be made from such funds except in accordance
50 with policies and procedures adopted by the port

1 authority.

2 Sec. ____ . NEW SECTION. 28J.15 LIMITATION ON
3 CERTAIN POWERS OF POLITICAL SUBDIVISIONS.

4 A political subdivision creating or participating
5 in the creation of a port authority in accordance with
6 section 28J.2 shall not, during the time the port
7 authority is in existence, exercise the rights and
8 powers provided in chapters 28A, 28K, and 384 relating
9 to the political subdivision's authority over a port,
10 wharf, dock, harbor or other facility substantially
11 similar to that political subdivision's authority
12 under a port authority granted under this chapter.

13 Sec. ____ . NEW SECTION. 28J.16 RENTALS OR CHARGES
14 FOR USE OR SERVICES OF FACILITIES -- AGREEMENTS WITH
15 GOVERNMENTAL AGENCIES.

16 1. a. A port authority may charge, alter, and
17 collect rental fees or other charges for the use or
18 services of any port authority facility and contract
19 for the use or services of a facility, and fix the
20 terms, conditions, rental fees, or other charges for
21 the use or services.

22 b. If the services are furnished in the
23 jurisdiction of the port authority by a utility
24 company or a common carrier, the port authority's
25 charges for the services shall not be less than the
26 charges established for the same services furnished by
27 a utility company or common carrier in the port
28 authority jurisdiction.

29 c. The rental fees or other charges shall not be
30 subject to supervision or regulation by any other
31 authority, commission, board, bureau, or governmental
32 agency of the state and the contract may provide for
33 acquisition of all or any part of the port authority
34 facility for such consideration payable over the
35 period of the contract or otherwise as the port
36 authority determines to be appropriate, but subject to
37 the provisions of any resolution authorizing the
38 issuance of port authority revenue bonds or any trust
39 agreement securing the bonds.

40 d. A governmental agency that has power to
41 construct, operate, and maintain a port authority
42 facility may enter into a contract or lease with a
43 port authority for the use or services of a port
44 authority facility as may be agreed to by the port
45 authority and the governmental agency.

46 2. a. A governmental agency may cooperate with
47 the port authority in the acquisition or construction
48 of a port authority facility and shall enter into such
49 agreements with the port authority as may be
50 appropriate, which shall provide for contributions by

1 the parties in a proportion as may be agreed upon and
2 other terms as may be mutually satisfactory to the
3 parties including the authorization of the
4 construction of the facility by one of the parties
5 acting as agent for all of the parties and the
6 ownership and control of the facility by the port
7 authority to the extent necessary or appropriate.

8 b. A governmental agency may provide funds for the
9 payment of any contribution required under such
10 agreements by the levy of taxes or assessments if
11 otherwise authorized by the laws governing the
12 governmental agency in the construction of the type of
13 port authority facility provided for in the
14 agreements, and may pay the proceeds from the
15 collection of the taxes or assessments; or the
16 governmental agency may issue bonds or notes, if
17 authorized by law, in anticipation of the collection
18 of the taxes or assessments, and may pay the proceeds
19 of the bonds or notes to the port authority pursuant
20 to such agreements.

21 c. A governmental agency may provide the funds for
22 the payment of a contribution by the appropriation of
23 moneys or, if otherwise authorized by law, by the
24 issuance of bonds or notes and may pay the
25 appropriated moneys or the proceeds of the bonds or
26 notes to the port authority pursuant to such
27 agreements.

28 3. When the contribution of any governmental
29 agency is to be made over a period of time from the
30 proceeds of the collection of special assessments, the
31 interest accrued and to accrue before the first
32 installment of the assessments is collected, which is
33 payable by the governmental agency on the contribution
34 under the terms and provisions of the agreements,
35 shall be treated as part of the cost of the
36 improvement for which the assessments are levied, and
37 that portion of the assessments that is collected in
38 installments shall bear interest at the same rate as
39 the governmental agency is obligated to pay on the
40 contribution under the terms and provisions of the
41 agreements and for the same period of time as the
42 contribution is to be made under the agreements. If
43 the assessment or any installment thereof is not paid
44 when due, it shall bear interest until the payment
45 thereof at the same rate as the contribution and the
46 county auditor shall annually place on the tax list
47 and duplicate the interest applicable to the
48 assessment and the penalty thereon as otherwise
49 authorized by law.

50 4. A governmental agency, pursuant to a favorable

1 vote in an election regarding issuing bonds to provide
2 funds to acquire, construct, or equip, or provide real
3 estate and interests in real estate for a port
4 authority facility, whether or not the governmental
5 agency at the time of the election had the authority
6 to pay the proceeds from the bonds or notes issued in
7 anticipation of the bonds to the port authority as
8 provided in this section, may issue such bonds or
9 notes in anticipation of the issuance of the bonds and
10 pay the proceeds of the bonds or notes to the port
11 authority in accordance with an agreement with the
12 port authority; provided, that the legislative
13 authority of the governmental agency finds and
14 determines that the port authority facility to be
15 acquired or constructed in cooperation with the
16 governmental agency will serve the same public purpose
17 and meet substantially the same public need as the
18 facility otherwise proposed to be acquired or
19 constructed by the governmental agency with the
20 proceeds of the bonds and notes.

21 Sec. ____ . NEW SECTION. 28J.17 CONTRACTS,
22 ARRANGEMENTS, AND AGREEMENTS.

23 1. a. A port authority may enter into a contract
24 or other arrangement with a person, railroad, utility
25 company, corporation, governmental agency including
26 sewerage, drainage, conservation, conservancy, or
27 other improvement districts in this or other states,
28 or the governments or agencies of foreign countries as
29 may be necessary or convenient for the exercise of the
30 powers granted by this chapter. The port authority
31 may purchase, lease, or acquire land or other property
32 in any county of this state and in adjoining states
33 for the accomplishment of authorized purposes of the
34 port authority, or for the improvement of the harbor
35 and port facilities over which the port authority may
36 have jurisdiction including development of port
37 facilities in adjoining states. The authority granted
38 in this section to enter into contracts or other
39 arrangements with the federal government includes the
40 power to enter into any contracts, arrangements, or
41 agreements that may be necessary to hold and save
42 harmless the United States from damages due to the
43 construction and maintenance by the United States of
44 work the United States undertakes.

45 b. A political subdivision that has participated
46 in the creation of a port authority, or is within, or
47 adjacent to a political subdivision that is within the
48 jurisdiction of a port authority, may enter into an
49 agreement with the port authority to accomplish any of
50 the authorized purposes of the port authority. The

1 agreement may set forth the extent to which the port
2 authority shall act as the agent of the political
3 subdivision.

4 2. A port authority may enter into an agreement
5 with a contracting governmental agency, whereby the
6 port authority or the contracting governmental agency
7 undertakes, and is authorized by the port authority or
8 a contracting governmental agency, to exercise any
9 power, perform any function, or render any service, on
10 behalf of the port authority or a contracting
11 governmental agency, which the port authority or the
12 contracting governmental agency is authorized to
13 exercise, perform, or render.

14 Sec. ____ . NEW SECTION. 28J.18 REVENUE BONDS ARE
15 LAWFUL INVESTMENTS.

16 Port authority revenue bonds issued pursuant to
17 this chapter are lawful investments of banks, credit
18 unions, trust companies, savings and loan
19 associations, deposit guaranty associations, insurance
20 companies, trustees, fiduciaries, trustees or other
21 officers having charge of the bond retirement funds or
22 sinking funds of port authorities and governmental
23 agencies, and taxing districts of this state, the
24 pension and annuity retirement system, the Iowa public
25 employees' retirement system, the police and fire
26 retirement systems under chapters 410 and 411, a
27 revolving fund of a governmental agency of this state,
28 and are acceptable as security for the deposit of
29 public funds under chapter 12C.

30 Sec. ____ . NEW SECTION. 28J.19 PROPERTY TAX
31 EXEMPTION.

32 A port authority shall be exempt from and shall not
33 be required to pay taxes on real property belonging to
34 a port authority that is used exclusively for an
35 authorized purpose as provided in section 427.1,
36 subsection 34.

37 Sec. ____ . NEW SECTION. 28J.20 LOANS FOR
38 ACQUISITION OR CONSTRUCTION OF FACILITY -- SALE OF
39 FACILITY -- POWER TO ENCUMBER PROPERTY.

40 1. With respect to the financing of a facility for
41 an authorized purpose, under an agreement whereby the
42 person to whom the facility is to be leased,
43 subleased, or sold, or to whom a loan is to be made
44 for the facility, is to make payments sufficient to
45 pay all of the principal of, premium, and interest on
46 the port authority revenue bonds issued for the
47 facility, the port authority, in addition to other
48 powers under this chapter, may do any of the
49 following:

50 a. Make loans for the acquisition or construction

1 of the facility to such person upon such terms as the
2 port authority may determine or authorize including
3 secured or unsecured loans, and enter into loan
4 agreements and other agreements, accept notes and
5 other forms of obligation to evidence such
6 indebtedness and mortgages, liens, pledges,
7 assignments, or other security interests to secure
8 such indebtedness, which may be prior or subordinate
9 to or on a parity with other indebtedness,
10 obligations, mortgages, pledges, assignments, other
11 security interests, or liens or encumbrances, and take
12 actions considered appropriate to protect such
13 security and safeguard against losses, including,
14 without limitation, foreclosure and the bidding upon
15 and purchase of property upon foreclosure or other
16 sale.

17 b. Sell the facility under terms as the port
18 authority may determine, including sale by conditional
19 sale or installment sale, under which title may pass
20 prior to or after completion of the facility or
21 payment or provisions for payment of all principal of,
22 premium, and interest on the revenue bonds, or at any
23 other time provided in the agreement pertaining to the
24 sale, and including sale under an option to purchase
25 at a price which may be a nominal amount or less than
26 true value at the time of purchase.

27 c. Grant a mortgage, lien, or other encumbrance
28 on, or pledge or assignment of, or other security
29 interest with respect to, all or any part of the
30 facility, revenues, reserve funds, or other funds
31 established in connection with the bonds or with
32 respect to a lease, sublease, sale, conditional sale
33 or installment sale agreement, loan agreement, or
34 other agreement pertaining to the lease, sublease,
35 sale, or other disposition of a facility or pertaining
36 to a loan made for a facility, or a guaranty or
37 insurance agreement made with respect thereto, or an
38 interest of the port authority therein, or any other
39 interest granted, assigned, or released to secure
40 payments of the principal of, premium, or interest on
41 the bonds or to secure any other payments to be made
42 by the port authority, which mortgage, lien,
43 encumbrance, pledge, assignment, or other security
44 interest may be prior or subordinate to or on a parity
45 with any other mortgage, assignment, or other security
46 interest, or lien or encumbrance.

47 d. Contract for the acquisition or construction of
48 the facility or any part thereof and for the leasing,
49 subleasing, sale, or other disposition of the facility
50 in a manner determined by the port authority in its

1 sole discretion, without necessity for competitive
2 bidding or performance bonds.

3 e. Make appropriate provision for adequate
4 maintenance of the facility.

5 2. With respect to a facility referred to in this
6 section, the authority granted by this section is
7 cumulative and supplementary to all other authority
8 granted in this chapter. The authority granted by
9 this section does not alter or impair a similar
10 authority granted elsewhere in this chapter for or
11 with respect to other facilities.

12 Sec. ____ . NEW SECTION. 28J.21 ISSUANCE OF
13 REVENUE AND REFUNDING BONDS.

14 1. A port authority may issue revenue bonds and
15 pledge orders payable solely from the net revenues of
16 the port authority including the revenues generated
17 from a facility pursuant to section 28J.20. The
18 revenue bonds may be issued in such principal amounts
19 as, in the opinion of the port authority, are
20 necessary for the purpose of paying the cost of one or
21 more port authority facilities or parts thereof.

22 2. a. The resolution to issue the bonds must be
23 adopted at a regular or special meeting of the board
24 called for that purpose by a majority of the total
25 number of members of the board. The board shall fix a
26 date, time, and place of meeting at which it proposes
27 to take action, and give notice by publication in the
28 manner directed in section 331.305. The notice must
29 include a statement of the date, time, and place of
30 the meeting, the maximum amount of the proposed
31 revenue bonds, the purpose for which the revenue bonds
32 will be issued, and the net revenues to be used to pay
33 the principal and interest on the revenue bonds.

34 b. At the meeting the board shall receive oral or
35 written objections from any resident or property owner
36 within the jurisdiction of the port authority. After
37 all objections have been received and considered, the
38 board, at the meeting or a date to which it is
39 adjourned, may take additional action for the issuance
40 of the bonds or abandon the proposal to issue bonds.
41 Any resident or property owner within the jurisdiction
42 of the port authority may appeal a decision of the
43 board to take additional action in district court
44 within fifteen days after the additional action is
45 taken, but the additional action of the board is final
46 and conclusive unless the court finds that the board
47 exceeded its authority.

48 3. The board may sell revenue bonds or pledge
49 orders at public or private sale and may deliver
50 revenue bonds and pledge orders to the contractors,

1 sellers, and other persons furnishing materials and
2 services constituting a part of the cost of the port
3 authority facility in payment therefor. The pledge of
4 any net revenues of a port authority is valid and
5 effective as to all persons including but not limited
6 to other governmental bodies when it becomes valid and
7 effective between the port authority and the holders
8 of the revenue bonds or pledge orders.

9 4. A revenue bond is valid and binding for all
10 purposes if it bears the signatures or a facsimile of
11 the signature of the officer designated by the port
12 authority. Port authority revenue bonds may bear
13 dates, bear interest at rates not exceeding those
14 permitted by chapter 74A, bear interest at a variable
15 rate or rates changing from time to time in accordance
16 with a base or formula, mature in one or more
17 installments, be in registered form, carry
18 registration and conversion privileges, be payable as
19 to principal and interest at times and places, be
20 subject to terms of redemption prior to maturity with
21 or without premium, and be in one or more
22 denominations, all as provided by the resolution of
23 the board authorizing their issuance. The resolution
24 may also prescribe additional provisions, terms,
25 conditions, and covenants which the port authority
26 deems advisable, consistent with this chapter,
27 including provisions for creating and maintaining
28 reserve funds, the issuance of additional revenue
29 bonds ranking on a parity with such revenue bonds and
30 additional revenue bonds junior and subordinate to
31 such revenue bonds, and that such revenue bonds shall
32 rank on a parity with or be junior and subordinate to
33 any revenue bonds which may be then outstanding. Port
34 authority revenue bonds are a contract between the
35 port authority and holders and the resolution is a
36 part of the contract.

37 5. The port authority may issue revenue bonds to
38 refund revenue bonds, pledge orders, and other
39 obligations which are by their terms payable from the
40 net revenues of the same port authority, at lower, the
41 same, or higher rates of interest. A port authority
42 may sell refunding revenue bonds at public or private
43 sale and apply the proceeds to the payment of the
44 obligations being refunded, and may exchange refunding
45 revenue bonds in payment and discharge of the
46 obligations being refunded. The principal amount of
47 refunding revenue bonds may exceed the principal
48 amount of the obligations being refunded to the extent
49 necessary to pay any premium due on the call of the
50 obligations being refunded and to fund interest

1 accrued and to accrue on the obligations being
2 refunded.

3 6. The final maturity of any original issue of
4 port authority revenue bonds shall not exceed forty
5 years from the date of issue, and the final maturity
6 of port authority revenue bonds that refund
7 outstanding port authority revenue bonds shall not be
8 later than the later of forty years from the date of
9 issue of the original issue of bonds or the date by
10 which it is expected, at the time of issuance of the
11 refunding bonds, that the useful life of all of the
12 property refinanced with the proceeds of the bonds,
13 other than interests in land, will have expired. Such
14 bonds or notes shall be executed in a manner as the
15 resolution may provide.

16 7. The port authority may contract to pay an
17 amount not to exceed ninety-five percent of the
18 engineer's estimated value of the acceptable work
19 completed during the month to the contractor at the
20 end of each month for work, material, or services.
21 Payment may be made in warrants drawn on any fund from
22 which payment for the work may be made. If such funds
23 are depleted, anticipatory warrants may be issued
24 bearing a rate of interest not exceeding that
25 permitted by chapter 74A even if income from the sale
26 of bonds which have been authorized and are applicable
27 to the public improvement takes place after the fiscal
28 year in which the warrants are issued. If the port
29 authority arranges for the private sale of
30 anticipatory warrants, the warrants may be sold and
31 the proceeds used to pay the contractor. The warrants
32 may also be used to pay other persons furnishing
33 services constituting a part of the cost of the public
34 improvement.

35 8. Port authority revenue bonds, pledge orders,
36 and warrants issued under this section are negotiable
37 instruments.

38 9. The board may issue pledge orders pursuant to a
39 resolution adopted by a majority of the total number
40 of supervisors, at a regular or special meeting,
41 ordering their issuance and delivery in payment for
42 all or part of the cost of a project. Pledge orders
43 may bear interest at rates not exceeding those
44 permitted by chapter 74A.

45 10. Except as provided in section 28J.20, the
46 physical properties of the port authority shall not be
47 pledged or mortgaged to secure the payment of revenue
48 bonds, pledge orders, or refunding bonds, or the
49 interest thereon.

50 11. The members of the board of the port authority

1 and any person executing the bonds or pledge orders
2 shall not be personally liable on the bonds or pledge
3 orders or be subject to any personal liability or
4 accountability by reason of the issuance thereof.

5 Sec. ____ . NEW SECTION. 28J.22 BONDS MAY BE
6 SECURED BY TRUST AGREEMENT.

7 1. In the discretion of the port authority, a port
8 authority revenue bond issued under this chapter may
9 be secured by a trust agreement between the port
10 authority and a corporate trustee that may be any
11 trust company or bank having the powers of a trust
12 company within this or any other state.

13 2. The trust agreement may pledge or assign
14 revenues of the port authority to be received for
15 payment of the revenue bonds. The trust agreement or
16 any resolution providing for the issuance of revenue
17 bonds may contain provisions for protecting and
18 enforcing the rights and remedies of the bondholders
19 as are reasonable and proper and not in violation of
20 law, including covenants setting forth the duties of
21 the port authority in relation to the acquisition of
22 property, the construction, improvement, maintenance,
23 repair, operation, and insurance of the port authority
24 facility in connection with which the bonds are
25 authorized, the rentals or other charges to be imposed
26 for the use or services of any port authority
27 facility, the custody, safeguarding, and application
28 of all moneys, and provisions for the employment of
29 consulting engineers in connection with the
30 construction or operation of any port authority
31 facility.

32 3. A bank or trust company incorporated under the
33 laws of this state, that may act as the depository of
34 the proceeds of bonds or of revenues, shall furnish
35 any indemnifying bonds or may pledge any securities
36 that are required by the port authority. The trust
37 agreement may set forth the rights and remedies of the
38 bondholders and of the trustee, and may restrict the
39 individual right of action by bondholders as is
40 customary in trust agreements or trust indentures
41 securing similar bonds. The trust agreement may
42 contain any other provisions that the port authority
43 determines reasonable and proper for the security of
44 the bondholders. All expenses incurred in carrying
45 out the provisions of the trust agreement may be
46 treated as a part of the cost of the operation of the
47 port authority facility.

48 Sec. ____ . NEW SECTION. 28J.23 REMEDY OF HOLDER
49 OF BOND OR COUPON -- STATUTE OF LIMITATIONS.

50 1. The sole remedy for a breach or default of a

1 term of a port authority revenue bond or pledge order
2 is a proceeding in law or in equity by suit, action,
3 or mandamus to enforce and compel performance of the
4 duties required by this chapter and of the terms of
5 the resolution authorizing the issuance of the revenue
6 bonds or pledge orders, or to obtain the appointment
7 of a receiver to take possession of and operate the
8 port authority, and to perform the duties required by
9 this chapter and the terms of the resolution
10 authorizing the issuance of the port authority revenue
11 bonds or pledge orders.

12 2. An action shall not be brought which questions
13 the legality of port authority revenue bonds or pledge
14 orders, the power of a port authority to issue revenue
15 bonds or pledge orders, or the effectiveness of any
16 proceedings relating to the authorization and issuance
17 of revenue bonds or pledge orders, from and after
18 fifteen days from the time the bonds or pledge orders
19 are ordered issued by the port authority.

20 Sec. ____ . NEW SECTION. 28J.24 BONDS ARE PAYABLE
21 SOLELY FROM REVENUES AND FUNDS PLEDGED FOR PAYMENT.

22 Port authority revenue bonds and pledge orders
23 issued under this chapter do not constitute a debt, or
24 a pledge of the faith and credit, of the state or a
25 political subdivision of the state, and the holders or
26 owners of the bonds or pledge orders shall not have
27 taxes levied by the state or by a taxing authority of
28 a governmental agency of the state for the payment of
29 the principal of or interest on the bonds or pledge
30 orders, but the bonds and pledge orders are payable
31 solely from the revenues and funds pledged for their
32 payment as authorized by this chapter, unless the
33 notes are issued in anticipation of the issuance of
34 bonds or pledge orders or the bonds and pledge orders
35 are refunded by refunding bonds issued under this
36 chapter, which bonds, pledge orders, or refunding
37 bonds shall be payable solely from revenues and funds
38 pledged for their payment as authorized by those
39 sections. All of the bonds or pledge orders shall
40 contain a statement to the effect that the bonds or
41 pledge orders, as to both principal and interest, are
42 not debts of the state or a political subdivision of
43 the state, but are payable solely from revenues and
44 funds pledged for their payment.

45 Sec. ____ . NEW SECTION. 28J.25 FUNDS AND PROPERTY
46 HELD IN TRUST -- USE AND DEPOSIT OF FUNDS.

47 All revenues, funds, properties, and assets
48 acquired by the port authority under this chapter,
49 whether as proceeds from the sale of port authority
50 revenue bonds, pledge orders, or as revenues, shall be

1 held in trust for the purposes of carrying out the
2 port authority's powers and duties, shall be used and
3 reused as provided in this chapter, and shall at no
4 time be part of other public funds. Such funds,
5 except as otherwise provided in a resolution
6 authorizing port authority revenue bonds or in a trust
7 agreement securing the same, or except when invested
8 pursuant to section 28J.26, shall be kept in
9 depositories selected by the port authority in the
10 manner provided in chapter 12C, and the deposits shall
11 be secured as provided in that chapter. The
12 resolution authorizing the issuance of revenue bonds
13 or pledge orders, or the trust agreement securing such
14 bonds or pledge orders shall provide that any officer
15 to whom, or any bank or trust company to which, such
16 moneys are paid shall act as trustee of such moneys
17 and hold and apply them for the purposes hereof,
18 subject to such conditions as this chapter and such
19 resolution or trust agreement provide.

20 Sec. ____ . NEW SECTION. 28J.26 INVESTMENT OF
21 EXCESS FUNDS.

22 1. If a port authority has surplus funds after
23 making all deposits into all funds required by the
24 terms, covenants, conditions, and provisions of
25 outstanding revenue bonds, pledge orders, and
26 refunding bonds which are payable from the revenues of
27 the port authority and after complying with all of the
28 requirements, terms, covenants, conditions, and
29 provisions of the proceedings and resolutions pursuant
30 to which revenue bonds, pledge orders, and refunding
31 bonds are issued, the board may transfer the surplus
32 funds to any other fund of the port authority in
33 accordance with this chapter and chapter 12C, provided
34 that a transfer shall not be made if it conflicts with
35 any of the requirements, terms, covenants, conditions,
36 or provisions of a resolution authorizing the issuance
37 of revenue bonds, pledge orders, or other obligations
38 which are payable from the revenues of the port
39 authority which are then outstanding.

40 2. This section does not prohibit or prevent the
41 board from using funds derived from any other source
42 which may be properly used for such purpose, to pay a
43 part of the cost of a facility.

44 Sec. ____ . NEW SECTION. 28J.27 CHANGE IN LOCATION
45 OF PUBLIC WAY, RAILROAD, OR UTILITY FACILITY --
46 VACATION OF HIGHWAY.

47 1. When a port authority changes the location of
48 any portion of any public road, railroad, or utility
49 facility in connection with the construction of a port
50 authority facility, the port authority shall

1 reconstruct at such location as the governmental
2 agency having jurisdiction over such road, railroad,
3 or utility facility finds most favorable. The
4 construction of such road, railroad, or utility
5 facility shall be of substantially the same type and
6 in as good condition as the original road, railroad,
7 or utility facility. The cost of such reconstruction,
8 relocation, or removal and any damage incurred in
9 changing the location of any such road, railroad, or
10 utility facility shall be paid by the port authority
11 as a part of the cost of the port authority facility.

12 2. When the port authority finds it necessary that
13 a public highway or portion of a public highway be
14 vacated by reason of the acquisition or construction
15 of a port authority facility, the port authority may
16 request the director of the department of
17 transportation to vacate such highway or portion in
18 accordance with chapter 306 if the highway or portion
19 to be vacated is on the state highway system, or, if
20 the highway or portion to be vacated is under the
21 jurisdiction of a county, the port authority shall
22 petition the board of supervisors of that county, in
23 the manner provided in chapter 306, to vacate such
24 highway or portion. The port authority shall pay to
25 the county, as a part of the cost of such port
26 authority facility, any amounts required to be
27 deposited with a court in connection with proceedings
28 for the determination of compensation and damages and
29 all amounts of compensation and damages finally
30 determined to be payable as a result of such vacation.

31 3. The port authority may adopt bylaws for the
32 installation, construction, maintenance, repair,
33 renewal, relocation, and removal of railroad or
34 utility facilities in, on, over, or under any port
35 authority facility. Whenever the port authority
36 determines that it is necessary that any such facility
37 installed or constructed in, on, over, or under
38 property of the port authority pursuant to such bylaws
39 be relocated, the utility company owning or operating
40 such facility shall relocate or remove them in
41 accordance with the order of the port authority. The
42 cost and expenses of such relocation or removal,
43 including the cost of installing such facility in a
44 new location, the cost of any lands, or any rights or
45 interests in lands, and any other rights, acquired to
46 accomplish such relocation or removal, shall be paid
47 by the port authority as a part of the cost of the
48 port authority facility. In case of any such
49 relocation or removal of such facilities, the railroad
50 or utility company owning or operating them, its

1 successors, or assigns may maintain and operate such
2 facilities, with the necessary appurtenances, in the
3 new location in, on, over, or under the property of
4 the port authority for as long a period and upon the
5 same terms as the railroad or utility company had the
6 right to maintain and operate such facilities in their
7 former location.

8 Sec. ____ . NEW SECTION. 28J.28 FINAL ACTIONS TO
9 BE RECORDED -- ANNUAL REPORT -- CONFIDENTIALITY OF
10 INFORMATION.

11 1. All final actions of the port authority shall
12 be recorded and the records of the port authority
13 shall be open to public examination and copying
14 pursuant to chapter 22. Not later than the first day
15 of April every year, a port authority shall submit a
16 report to the director of the department of economic
17 development detailing the projects and activities of
18 the port authority during the previous calendar year.
19 The report shall include, but not be limited to, all
20 aspects of those projects and activities, including
21 the progress and status of the projects and their
22 costs, and any other information the director
23 determines should be included in the report.

24 2. Financial and proprietary information,
25 including trade secrets, submitted to a port authority
26 or the agents of a port authority, in connection with
27 the relocation, location, expansion, improvement, or
28 preservation of a business or nonprofit corporation is
29 not a public record subject to chapter 22. Any other
30 information submitted under those circumstances is not
31 a public record subject to chapter 22 until there is a
32 commitment in writing to proceed with the relocation,
33 location, expansion, improvement, or preservation.

34 3. Notwithstanding chapter 21, the board of
35 directors of a port authority, when considering
36 information that is not a public record under this
37 section, may close a meeting during the consideration
38 of that information pursuant to a vote of the majority
39 of the directors present on a motion stating that such
40 information is to be considered. Other matters shall
41 not be considered during the closed session.

42 Sec. ____ . NEW SECTION. 28J.29 PROVISIONS TO BE
43 LIBERALLY CONSTRUED.

44 This chapter shall be liberally construed to effect
45 the chapter's purposes.

46 Sec. ____ . Section 427.1, Code 2005, is amended by
47 adding the following new subsection:

48 NEW SUBSECTION. 34. PORT AUTHORITY PROPERTY. The
49 property of a port authority created pursuant to
50 section 28J.2, when devoted to public use and not held

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Page 29

1 for pecuniary profit."

2 6. Page 5, line 7, by inserting after the word

3 "gasoline," the following: "to issuance of revenue

4 bonds,".

5 7. By renumbering as necessary.

By HOFFMAN of Crawford

H-1707 FILED MAY 20, 2005

WITHDRAWN

HOUSE FILE 868
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HF 850)
(SUCCESSOR TO HF 794)
(SUCCESSOR TO HSB 137)

(As Amended and Passed by the House April 27, 2005)

Re-Passed House, Date 5-20-05 Passed Senate, Date 5-5-05
Vote: Ayes 89 Nays 6 Vote: Ayes 41 Nays 9
Approved _____ Re-passed 5-20-05
42-7

A BILL FOR

1 An Act relating to economic development, business, workforce, and
2 regulatory assistance and tax credits, and to state
3 developmental, research, and regulatory oversight, and
4 including effective date and retroactive applicability
5 provisions.

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

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House Amendments _____
Deleted Language *

1 DIVISION I
2 GROW IOWA VALUES FUND

3 Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

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

17 Sec. 2. NEW SECTION. 15G.112 FINANCIAL ASSISTANCE.

* 18 1. In order to receive financial assistance from the
19 department from moneys appropriated from the grow Iowa values
20 fund, the average annual wage, including benefits, of new jobs
21 created must be equal to or greater than one hundred thirty
22 percent of the average county wage. For purposes of this
23 section, "average county wage" and "benefits" mean the same as
24 defined in section 15H.1.

25 2. An applicant may apply to the Iowa economic development
26 board for a waiver of the wage requirements in subsection 1.

27 3. In awarding moneys appropriated from the grow Iowa
28 values fund, the department shall give special consideration
29 to projects that include significant physical infrastructure
30 components designed to increase property tax revenues to local
31 governments.

32 DIVISION II
33 IOWA ECONOMIC DEVELOPMENT BOARD

34 Sec. 3. Section 15.103, Code 2005, is amended to read as
35 follows:

1 15.103 ECONOMIC DEVELOPMENT BOARD.

2 1. a. The Iowa economic development board is created,
3 consisting of eleven voting members appointed by the governor
4 and seven ex officio nonvoting members. The ex officio
5 nonvoting members are four legislative members; one president,
6 or the president's designee, of the university of northern
7 Iowa, the university of Iowa, or Iowa state university of
8 science and technology designated by the state board of
9 regents on a rotating basis; and one president, or the
10 president's designee, of a private college or university
11 appointed by the Iowa association of independent colleges and
12 universities; and one superintendent, or the superintendent's
13 designee, of a community college, appointed by the Iowa
14 association of community college presidents. The legislative
15 members are two state senators, one appointed by the president
16 of the senate, after consultation with the majority leader of
17 the senate, and one appointed by the minority leader of the
18 senate, after consultation with the president of the senate,
19 from their respective parties; and two state representatives,
20 one appointed by the speaker and one appointed by the minority
21 leader of the house of representatives from their respective
22 parties. Not more than six of the voting members shall be
23 from the same political party. ~~The secretary of agriculture~~
24 ~~or the secretary's designee shall be one of the voting~~
25 ~~members.~~ The governor shall appoint the ~~remaining ten~~ voting
26 members of the board for a term of four years beginning and
27 ending as provided by section 69.19, subject to confirmation
28 by the senate, and the governor's appointments shall include
29 persons knowledgeable of the various elements of the
30 department's responsibilities.

31 b. Each of the following areas of expertise shall be
32 represented by at least one member of the board who has
33 professional experience in that area of expertise:

- 34 (1) Finance, insurance, or investment banking.
35 (2) Advanced manufacturing.

- 1 (3) Statewide agriculture.
- 2 (4) Life sciences.
- 3 (5) Small business development.
- 4 (6) Information technology.
- 5 (7) Economics.
- 6 (8) Labor.
- 7 (9) Marketing.
- 8 (10) Entrepreneurship.

9 c. At least nine members of the board shall be actively
10 employed in the private, for-profit sector of the economy.

11 2. A vacancy on the board shall be filled in the same
12 manner as regular appointments are made for the unexpired
13 portion of the regular term.

14 3. The board shall meet in May of each year for the
15 purpose of electing one of its voting members as chairperson
16 and one of its voting members as vice chairperson. However,
17 the chairperson and the vice chairperson shall not be from the
18 same political party. The board shall meet at the call of the
19 chairperson or when any six members of the board file a
20 written request with the chairperson for a meeting. Written
21 notice of the time and place of each meeting shall be given to
22 each member of the board. A majority of the voting members
23 constitutes a quorum.

24 4. Members of the board, the director, and other employees
25 of the department shall be allowed their actual and necessary
26 expenses incurred in the performance of their duties. All
27 expenses shall be paid from appropriations for those purposes
28 and the department is subject to the budget requirements of
29 chapter 8. Each member of the board may also be eligible to
30 receive compensation as provided in section 7E.6.

31 5. If a member of the board has an interest, either direct
32 or indirect, in a contract to which the department is or is to
33 be a party, the interest shall be disclosed to the board in
34 writing and shall be set forth in the minutes of a meeting of
35 the board. The member having the interest shall not

1 participate in action by the board with respect to the
2 contract. ~~This paragraph does not limit the right of a member
3 of the board to acquire an interest in bonds, or limit the
4 right of a member to have an interest in a bank or other
5 financial institution in which the funds of the department are
6 deposited or which is acting as trustee or paying agent under
7 a trust indenture to which the department is a party.~~

8 6. As part of the organizational structure of the
9 department, the board shall establish a due diligence
10 committee and a loan and credit guarantee committee composed
11 of members of the board. The committees shall serve in an
12 advisory capacity to the board and shall carry out any duties
13 assigned by the board in relation to programs administered by
14 the department.

15 7. For the transitional period beginning July 1, 2005, and
16 ending June 30, 2006, the composition of the voting members of
17 the board shall be determined by the governor and shall be
18 composed of members of the Iowa economic development board in
19 existence on June 30, 2005, and members of the grow Iowa
20 values board as it existed on June 15, 2004. During the
21 transitional period stated in this subsection, the
22 requirements of subsection 1, paragraphs "a" and "b", shall
23 not apply. This subsection is repealed June 30, 2006.

24 Sec. 4. Section 15.104, Code 2005, is amended by adding
25 the following new subsections:

26 NEW SUBSECTION. 9. By January 15 of each year, submit a
27 report to the general assembly and the governor that
28 delineates expenditures made under each component of the grow
29 Iowa values fund. In addition, the department shall provide
30 in the report the following information regarding each
31 business finance project and in the aggregate for projects
32 funded during the previous fiscal year:

33 a. The number of jobs created as of the time of reporting.

34 b. The average wage of the jobs created as of the time of
35 reporting.

1 c. The amount of capital investment invested as of the
2 time of reporting.

3 d. The location.

4 e. The amount, if any, of private and local government
5 moneys expended as of the time of reporting.

6 f. The amount of moneys expended on research and
7 development activities that were not included in the jobs
8 created and wages paid criteria.

9 NEW SUBSECTION. 10. By January 15 of each year, submit a
10 report to the general assembly and the governor identifying
11 the number of minority-owned businesses that received
12 financial assistance from moneys appropriated from the grow
13 Iowa values fund during the previous calendar year. The
14 report shall provide an analysis as to the reasons why more
15 minority-owned businesses have not applied for assistance and
16 include recommendations regarding how to encourage the
17 creation of more minority-owned businesses.

18 NEW SUBSECTION. 11. By January 15 of each year, submit a
19 report to the general assembly and the governor identifying
20 the number of woman-owned businesses that received financial
21 assistance from moneys appropriated from the grow Iowa values
22 fund during the previous calendar year. The report shall
23 provide an analysis as to the reasons why more woman-owned
24 businesses have not applied for assistance and include
25 recommendations regarding how to encourage the creation of
26 more woman-owned businesses.

27 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.
28 Appointments of general assembly members to the Iowa economic
29 development board, which are to be made by the president of
30 the senate or by the majority or minority leader of the senate
31 during the period that the senate for the Eighty-first General
32 Assembly is composed of an equal number of members of each
33 major political party, shall be made jointly by the co-
34 presidents or co-floor leaders, as appropriate, in accordance
35 with Senate Resolution 1, adopted during the 2005 legislative

1 session.

2 DIVISION III

3 REGULATORY ASSISTANCE

4 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

5 1. The department of economic development shall coordinate
6 all regulatory assistance for the state of Iowa. Each state
7 agency administering regulatory programs for business shall
8 maintain a coordinator within the office of the director or
9 the administrative division of the state agency. Each
10 coordinator shall do all of the following:

11 a. Serve as the state agency's primary contact for
12 regulatory affairs with the department of economic
13 development.

14 b. Provide information regarding regulatory requirements
15 to businesses and represent the state agency to the private
16 sector.

17 c. Monitor permit applications and provide timely permit
18 status information to the department of economic development.

19 d. Require regulatory staff participation in negotiations
20 and discussions with businesses.

21 e. Notify the department of economic development regarding
22 proposed rulemaking activities that impact a regulatory
23 program and any subsequent changes to a regulatory program.

24 2. The department of economic development shall, in
25 consultation with the coordinators described in this section,
26 examine, and to the extent permissible, assist in the
27 implementation of methods, including the possible
28 establishment of an electronic database, to streamline the
29 process for issuing permits to business.

30 3. By January 15 of each year, the department of economic
31 development shall submit a written report to the general
32 assembly regarding the provision of regulatory assistance by
33 state agencies, including the department's efforts, and its
34 recommendations and proposed solutions, to streamline the
35 process of issuing permits to business.

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DIVISION IV

ECONOMIC DEVELOPMENT REGIONS

Sec. 7. NEW SECTION. 15E.21 IOWA BUSINESS RESOURCE CENTERS.

The department shall establish an Iowa business resource center program for purposes of locating Iowa business resource centers in the state. The department shall partner with another entity wanting to assist with economic growth and establish an Iowa business resource center. Operational duties of a center shall focus on providing information and referrals to entrepreneurs and businesses. Operational duties of a center shall be determined pursuant to a memorandum of agreement between the department and the other entity.

Sec. 8. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT REGIONS.

1. In order for an economic development region to receive moneys from the grow Iowa values fund created in section 15G.108, an economic development region's regional development plan must be approved by the department. An economic development region shall consist of not less than three counties, unless two contiguous counties have a combined population of at least three hundred thousand based on the most recent federal decennial census. An economic development region shall establish a focused economic development effort that shall include a regional development plan relating to one or more of the following areas:

- a. Regional marketing strategies.
- b. Development of the information solutions sector.
- c. Development of the advanced manufacturing sector.
- d. Development of the life sciences and biotechnology sector.
- e. Development of the insurance or financial services sector.
- f. Physical infrastructure including, but not limited to, horizontal infrastructure, water and sewer infrastructure, and

1 telecommunications infrastructure.

2 g. Entrepreneurship.

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

6 Sec. 9. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION
7 REVOLVING FUNDS -- TAX CREDITS.

8 1. An economic development region may create an economic
9 development region revolving fund.

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

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

1 thirty days after the end of the fiscal year during which the
2 contribution was made.

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

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

21 3. An economic development region may apply for financial
22 assistance from the grow Iowa values fund to assist with the
23 installation of physical infrastructure needs including, but
24 not limited to, horizontal infrastructure, water and sewer
25 infrastructure, and telecommunications infrastructure, related
26 to the development of fully served business and industrial
27 sites by one or more of the region's economic development
28 partners or for the installation of infrastructure related to
29 a new business location or expansion. In order to receive
30 financial assistance pursuant to this subsection, the economic
31 development region must demonstrate all of the following:

32 a. The ability to provide matching moneys on a basis of a
33 one dollar contribution of local matching moneys for every two
34 dollars received from the grow Iowa values fund.

35 b. The commitment of the specific business partner

1 including, but not limited to, a letter of intent defining a
2 capital commitment or a percentage of equity.

3 c. That all other funding alternatives have been
4 exhausted.

5 4. The department may establish and administer a regional
6 economic development revenue sharing pilot project for one or
7 more regions. The department shall take into consideration
8 the geographical dispersion of the pilot projects. The
9 department shall provide technical assistance to the regions
10 participating in a pilot project.

11 5. An economic development region may apply for financial
12 assistance from the grow Iowa values fund to assist an
13 existing business threatened with closure due to a potential
14 consolidation to an out-of-state location. The economic
15 development region may apply for financial assistance from the
16 grow Iowa values fund for the purchase, rehabilitation, or
17 marketing of a building that has become available due to the
18 closing of an existing business due to a consolidation to an
19 out-of-state location. In order to receive financial
20 assistance under this subsection, an economic development
21 region must demonstrate the ability to provide local matching
22 moneys on a basis of a one dollar contribution of local moneys
23 for every three dollars received from the grow Iowa values
24 fund.

25 6. An economic development region may apply for financial
26 assistance from the grow Iowa values fund to establish and
27 operate an entrepreneurial initiative. In order to receive
28 financial assistance under this subsection, an economic
29 development region must demonstrate the ability to provide
30 local matching moneys on a basis of a one dollar contribution
31 of local moneys for every two dollars received from the grow
32 Iowa values fund.

33 7. a. An economic development region may apply for
34 financial assistance from the grow Iowa values fund to
35 establish and operate a business succession assistance program

1 for the region.

2 b. In order to receive financial assistance under this
3 subsection, an economic development region must demonstrate
4 the ability to provide local matching moneys on a basis of a
5 one dollar contribution of local moneys for every two dollars
6 received from the grow Iowa values fund.

7 8. An economic development region may apply for financial
8 assistance from the grow Iowa values fund to implement
9 economic development initiatives that are either unique to the
10 region or innovative in design and implementation. In order
11 to receive financial assistance under this subsection, an
12 economic development region must demonstrate the ability to
13 provide local matching moneys on a one-to-one basis.

14 9. Financial assistance under subsections 3, 5, 6, 7, and
15 8, and section 15E.233 shall be limited to a total of one
16 million dollars each fiscal year for the fiscal period
17 beginning July 1, 2005, and ending June 30, 2015, and shall
18 not be provided to assist in the establishment, operation, or
19 installation of a project, initiative, or activity that may
20 result in the provision, lease, or sale of goods or services
21 by a government body that competes with private enterprise.

22 Sec. 10. NEW SECTION. 15E.233 ECONOMIC ENTERPRISE AREAS.

23 1. An economic development region may apply to the
24 department for approval to be designated as an economic
25 enterprise area based on criteria provided in subsection 3.
26 The department shall approve no more than ten regions as
27 economic enterprise areas.

28 2. a. An approved economic enterprise area may apply to
29 the department for financial assistance from the grow Iowa
30 values fund for up to seventy-five thousand dollars each
31 fiscal year during the fiscal period beginning July 1, 2005,
32 and ending June 30, 2015, for any of the following purposes:

33 (1) Economic development-related strategic planning and
34 marketing for the region as a whole.

35 (2) Economic development of fully-served business sites.

1 (3) The construction of speculative buildings on a fully
2 served lot.

3 (4) The rehabilitation of an existing building to
4 marketable standards.

5 b. In order to receive financial assistance under this
6 subsection, an economic enterprise area must demonstrate the
7 ability to provide local matching moneys on a basis of a one
8 dollar contribution of local moneys for every three dollars
9 received from the grow Iowa values fund.

10 3. An economic enterprise area shall consist of at least
11 one county containing no city with a population of more than
12 twenty-three thousand five hundred and shall meet at least two
13 of the following criteria:

14 a. A per capita income of eighty percent or less than the
15 national average.

16 b. A household median income of eighty percent or less
17 than the national average.

18 c. Twenty-five percent or more of the population of the
19 economic enterprise area with an income level of one hundred
20 fifty percent or less of the United States poverty level as
21 defined by the most recently revised poverty income guidelines
22 published by the United States department of health and human
23 services.

24 d. A population density in the economic enterprise area of
25 less than ten people per square mile.

26 e. A loss of population as shown by the 2000 certified
27 federal census when compared with the 1990 certified federal
28 census.

29 f. An unemployment rate greater than the national rate of
30 unemployment.

31 g. More than twenty percent of the population of the
32 economic enterprise area consisting of people over the age of
33 sixty-five.

34 Sec. 11. NEW SECTION. 15E.351 BUSINESS ACCELERATORS.

35 1. The department shall establish and administer a

1 business accelerator program to provide financial assistance
2 for the establishment and operation of a business accelerator
3 for technology-based, value-added agricultural, information
4 solutions, or advanced manufacturing start-up businesses or
5 for a satellite of an existing business accelerator. The
6 program shall be designed to foster the accelerated growth of
7 new and existing businesses through the provision of technical
8 assistance. The department shall use moneys appropriated to
9 the department from the grow Iowa values fund pursuant to
10 section 15G.111, subsection 1, if enacted, subject to the
11 approval of the economic development board, to provide
12 financial assistance under this section.

13 2. In determining whether a business accelerator qualifies
14 for financial assistance, the department must find that a
15 business accelerator meets all of the following criteria:

16 a. The business accelerator must be a not-for-profit
17 organization affiliated with an area chamber of commerce, a
18 community or county organization, or economic development
19 region.

20 b. The geographic area served by a business accelerator
21 must include more than one county.

22 c. The business accelerator must possess the ability to
23 provide service to a specific type of business as well as to
24 meet the broad-based needs of other types of start-up
25 entrepreneurs.

26 d. The business accelerator must possess the ability to
27 market business accelerator services in the region and the
28 state.

29 e. The business accelerator must possess the ability to
30 communicate with and cooperate with other business
31 accelerators and similar service providers in the state.

32 f. The business accelerator must possess the ability to
33 engage various funding sources for start-up entrepreneurs.

34 g. The business accelerator must possess the ability to
35 communicate with and cooperate with various entities for

1 purposes of locating suitable facilities for clients of the
2 business accelerator.

3 h. The business accelerator must possess the willingness
4 to accept referrals from the department of economic
5 development.

6 3. In determining whether a business accelerator qualifies
7 for financial assistance, the department may consider any of
8 the following:

9 a. The business experience of the business accelerator's
10 professional staff.

11 b. The business plan review capacity of the business
12 accelerator's professional staff.

13 c. The business accelerator's professional staff with
14 demonstrated disciplines in all aspects of business
15 experience.

16 d. The business accelerator's professional staff with
17 access to external service providers including legal,
18 accounting, marketing, and financial services.

19 4. In order to receive financial assistance under this
20 section, the financial assistance recipient must demonstrate
21 the ability to provide matching moneys on a basis of a two
22 dollar contribution of recipient moneys for every one dollar
23 received in financial assistance.

24 Sec. 12. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
25 REGION REVOLVING FUND TAX CREDIT.

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

30 Sec. 13. Section 422.33, Code 2005, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 17. The taxes imposed under this division
33 shall be reduced by an economic development region revolving
34 fund contribution tax credit authorized pursuant to section
35 15E.232.

1 Sec. 14. Section 422.60, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 9. The taxes imposed under this division
4 shall be reduced by an economic development region revolving
5 fund contribution tax credit authorized pursuant to section
6 15E.232.

7 Sec. 15. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
8 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

9 The tax imposed under this chapter shall be reduced by an
10 economic development region tax credit authorized pursuant to
11 section 15E.232.

12 Sec. 16. Section 533.24, Code 2005, is amended by adding
13 the following new subsection:

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

18 Sec. 17. BUSINESS SUCCESSION -- SMALL BUSINESS DEVELOPMENT
19 CENTERS. As the loss of a community's small businesses is a
20 major concern for communities around the state, small business
21 development centers shall design a plan which includes all of
22 the following:

23 1. The pursuit of public and private partnerships with
24 family business consultants, experts in the area of employee
25 stock ownership plans, attorneys, certified public
26 accountants, the department of economic development, and other
27 service providers to assist communities with issues related to
28 business succession.

29 2. The development of a comprehensive internet website
30 with resources related to business succession including a
31 listing of family business consultants and service providers
32 by area of expertise, appropriate articles, links to related
33 resources, and a listing of businesses for sale. The internet
34 website should also be designed to promote the state and to
35 encourage former Iowa residents and others to locate in Iowa.

1 3. Basic training on business succession issues for all
2 small business development center directors and staff
3 counselors.

4 4. Courses on business succession issues available in
5 person in communities and on the internet.

6 5. Small business development centers in the state shall
7 develop and administer programs to assist small businesses to
8 plan for the transfer of ownership of the business, including
9 the transfer of all or a part of the ownership of a business
10 to an employee stock ownership plan.

11 DIVISION V

12 CULTURAL AND ENTERTAINMENT DISTRICTS

13 Sec. 18. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
14 DISTRICTS.

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

21 2. A city or county may create and designate a cultural
22 and entertainment district subject to certification by the
23 department of cultural affairs, in consultation with the
24 department of economic development. A cultural and
25 entertainment district is encouraged to include a unique form
26 of transportation within the district and for transportation
27 between the district and recreational trails. A cultural and
28 entertainment district certification shall remain in effect
29 for ten years following the date of certification. Two or
30 more cities or counties may apply jointly for certification of
31 a district that extends across a common boundary. Through the
32 adoption of administrative rules, the department of cultural
33 affairs shall develop a certification application for use in
34 the certification process. The provisions of this subsection
35 relating to the adoption of administrative rules shall be

1 construed narrowly.

2 3. The department of cultural affairs shall encourage
3 development projects and activities located in certified
4 cultural and entertainment districts through incentives under
5 cultural grant programs pursuant to section 303.3, chapter
6 303A, and any other grant programs.

7

DIVISION VI

8

HISTORIC PRESERVATION AND CULTURAL

9

AND ENTERTAINMENT DISTRICT TAX CREDITS

10 Sec. 19. Section 404A.1, subsection 1, Code 2005, is
11 amended to read as follows:

12 1. A ~~property-rehabilitation~~ historic preservation and
13 cultural and entertainment district tax credit, subject to the
14 availability of the credit, is granted against the tax imposed
15 under chapter 422, division II, III, or V, or chapter 432, for
16 the rehabilitation of eligible property located in this state
17 as provided in this chapter. Tax credits in excess of tax
18 liabilities shall be refunded as provided in section 404A.4,
19 subsection 3.

20 Sec. 20. Section 404A.1, subsection 2, unnumbered
21 paragraph 1, Code 2005, is amended to read as follows:

22 Eligible property for which a taxpayer may receive the
23 ~~property-rehabilitation~~ historic preservation and cultural and
24 entertainment district tax credit computed under this chapter
25 includes all of the following:

26 Sec. 21. Section 404A.3, subsection 2, unnumbered
27 paragraph 2, Code 2005, is amended to read as follows:

28 The selection standards shall provide that a person who
29 qualifies for the rehabilitation tax credit under section 47
30 of the Internal Revenue Code shall automatically qualify for
31 the state ~~property-rehabilitation~~ historic preservation and
32 cultural and entertainment district tax credit under this
33 chapter.

34 Sec. 22. Section 404A.4, subsection 2, Code 2005, is
35 amended to read as follows:

1 2. After verifying the eligibility for the tax credit, the
2 state historic preservation office, in consultation with the
3 department of economic development, shall issue a property
4 rehabilitation historic preservation and cultural and
5 entertainment district tax credit certificate to be attached
6 to the person's tax return. The tax credit certificate shall
7 contain the taxpayer's name, address, tax identification
8 number, the date of project completion, the amount of credit,
9 other information required by the department of revenue, and a
10 place for the name and tax identification number of a
11 transferee and the amount of the tax credit being transferred.

12 Sec. 23. Section 404A.4, subsection 3, Code 2005, is
13 amended to read as follows:

14 3. A person receiving a property-rehabilitation historic
15 preservation and cultural and entertainment district tax
16 credit under this chapter which is in excess of the person's
17 tax liability for the tax year is entitled to a refund of the
18 excess at a discounted value. The discounted value of the tax
19 credit refund, as calculated by the department of economic
20 development, in consultation with the department of revenue,
21 shall be determined based on the discounted value of the tax
22 credit five years after the tax year of the project completion
23 at an interest rate equivalent to the prime rate plus two
24 percent. The refunded tax credit shall not exceed seventy-
25 five percent of the allowable tax credit.

26 Sec. 24. Section 404A.4, subsection 4, Code 2005, is
27 amended to read as follows:

28 4. The total amount of tax credits that may be approved
29 for a fiscal year under this chapter for projects located
30 inside or outside certified cultural and entertainment
31 districts shall not exceed two million four hundred thousand
32 dollars. For the fiscal years period beginning July 1, 2005,
33 and July 1, 2006 and ending June 30, 2015, an additional five
34 hundred-thousand four million dollars of tax credits may be
35 approved each fiscal year for purposes of projects located in

1 cultural and entertainment districts certified pursuant to
2 section 303.3B or for rehabilitation projects approved
3 pursuant to section 404A.3 regardless of the location of such
4 rehabilitation projects. Notwithstanding section 404A.1, the
5 tax credits approved for projects located in certified
6 cultural and entertainment districts may be for projects which
7 include new construction or new infrastructure projects that
8 enhance the historic and cultural integrity of the certified
9 cultural and entertainment district. Any of the additional
10 tax credits allocated for projects located in certified
11 cultural and entertainment districts that are not approved
12 during a fiscal year may be carried over to the succeeding
13 fiscal year. The department of cultural affairs shall
14 establish by rule the procedures for the application, review,
15 selection, and awarding of certifications of completion. The
16 departments of economic development, cultural affairs, and
17 revenue shall each adopt rules to jointly administer this
18 subsection and shall provide by rule for the method to be used
19 to determine for which fiscal year the tax credits are
20 available.

21 Sec. 25. Section 404A.5, Code 2005, is amended to read as
22 follows:

23 404A.5 ECONOMIC IMPACT -- RECOMMENDATIONS.

24 The department of cultural affairs, in consultation with
25 the department of economic development, shall be responsible
26 for keeping the general assembly and the legislative services
27 agency informed on the overall economic impact to the state of
28 the rehabilitation of eligible properties. An annual report
29 shall be filed which shall include, but is not limited to,
30 data on the number and potential value of rehabilitation
31 projects begun during the latest twelve-month period, the
32 total property-rehabilitation historic preservation and
33 cultural and entertainment district tax credits originally
34 granted during that period, the potential reduction in state
35 tax revenues as a result of all tax credits still unused and

1 eligible for refund, and the potential increase in local
2 property tax revenues as a result of the rehabilitated
3 projects. The department, to the extent it is able, shall
4 provide recommendations on whether a limit on tax credits
5 should be established, the need for a broader or more
6 restrictive definition of eligible property, and other
7 adjustments to the tax credits under this chapter.

8 DIVISION VII

9 COMMERCIALIZATION

10 Sec. 26. NEW SECTION. 15.115 TECHNOLOGY

11 COMMERCIALIZATION SPECIALIST.

12 The department shall ensure that businesses in the state
13 are well informed about the technology patents, licenses, and
14 options available to them from colleges and universities in
15 the state and to ensure the department's business development
16 and marketing efforts are conducted in a way that maximizes
17 the advantage to the state of research and technology
18 commercialization efforts at colleges and universities in the
19 state. The department shall establish a technology
20 commercialization specialist position which shall be
21 responsible for the obligations imposed by this section and
22 for performance of all of the following activities:

23 1. Establishing and maintaining communication with
24 personnel in charge of intellectual property management and
25 technology at colleges and universities in the state.

*26 2. Meeting at least quarterly with personnel in charge of
27 intellectual property management and technology
28 commercialization regarding new technology disclosures and
29 technology patents, licenses, or options available to Iowa
30 businesses at colleges and universities in the state.

31 3. Being knowledgeable regarding intellectual property,
32 patent, license, and option policies of colleges and
33 universities in the state as well as applicable federal law.

34 4. Establishing and maintaining an internet website to
35 link other internet websites which provide electronic access

1 to information regarding available patents, licenses, or
2 options for technology at colleges and universities in the
3 state.

4 5. Establishing and maintaining communications with
5 business and development organizations in the state regarding
6 available technology patents, licenses, and options.

7 6. Cooperating with colleges and universities in the state
8 in establishing technology fairs or other public events
9 designed to make businesses in the state aware of available
10 technology patents, licenses, or options available to
11 businesses in the state.

12 Sec. 27. NEW SECTION. 15.115A TECHNOLOGY
13 COMMERCIALIZATION COMMITTEE.

14 To evaluate and approve funding for projects and programs
15 under section 15G.111, subsection 2, if enacted, the economic
16 development board shall create a technology commercialization
17 committee composed of members with expertise in the areas of
18 biosciences, engineering, manufacturing, pharmaceuticals,
19 materials, information solutions, software, and energy. An
20 organization designated by the department, composed of members
21 from both the public and private sectors and composed of
22 subunits or subcommittees in the areas of already identified
23 bioscience platforms, education and workforce development,
24 commercialization, communication, policy and governance, and
25 finance, shall provide funding recommendations to the
26 technology commercialization committee.

27 Sec. 28. NEW SECTION. 15.116 CHIEF TECHNOLOGY OFFICER.

28 The governor shall appoint a chief technology officer for
29 the state. The chief technology officer shall serve a four-
30 year term and shall have national or international stature.
31 The chief technology officer shall coordinate the activities
32 of the technology commercialization specialist employed
33 pursuant to section 15.115. The chief technology officer
34 shall serve as a spokesperson for the department for purposes
35 of promoting to private sector businesses the technology

1 commercialization efforts of the department and the research
2 and technology capabilities of institutions of higher learning
3 in the state.

4 Sec. 29. Section 262B.1, Code 2005, is amended by striking
5 the section and inserting in lieu thereof the following:

6 262B.1 TITLE.

7 This chapter shall be known and may be cited as the
8 "Commercialization of Research for Iowa Act".

9 Sec. 30. Section 262B.2, Code 2005, is amended by striking
10 the section and inserting in lieu thereof the following:

11 262B.2 LEGISLATIVE INTENT.

12 It is the intent of the general assembly that the three
13 universities under the control of the state board of regents
14 have as part of their missions the use of their universities'
15 expertise to expand and stimulate economic growth across the
16 state. This activity may be accomplished through a wide
17 variety of partnerships, public and private joint ventures,
18 and cooperative endeavors, primarily, but not exclusively, in
19 the area of high technology, and may result in investments by
20 the private sector for commercialization of the technology and
21 job creation. It is imperative that whenever possible, the
22 investments and job creation be in Iowa but need not be in the
23 proximity of the universities. The purpose of the investments
24 and job creation shall be to expand and stimulate Iowa's
25 economy, increase the wealth of Iowans, and increase the
26 population of Iowa, which may be accomplished through research
27 conducted within the state that will competitively position
28 Iowa on an economic basis with other states and create high-
29 wage, high-growth employers and jobs. Accredited private
30 universities located in the state are encouraged to
31 incorporate the intent of this section into the mission of
32 their universities.

33 Sec. 31. Section 262B.3, Code 2005, is amended by striking
34 the section and inserting in lieu thereof the following:

35 262B.3 DUTIES AND RESPONSIBILITIES.

1 1. The state board of regents, as part of its mission and
2 strategic plan, shall establish mechanisms for the purpose of
3 carrying out the intent of this chapter. In addition to other
4 board initiatives, the board shall work with the department of
5 economic development, other state agencies, and the private
6 sector to facilitate the commercialization of research.

7 2. The state board of regents, in cooperation with the
8 department of economic development, shall implement this
9 chapter through any of the following activities:

10 a. Developing strategies to market and disseminate
11 information on university research for commercialization in
12 Iowa.

13 b. Evaluating university research for commercialization
14 potential, where relevant.

15 c. Developing a plan to improve private sector access to
16 the university licenses and patent information and the
17 transfer of technology from the university to the private
18 sector.

19 d. Identifying research and technical assistance needs of
20 existing Iowa businesses and start-up companies and
21 recommending ways in which the universities can meet these
22 needs.

23 e. Linking research and instruction activities to economic
24 development.

25 f. Reviewing and monitoring activities related to
26 technology transfer.

27 g. Coordinating activities to facilitate a focus on
28 research in the state's targeted industry clusters.

29 h. Surveying similar activities in other states and at
30 other universities.

31 i. Establishing a single point of contact to facilitate
32 commercialization of research.

33 j. Sustaining faculty and staff resources needed to
34 implement commercialization.

35 k. Implementing programs to provide public recognition of

1 university faculty and staff who demonstrate success in
2 technology transfer and commercialization.

3 1. Implementing rural entrepreneurial and regional
4 development assistance programs.

5 m. Providing market research ranging from early stage
6 feasibility to extensive market research.

7 n. Creating real or virtual research parks that may or may
8 not be located near universities, but with the goal of
9 providing economic stimulus to the entire state.

10 o. Capacity building in key biosciences platform areas.

11 p. Encouraging biosciences entrepreneurship by faculty.

12 q. Providing matching grants for joint biosciences
13 projects involving public and private entities.

14 r. Encouraging biosciences entrepreneurship by faculty
15 using faculty research and entrepreneurship grants.

16 s. Pursuing bioeconomy initiatives in key platform areas
17 as recommended by a consultant report on bioeconomy issues
18 contracted for by the department of economic development.

19 Sec. 32. Sections 262B.4, 262B.5, and 262B.12, Code 2005,
20 are repealed.

21 Sec. 33. STUDIES.

22 1. The state board of regents shall conduct a study to
23 determine the feasibility of establishing a graduate school in
24 western Iowa in cooperation with other public or private
25 institutions of higher learning. By December 15, 2005, the
26 board shall submit a report to the general assembly and the
27 governor regarding the findings and recommendations of the
28 study.

29 2. The state board of regents shall conduct a study
30 relating to cost-effective methods of recognizing the efforts
31 of faculty to achieve commercialization. By December 15,
32 2005, the board shall submit a report to the general assembly
33 and the governor regarding the findings and recommendations of
34 the study.

35

DIVISION VIII

1 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

2 Sec. 34. Section 260C.18A, subsection 2, paragraph b, Code
3 2005, is amended to read as follows:

4 b. Projects in which an agreement between a community
5 college and a business meet all the requirements of the Iowa
6 jobs training Act under chapter 260F. However, projects
7 funded by moneys provided by a local workforce training and
8 economic development fund of a community college are not
9 subject to the maximum advance or award limitations contained
10 in section 260F.6, subsection 2, or the allocation limitations
11 contained in section 260F.8, subsection 1.

12 Sec. 35. Section 260C.18A, subsection 2, Code 2005, is
13 amended by adding the following new paragraph:

14 NEW PARAGRAPH. f. Training and retraining programs for
15 targeted industries as authorized in section 15.343,
16 subsection 2, paragraph "a".

17 Sec. 36. Section 260C.18A, subsection 5, Code 2005, is
18 amended by striking the subsection.

19 DIVISION IX

20 LOAN AND CREDIT GUARANTEE PROGRAM

21 Sec. 37. Section 15E.224, subsections 1, 5, and 7, Code
22 2005, are amended to read as follows:

23 1. The department shall establish and administer a loan
24 and credit guarantee program. The department, pursuant to
25 agreements with financial institutions, shall provide loan and
26 credit guarantees, or other forms of credit guarantees for
27 qualified businesses and targeted industry businesses for
28 eligible project costs. The department may invest up to ten
29 percent of the assets of the loan and credit guarantee fund,
30 or five hundred thousand dollars, whichever is greater, to
31 provide loan and credit guarantees or other forms of credit
32 guarantees for eligible project costs to microenterprises
33 located in a municipality with a population under fifty
34 thousand that is not contiguous to a municipality with a
35 population of fifty thousand or more. For purposes of this

1 division, "microenterprise" means a business providing
2 services with five or fewer full-time equivalent employee
3 positions. A loan or credit guarantee provided under the
4 program may stand alone or may be used in conjunction with or
5 to enhance other loans or credit guarantees offered by
6 private, state, or federal entities. The department may
7 purchase insurance to cover defaulted loans meeting the
8 requirements of the program. However, the department shall not
9 in any manner directly or indirectly pledge the credit of the
10 state. Eligible project costs include expenditures for
11 productive equipment and machinery, working capital for
12 operations and export transactions, research and development,
13 marketing, and such other costs as the department may so
14 designate.

15 5. The department shall adopt a loan or credit guarantee
16 application procedure for a financial institution on behalf of
17 a qualified business, microenterprise, or targeted industry
18 business.

19 7. The department may adopt loan and credit guarantee
20 application procedures that allow a qualified business,
21 microenterprise, or targeted industry business to apply
22 directly to the department for a preliminary guarantee
23 commitment. A preliminary guarantee commitment may be issued
24 by the department subject to the qualified business,
25 microenterprise, or targeted industry business securing a
26 commitment for financing from a financial institution. The
27 application procedures shall specify the process by which a
28 financial institution may obtain a final loan and credit
29 guarantee.

30 Sec. 38. Section 15E.225, subsection 3, Code 2005, is
31 amended to read as follows:

32 3. For a preliminary guarantee commitment, the department
33 may charge a qualified business, microenterprise, or targeted
34 industry business a preliminary guarantee commitment fee. The
35 application fee shall be in addition to any other fees charged

1 by the department under this section and shall not exceed one
2 thousand dollars for an application.

3 DIVISION X

4 ECONOMIC DEVELOPMENT TAX INCENTIVES

5 Sec. 39. Section 15.113, Code 2005, is amended to read as
6 follows:

7 15.113 ECONOMIC DEVELOPMENT ASSISTANCE -- REPORT.

8 In order for the general assembly to have accurate and
9 complete information regarding expenditures for economic
10 development and job training incentives and to respond to the
11 job training needs of Iowa workers, the department shall
12 provide to the legislative services agency by January 15 of
13 each year data on all assistance or benefits provided under
14 the community economic betterment program, the ~~new-jobs-and~~
15 ~~income-program~~, high quality job creation program, and the
16 Iowa industrial new jobs training Act during the previous
17 calendar year. The department shall meet with the legislative
18 services agency prior to submitting the data to assure that
19 its form and specificity are sufficient to provide accurate
20 and complete information to the general assembly. The
21 department shall also contact other state agencies providing
22 financial assistance to Iowa businesses and, to the extent
23 practical, coordinate the submission of the data to the
24 legislative services agency.

25 Sec. 40. Section 15.326, Code 2005, is amended to read as
26 follows:

27 15.326 SHORT TITLE.

28 This part shall be known and may be cited as the "~~New-Jobs~~
29 ~~and-income~~ "High Quality Job Creation Act".

30 Sec. 41. Section 15.327, Code 2005, is amended to read as
31 follows:

32 15.327 DEFINITIONS.

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

35 1. "Community" means a city, county, or entity established

1 pursuant to chapter 28E.

2 2. "Contractor or subcontractor" means a person who
3 contracts with the eligible business ~~or-a-supporting-business~~
4 or subcontracts with a contractor for the provision of
5 property, materials, or services for the construction or
6 equipping of a facility~~7-located-within-the-economic~~
7 ~~development-area~~, of the eligible business ~~or-a-supporting~~
8 business.

9 3. "Department" means the Iowa department of economic
10 development.

11 ~~4---"Director" means the director of the department or the~~
12 ~~director's designee.~~

13 ~~5---"Economic development area" means a site or sites~~
14 ~~designated by the department of economic development for the~~
15 ~~purpose of attracting an eligible business and supporting~~
16 ~~businesses to locate facilities within the state.~~

17 6. 4. "Eligible business" means a business meeting the
18 conditions of section 15.329.

19 7. 5. "Program" means the new-jobs-and-income high
20 quality job creation program.

21 8. 6. "Project completion" means the first date upon
22 which the average annualized production of finished product
23 for the preceding ninety-day period at the manufacturing
24 facility operated by the eligible business ~~within-the-economic~~
25 ~~development-area~~ is at least fifty percent of the initial
26 design capacity of the facility. The eligible business shall
27 inform the department of revenue in writing within two weeks
28 of project completion.

29 ~~9---"Supporting business" means a business under contract~~
30 ~~with the eligible business to provide property, materials, or~~
31 ~~services which are a necessary component of the operation of~~
32 ~~the manufacturing facility.---To qualify as a supporting~~
33 ~~business, the business shall have a permanent facility or~~
34 ~~operations located within the economic development area and~~
35 ~~the revenue from fulfilling the contract with the eligible~~

~~1 business shall constitute at least seventy-five percent of the~~
~~2 revenue generated by the business from all activities~~
~~3 undertaken from the facility within the economic development~~
~~4 area.~~

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

11 Sec. 42. Section 15.329, Code 2005, is amended by striking
12 the section and inserting in lieu thereof the following:

13 15.329 ELIGIBLE BUSINESS.

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

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

20 b. The business has not closed or substantially reduced
21 its operation in one area of the state and relocated
22 substantially the same operation in the community. This
23 subsection does not prohibit a business from expanding its
24 operation in the community if existing operations of a similar
25 nature in the state are not closed or substantially reduced.

26 c. The business is not a retail or service business.

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

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

32 b. Produce or manufacture high value-added goods or
33 services or be engaged in one of the following industries:

34 (1) Value-added agricultural products.

35 (2) Insurance and financial services.

- 1 (3) Plastics.
2 (4) Metals.
3 (5) Printing paper or packaging products.
4 (6) Drugs and pharmaceuticals.
5 (7) Software development.
6 (8) Instruments and measuring devices and medical
7 instruments.
8 (9) Recycling and waste management.
9 (10) Telecommunications.
10 (11) Trucking and warehousing.
11 Retail and service businesses shall not be eligible for
12 benefits under this part.
- 13 c. Provide and pay at least eighty percent of the cost of
14 a standard medical and dental insurance plan for all full-time
15 employees working at the facility in which the new investment
16 occurred.
- 17 d. Make child care services available to its employees.
- 18 e. Invest annually no less than one percent of pretax
19 profits, from the facility located to Iowa or expanded under
20 the program, in research and development in Iowa.
- 21 f. Invest annually no less than one percent of pretax
22 profits, from the facility located to Iowa or expanded under
23 the program, in worker training and skills enhancement.
- 24 g. Have an active productivity and safety improvement
25 program involving management and worker participation and
26 cooperation with benchmarks for gauging compliance.
- 27 h. Occupy an existing facility, at least one of the
28 buildings of which shall be vacant and shall contain at least
29 twenty thousand square feet.
- 30 3. Any business located in a quality jobs enterprise zone
31 is ineligible to receive the economic development incentives
32 under the program.
- 33 4. If the department finds that a business has a record of
34 violations of the law, including but not limited to
35 environmental and worker safety statutes, rules, and

1 regulations, over a period of time that tends to show a
2 consistent pattern, the business shall not qualify for
3 economic development assistance under this part, unless the
4 department finds that the violations did not seriously affect
5 public health or safety, or the environment, or if it did,
6 that there were mitigating circumstances. In making the
7 findings and determinations regarding violations, mitigating
8 circumstances, and whether the business is disqualified for
9 economic development assistance under this part, the
10 department shall be exempt from chapter 17A.

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

15 a. The quality of the jobs to be created. In rating the
16 quality of the jobs, the department shall place greater
17 emphasis on those jobs that have a higher wage scale, have a
18 lower turnover rate, are full-time or career-type positions,
19 provide comprehensive health benefits, or have other related
20 factors which could be considered to be higher in quality,
21 than to other jobs. Businesses that have wage scales
22 substantially below that of existing Iowa businesses in that
23 area should be rated as providing the lowest quality of jobs
24 and should therefore be given the lowest ranking for providing
25 such assistance.

26 b. The impact of the proposed project on other businesses
27 in competition with the business being considered for
28 assistance. The department shall make a good faith effort to
29 identify existing Iowa businesses within an industry in
30 competition with the business being considered for assistance.
31 The department shall make a good faith effort to determine the
32 probability that the proposed financial assistance will
33 displace employees of the existing businesses. In determining
34 the impact on businesses in competition with the business
35 being considered for assistance, jobs created as a result of

1 other jobs being displaced elsewhere in the state shall not be
2 considered direct jobs created.

3 c. The impact to the state of the proposed project. In
4 measuring the economic impact, the department shall place
5 greater emphasis on projects which have greater consistency
6 with the state strategic plan than other projects. Greater
7 consistency may include any or all of the following:

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

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

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

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

15 (5) A potential for future job growth.

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

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

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

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

26 6. The department may waive any of the requirements of
27 this section for good cause shown.

28 7. An application to receive incentives under this part
29 may be submitted to the department at any time within one year
30 from the time the job for which benefits are sought commences.

31 Sec. 43. Section 15.330, Code 2005, is amended by striking
32 the section and inserting in lieu thereof the following:

33 15.330 AGREEMENT.

34 A business shall enter into an agreement with the
35 department specifying the requirements that must be met to

1 confirm eligibility pursuant to this part. The department
2 shall consult with the community during negotiations relating
3 to the agreement. The agreement shall contain, at a minimum,
4 the following provisions:

5 1. A business that is approved to receive incentives
6 shall, for the length of the agreement, certify annually to
*7 the department the compliance of the business with the
8 requirements of the agreement. If the business receives a
9 local property tax exemption, the business shall also certify
10 annually to the community the compliance of the business with
11 the requirements of the agreement.

12 2. The repayment of incentives by the business if the
13 business does not meet any of the requirements of this part or
14 the resulting agreement.

15 3. If a business that is approved to receive incentives
16 under this part experiences a layoff within the state or
17 closes any of its facilities within the state, the department
18 shall have the discretion to reduce or eliminate some or all
19 of the incentives. If a business has received incentives
20 under this part and experiences a layoff within the state or
21 closes any of its facilities within the state, the business
22 may be subject to repayment of all or a portion of the
23 incentives that it has received.

24 4. A business creating fifteen or fewer new high quality
25 jobs shall have up to three years to complete a project and
26 shall be required to maintain the jobs for an additional two
27 years. A business creating sixteen or more new high quality
28 jobs shall have up to five years to complete a project and
29 shall be required to maintain the jobs for an additional two
30 years.

31 Sec. 44. Section 15.331A, Code 2005, is amended to read as
32 follows:

33 15.331A SALES AND USE TAX REFUND ---~~CONTRACTOR-OR~~
34 ~~SUBCONTRACTOR.~~

35 The eligible business ~~or-a-supporting-business~~ shall be

1 entitled to a refund of the sales and use taxes paid under
2 chapter 423 for gas, electricity, water, or sewer utility
3 services, goods, wares, or merchandise, or on services
4 rendered, furnished, or performed to or for a contractor or
5 subcontractor and used in the fulfillment of a written
6 contract relating to the construction or equipping of a
7 facility ~~within-the-economic-development-area~~ of the eligible
8 business ~~or-a-supporting-business~~. Taxes attributable to
9 intangible property and furniture and furnishings shall not be
10 refunded. However, an eligible business shall be entitled to
11 a refund for taxes attributable to racks, shelving, and
12 conveyor equipment to be used in a warehouse or distribution
13 center subject to section 15.331C.

14 To receive the refund a claim shall be filed by the
15 eligible business ~~or-a-supporting-business~~ with the department
16 of revenue as follows:

17 1. The contractor or subcontractor shall state under oath,
18 on forms provided by the department, the amount of the sales
19 of goods, wares, or merchandise or services rendered,
20 furnished, or performed including water, sewer, gas, and
21 electric utility services ~~for-use-in-the-economic-development~~
22 ~~area~~ upon which sales or use tax has been paid prior to the
23 project completion, and shall file the forms with the eligible
24 business ~~or-supporting-business~~ before final settlement is
25 made.

26 2. The eligible business ~~or-a-supporting-business~~ shall,
27 not more than one year after project completion, make
28 application to the department for any refund of the amount of
29 the sales and use taxes paid pursuant to chapter 423 upon any
30 goods, wares, or merchandise, or services rendered, furnished,
31 or performed, including water, sewer, gas, and electric
32 utility services. The application shall be made in the manner
33 and upon forms to be provided by the department, and the
34 department shall audit the claim and, if approved, issue a
35 warrant to the eligible business ~~or-supporting-business~~ in the

1 amount of the sales or use tax which has been paid to the
2 state of Iowa under a contract. A claim filed by the eligible
3 business ~~or-a-supporting-business~~ in accordance with this
4 section shall not be denied by reason of a limitation
5 provision set forth in chapter 421 or 423.

6 3. A contractor or subcontractor who willfully makes a
7 false report of tax paid under the provisions of this section
8 is guilty of a simple misdemeanor and in addition is liable
9 for the payment of the tax and any applicable penalty and
10 interest.

11 Sec. 45. Section 15.331C, Code 2005, is amended to read as
12 follows:

13 15.331C CORPORATE TAX CREDIT FOR CERTAIN SALES TAXES PAID
14 BY THIRD-PARTY DEVELOPER.

15 1. An eligible business ~~or-a-supporting-business~~ may claim
16 a corporate tax credit in an amount equal to the taxes paid by
17 a third-party developer under chapters 422 and 423 for gas,
18 electricity, water, or sewer utility services, goods, wares,
19 or merchandise, or on services rendered, furnished, or
20 performed to or for a contractor or subcontractor and used in
21 the fulfillment of a written contract relating to the
22 construction or equipping of a facility ~~within-the-economic~~
23 ~~development-area~~ of the eligible business ~~or-supporting~~
24 ~~business~~. Taxes attributable to intangible property and
25 furniture and furnishings shall not be included, but taxes
26 attributable to racks, shelving, and conveyor equipment to be
27 used in a warehouse or distribution center shall be included.
28 Any credit in excess of the tax liability for the tax year may
29 be credited to the tax liability for the following seven years
30 or until depleted, whichever occurs earlier. An eligible
31 business may elect to receive a refund of all or a portion of
32 an unused tax credit.

33 2. A third-party developer shall state under oath, on
34 forms provided by the department of economic development, the
35 amount of taxes paid as described in subsection 1 and shall

1 submit such forms to the department. The taxes paid shall be
2 itemized to allow identification of the taxes attributable to
3 racks, shelving, and conveyor equipment to be used in a
4 warehouse or distribution center. After receiving the form
5 from the third-party developer, the department shall issue a
6 tax credit certificate to the eligible business ~~or-supporting~~
7 ~~business~~ equal to the taxes paid by a third-party developer
8 under chapters 422 and 423 for gas, electricity, water, or
9 sewer utility services, goods, wares, or merchandise, or on
10 services rendered, furnished, or performed to or for a
11 contractor or subcontractor and used in the fulfillment of a
12 written contract relating to the construction or equipping of
13 a facility. The department shall also issue a tax credit
14 certificate to the eligible business ~~or-supporting-business~~
15 equal to the taxes paid and attributable to racks, shelving,
16 and conveyor equipment to be used in a warehouse or
17 distribution center. The aggregate combined total amount of
18 tax refunds under section 15.331A for taxes attributable to
19 racks, shelving, and conveyor equipment to be used in a
20 warehouse or distribution center and of tax credit
21 certificates issued by the department for the taxes paid and
22 attributable to racks, shelving, and conveyor equipment to be
23 used in a warehouse or distribution center shall not exceed
24 five hundred thousand dollars in a fiscal year. If an
25 applicant for a tax credit certificate does not receive a
26 certificate for the taxes paid and attributable to racks,
27 shelving, and conveyor equipment to be used in a warehouse or
28 distribution center, the application shall be considered in
29 succeeding fiscal years. The eligible business ~~or-supporting~~
30 ~~business~~ shall not claim a tax credit under this section
31 unless a tax credit certificate issued by the department of
32 economic development is attached to the taxpayer's tax return
33 for the tax year for which the tax credit is claimed. A tax
34 credit certificate shall contain the eligible business's ~~or~~
35 ~~supporting-business's~~ name, address, tax identification

1 number, the amount of the tax credit, and other information
2 required by the department of revenue.

3 Sec. 46. Section 15.333, Code 2005, is amended by striking
4 the section and inserting in lieu thereof the following:

5 15.333 INVESTMENT TAX CREDIT.

6 1. An eligible business may claim a tax credit equal to a
7 percentage of the new investment directly related to new jobs
8 created by the location or expansion of an eligible business
9 under the program. The tax credit shall be amortized equally
10 over five calendar years. The tax credit shall be allowed
11 against taxes imposed under chapter 422, division II, III, or
12 V, and against the moneys and credits tax imposed in section
13 533.24. If the business is a partnership, S corporation,
14 limited liability company, cooperative organized under chapter
15 501 and filing as a partnership for federal tax purposes, or
16 estate or trust electing to have the income taxed directly to
17 the individual, an individual may claim the tax credit
18 allowed. The amount claimed by the individual shall be based
19 upon the pro rata share of the individual's earnings of the
20 partnership, S corporation, limited liability company,
21 cooperative organized under chapter 501 and filing as a
22 partnership for federal tax purposes, or estate or trust. The
23 percentage shall be determined as provided in section 15.335A.
24 Any tax credit in excess of the tax liability for the tax year
25 may be credited to the tax liability for the following seven
26 years or until depleted, whichever occurs first.

27 Subject to prior approval by the department of economic
28 development, in consultation with the department of revenue,
29 an eligible business whose project primarily involves the
30 production of value-added agricultural products or uses
31 biotechnology-related processes may elect to receive a refund
32 of all or a portion of an unused tax credit. For purposes of
33 this subsection, such an eligible business includes a
34 cooperative described in section 521 of the Internal Revenue
35 Code which is not required to file an Iowa corporate income

1 tax return, and whose project primarily involves the
2 production of ethanol. The refund may be applied against a
3 tax liability imposed under chapter 422, division II, III, or
4 V, and against the moneys and credits tax imposed in section
5 533.24. If the business is a partnership, S corporation,
6 limited liability company, cooperative organized under chapter
7 501 and filing as a partnership for federal tax purposes, or
8 estate or trust electing to have the income taxed directly to
9 the individual, an individual may claim the tax credit
10 allowed. The amount claimed by the individual shall be based
11 upon the pro rata share of the individual's earnings of the
12 partnership, S corporation, limited liability company,
13 cooperative organized under chapter 501 and filing as a
14 partnership for federal tax purposes, or estate or trust.

15 2. For purposes of this subsection, "new investment
16 directly related to new jobs created by the location or
17 expansion of an eligible business under the program" means the
18 cost of machinery and equipment, as defined in section 427A.1,
19 subsection 1, paragraphs "e" and "j", purchased for use in the
20 operation of the eligible business, the purchase price of
21 which has been depreciated in accordance with generally
22 accepted accounting principles, the purchase price of real
23 property and any buildings and structures located on the real
24 property, and the cost of improvements made to real property
25 which is used in the operation of the eligible business. "New
26 investment directly related to new jobs created by the
27 location or expansion of an eligible business under the
28 program" also means the annual base rent paid to a third-
29 party developer by an eligible business for a period not to
30 exceed ten years, provided the cumulative cost of the base
31 rent payments for that period does not exceed the cost of the
32 land and the third-party developer's costs to build or
33 renovate the building for the eligible business. The eligible
34 business shall enter into a lease agreement with the third-
35 party developer for a minimum of five years. If, however,

1 within five years of purchase, the eligible business sells,
2 disposes of, razes, or otherwise renders unusable all or a
3 part of the land, buildings, or other existing structures for
4 which tax credit was claimed under this section, the tax
5 liability of the eligible business for the year in which all
6 or part of the property is sold, disposed of, razed, or
7 otherwise rendered unusable shall be increased by one of the
8 following amounts:

9 a. One hundred percent of the tax credit claimed under
10 this section if the property ceases to be eligible for the tax
11 credit within one full year after being placed in service.

12 b. Eighty percent of the tax credit claimed under this
13 section if the property ceases to be eligible for the tax
14 credit within two full years after being placed in service.

15 c. Sixty percent of the tax credit claimed under this
16 section if the property ceases to be eligible for the tax
17 credit within three full years after being placed in service.

18 d. Forty percent of the tax credit claimed under this
19 section if the property ceases to be eligible for the tax
20 credit within four full years after being placed in service.

21 e. Twenty percent of the tax credit claimed under this
22 section if the property ceases to be eligible for the tax
23 credit within five full years after being placed in service.

24 3. a. An eligible business whose project primarily
25 involves the production of value-added agricultural products
26 or uses biotechnology-related processes, which elects to
27 receive a refund of all or a portion of an unused tax credit,
28 shall apply to the department of economic development for tax
29 credit certificates. Such an eligible business shall not
30 claim a tax credit refund under this subsection unless a tax
31 credit certificate issued by the department of economic
32 development is attached to the taxpayer's tax return for the
33 tax year for which the tax credit refund is claimed. For
34 purposes of this subsection, an eligible business includes a
35 cooperative described in section 521 of the Internal Revenue

1 Code which is not required to file an Iowa corporate income
2 tax return, and whose project primarily involves the
3 production of ethanol. For purposes of this subsection, an
4 eligible business also includes a cooperative described in
5 section 521 of the Internal Revenue Code which is required to
6 file an Iowa corporate income tax return and whose project
7 primarily involves the production of ethanol. Such
8 cooperative may elect to transfer all or a portion of its tax
9 credit to its members. The amount of tax credit transferred
10 and claimed by a member shall be based upon the pro rata share
11 of the member's earnings of the cooperative.

12 b. A tax credit certificate issued under this subsection
13 shall not be valid until the tax year following the date of
14 the capital investment project completion. A tax credit
15 certificate shall contain the taxpayer's name, address, tax
16 identification number, the date of project completion, the
17 amount of the tax credit, and other information required by
18 the department of revenue. The department of economic
19 development shall not issue tax credit certificates under this
20 subsection which total more than four million dollars during a
21 fiscal year. If the department receives and approves
22 applications for tax credit certificates under this subsection
23 in excess of four million dollars, the applicants shall
24 receive certificates for a prorated amount. The tax credit
25 certificates shall not be transferred except as provided in
26 this subsection for a cooperative described in section 521 of
27 the Internal Revenue Code which is required to file an Iowa
28 corporate income tax return and whose project primarily
29 involves the production of ethanol. For a cooperative
30 described in section 521 of the Internal Revenue Code, the
31 department of economic development shall require that the
32 cooperative submit a list of its members and the share of each
33 member's interest in the cooperative. The department shall
34 issue a tax credit certificate to each member contained on the
35 submitted list.

1 Sec. 47. Section 15.333A, Code 2005, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 15.333A INSURANCE PREMIUM TAX CREDITS.

5 1. An eligible business may claim an insurance premium tax
6 credit equal to a percentage of the new investment directly
7 related to new jobs created by the location or expansion of an
8 eligible business under the program. The tax credit shall be
9 amortized equally over a five-year period. The tax credit
10 shall be allowed against taxes imposed in chapter 432. A tax
11 credit in excess of the tax liability for the tax year may be
12 credited to the tax liability for the following seven years or
13 until depleted, whichever occurs first. The percentage shall
14 be determined as provided in section 15.335A.

15 2. For purposes of this section, "new investment directly
16 related to new jobs created by the location or expansion of an
17 eligible business under the program" means the cost of
18 machinery and equipment, as defined in section 427A.1,
19 subsection 1, paragraphs "e" and "j", purchased for use in the
20 operation of the eligible business, the purchase price of
21 which has been depreciated in accordance with generally
22 accepted accounting principles, the purchase price of real
23 property and any buildings and structures located on the real
24 property, and the cost of improvements made to real property
25 which is used in the operation of the eligible business. "New
26 investment directly related to new jobs created by the
27 location or expansion of an eligible business under the
28 program" also means the annual base rent paid to a third-party
29 developer by an eligible business for a period not to exceed
30 ten years, provided the cumulative cost of the base rent
31 payments for that period does not exceed the cost of the land
32 and the third-party developer's costs to build or renovate the
33 building for the eligible business. The eligible business
34 shall enter into a lease agreement with the third-party
35 developer for a minimum of five years. If, however, within

1 five years of purchase, the eligible business sells, disposes
2 of, razes, or otherwise renders unusable all or a part of the
3 land, buildings, or other existing structures for which tax
4 credit was claimed under this section, the tax liability of
5 the eligible business for the year in which all or part of the
6 property is sold, disposed of, razed, or otherwise rendered
7 unusable shall be increased by one of the following amounts:

8 a. One hundred percent of the tax credit claimed under
9 this section if the property ceases to be eligible for the tax
10 credit within one full year after being placed in service.

11 b. Eighty percent of the tax credit claimed under this
12 section if the property ceases to be eligible for the tax
13 credit within two full years after being placed in service.

14 c. Sixty percent of the tax credit claimed under this
15 section if the property ceases to be eligible for the tax
16 credit within three full years after being placed in service.

17 d. Forty percent of the tax credit claimed under this
18 section if the property ceases to be eligible for the tax
19 credit within four full years after being placed in service.

20 e. Twenty percent of the tax credit claimed under this
21 section if the property ceases to be eligible for the tax
22 credit within five full years after being placed in service.

23 Sec. 48. NEW SECTION. 15.335A TAX INCENTIVES.

24 1. Tax incentives are available to eligible businesses as
25 provided in this section. The incentives are based upon the
26 number of new high quality jobs created and the amount of the
27 qualifying investment made according to the following
28 schedule:

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

33 (1) The number of jobs is zero and economic activity is
34 furthered by the qualifying investment and the amount of the
35 qualifying investment is one of the following:

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

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

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

11 (2) The number of jobs is one but not more than five and
12 the amount of the qualifying investment is one of the
13 following:

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

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

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

24 (3) The number of jobs is six but not more than ten and
25 the amount of the qualifying investment is one of the
26 following:

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

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

33 (c) At least five hundred thousand dollars, then the tax
34 incentives are the investment tax credit of up to three
35 percent, the sales tax refund, and the additional research and

1 development tax credit.

2 (4) The number of jobs is eleven but not more than fifteen
3 and the amount of the qualifying investment is one of the
4 following:

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

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

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

15 (5) The number of jobs is sixteen or more and the amount
16 of the qualifying investment is one of the following:

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

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

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

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

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

1 development tax credit.

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

8 (3) The number of jobs is forty-one but not more than
9 fifty and the amount of the qualifying investment is at least
10 ten million dollars, then the tax incentives are the local
11 property tax exemption, the investment tax credit of up to
12 eight percent, the sales tax refund, and the additional
13 research and development tax credit.

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

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

26 2. For purposes of this section:

27 a. "Additional research and development tax credit" means
28 the research activities credit as provided under section
29 15.335.

30 b. "Average county wage" means the same as defined in
31 section 15H.1.

32 c. "Benefits" means the same as defined in section 15H.1.

33 d. "Investment tax credit" means the investment tax credit
34 or the insurance premium tax credit as provided under section
35 15.333 or 15.333A, respectively.

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

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

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

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

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

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

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

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

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

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

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

5 6. The department shall negotiate the amount of tax
6 incentives provided to an applicant under the program in
7 accordance with this section.

8 Sec. 49. Section 15.336, Code 2005, is amended to read as
9 follows:

10 15.336 OTHER INCENTIVES.

11 An eligible business may receive other applicable federal,
12 state, and local incentives and credits in addition to those
13 provided in this part. However, a business which participates
14 in the program under this part shall not receive any funds
15 from the community-economic-development-account under the
16 community-economic-betterment-program wage-benefits tax
17 credits under chapter 15H.

18 Sec. 50. Section 15E.196, subsection 1, paragraph a, Code
19 2005, is amended to read as follows:

20 a. New jobs credit from withholding, as provided in
21 section ~~15.333~~ 15E.197.

22 Sec. 51. Section 15E.196, subsections 3 and 6, Code 2005,
23 are amended to read as follows:

24 3. Investment tax credit of up to ten percent, as provided
25 in section 15.333.

26 6. Insurance premium tax credit of up to ten percent, as
27 provided in section 15.333A.

28 Sec. 52. NEW SECTION. 15E.197 NEW JOBS CREDIT FROM
29 WITHHOLDING.

30 An eligible business may enter into an agreement with the
31 department of revenue and a community college for a
32 supplemental new jobs credit from withholding from jobs
33 created under the program. The agreement shall be for program
34 services for an additional job training project, as defined in
35 chapter 260E. The agreement shall provide for the following:

1 1. That the project shall be administered in the same
2 manner as a project under chapter 260E and that a supplemental
3 new jobs credit from withholding in an amount equal to one and
4 one-half percent of the gross wages paid by the eligible
5 business pursuant to section 422.16 is authorized to fund the
6 program services for the additional project.

7 2. That the supplemental new jobs credit from withholding
8 shall be collected, accounted for, and may be pledged by the
9 community college in the same manner as described in section
10 260E.5.

11 3. That the auditor of state shall perform an annual audit
12 regarding how the training funds are being used.

13 To provide funds for the payment of the costs of the
14 additional project, a community college may borrow money,
15 issue and sell certificates, and secure the payment of the
16 certificates in the same manner as described in section
17 260E.6, including but not limited to providing the assessment
18 of an annual levy as described in section 260E.6, subsection
19 4. The program and credit authorized by this section is in
20 addition to, and not in lieu of, the program and credit
21 authorized in chapter 260E.

22 4. For purposes of this section, "eligible business" means
23 a business which has been approved to receive incentives and
24 assistance by the department of economic development pursuant
25 to application as provided in section 15E.195.

26 Sec. 53. NEW SECTION. 15H.1 DEFINITIONS.

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

29 1. "Average county wage" means the annualized, average
30 hourly wage based on wage information compiled by the
31 department of workforce development.

32 2. "Benefits" means all of the following:

- 33 a. Medical and dental insurance plans.
34 b. Pension and profit sharing plans.
35 c. Child care services.

- 1 d. Overtime.
- 2 e. Life insurance coverage.
- 3 f. Other benefits identified by rule of the department.
- 4 3. "Department" means the department of revenue.

5 4. a. "Qualified new job" means a job that meets all of
6 the following:

7 (1) Is a new full-time job that has not existed in the
8 business within the previous twelve months in the state.

9 (2) Is filled by a new employee for at least twelve
10 months.

11 (3) Is filled by a resident of the state.

12 (4) Is not created as a result of a change in ownership.

13 b. "Qualified new job" does not include any of the
14 following:

15 (1) A job previously filled by the same employee in the
16 state.

17 (2) A job that was relocated from another location in the
18 state.

19 (3) A job that is created as a result of a consolidation,
20 merger, or restructuring of a business entity if the job does
21 not represent a new job in the state.

*22 5. "Retained qualified new job" means the continued
23 employment for another twelve months of the same employee in a
24 qualified new job.

25 Sec. 54. NEW SECTION. 15H.2 WAGE-BENEFITS TAX CREDIT.

26 1. a. Any nonretail, nonservice business may claim a tax
27 credit equal to a percentage of the annual wages and benefits
28 paid for a qualified new job created by the location or
29 expansion of the business in the state. The tax credit shall
30 be allowed against taxes imposed under chapter 422, division
31 II, III, or V, and chapter 432 and against the moneys and
32 credits tax imposed in section 533.24. The percentage shall
33 be equal to the amount provided in subsection 2.

34 Any credit in excess of the tax liability shall be
35 refunded. In lieu of claiming a refund, a taxpayer may elect

1 to have the overpayment shown on the taxpayer's final,
2 completed return credited to the tax liability for the
3 following taxable year.

4 b. If the business is a partnership, S corporation,
5 limited liability company, or estate or trust electing to have
6 the income taxed directly to the individual, an individual may
7 claim the tax credit allowed. The amount claimed by the
8 individual shall be based upon the pro rata share of the
9 individual's earnings of the partnership, S corporation,
10 limited liability company, or estate or trust.

11 2. The percentage of the annual wages and benefits paid
12 for a qualified new job is determined as follows:

13 a. If the annual wage and benefits for the qualified new
14 job equals less than one hundred thirty percent of the average
15 county wage, zero percent.

16 b. If the annual wage and benefits for the qualified new
17 job equals at least one hundred thirty percent but less than
18 one hundred sixty percent of the average county wage, five
19 percent.

20 c. If the annual wage and benefits for the qualified new
21 job equals at least one hundred sixty percent of the average
22 county wage, ten percent.

23 3. A qualified new job is entitled to the tax credit upon
24 the end of the twelfth month of the job having been filled.
25 Once a qualified new job is approved for a tax credit, tax
26 credits for the next four subsequent tax years may be approved
27 if the job continues to be filled and application is made as
28 provided in section 15H.3. The percentage determined under
29 subsection 2 for the first tax year shall continue to apply to
30 subsequent tax credits as the credits relate to that qualified
31 new job.

32 Sec. 55. NEW SECTION. 15H.3 TAX CREDIT CERTIFICATION --
33 CREDIT LIMITATION.

34 1. In order for a wage-benefit tax credit to be claimed,
35 the business shall submit an application to the department

1 along with information on the qualified new job or retained
2 qualified new job and any other information required.
3 Applications for approval of the tax credit shall be on forms
4 approved by the department. Within forty-five days of receipt
5 of the application, the department shall either approve or
6 disapprove the application. After the forty-five-day limit,
7 the application is deemed approved.

8 2. Upon approval of the tax credit and subject to
9 subsection 4, a tax credit certificate shall be issued by the
10 department. A tax credit certificate shall identify the
11 business claiming the tax credit under this chapter and the
12 wage and benefit costs incurred during the previous twelve
13 months.

14 3. The tax credit certificate shall contain the taxpayer's
15 name, address, tax identification number, the date of the
16 qualified new job, the amount of credit, and other information
17 required by the department.

18 4. The total amount of tax credit certificates that may be
19 issued for a fiscal year under this chapter shall not exceed
20 ten million dollars. The department shall establish by rule
21 the procedures for the application, review, selection,
22 awarding of certificates, and the method to be used to
23 determine for which fiscal year the tax credits are available.
24 If the approved tax credits exceed the maximum amount for a
25 fiscal year, tax credit certificates shall be issued on an
26 earliest date applied basis.

27 5. a. A nonretail, nonservice business that has created a
*28 qualified new job for which a tax credit certificate under
29 this chapter is issued is eligible to receive a tax credit
*30 certificate for each of the four subsequent tax years if the
31 business retains the qualified new job during each of the
32 twelve months ending in each of the tax years by applying for
*33 the credit under this section.

34 b. A nonretail, nonservice business that created a
*35 qualified new job but failed to receive all or part of the tax

1 credit because of the limitation in subsection 4 is eligible
2 to reapply for the tax credit for the retained qualified new
3 job.

4 6. a. A business whose application has been disapproved
5 by the department may appeal the decision to the Iowa economic
6 development board within thirty days of notice of disapproval.
7 If the board subsequently approves the application, the
8 business shall receive the tax credit certificates subject to
9 the availability of the amount of credits that may be issued
10 as provided in subsection 4.

11 b. A nonretail, nonservice business may apply to the Iowa
12 economic development board for a waiver of any provision of
13 this chapter as it relates to the requirements for qualifying
14 for the wage-benefits tax credit. The Iowa economic
15 development board shall establish by rule the conditions under
16 which a waiver of such requirements will be granted. A waiver
17 from average county wage calculations shall be applied for and
18 considered by the board according to the procedures provided
19 in section 15.335A.

20 Sec. 56. NEW SECTION. 15H.4 MONITORING OF JOB CREATION.

21 The department shall develop definitions for the terms "job
22 creation" and "job retention" to measure and identify the
23 number of permanent, full-time positions which businesses
24 actually create and retain and which can be documented by
25 comparison of the payroll reports during the twenty-four-month
26 period before and after tax credits are earned.

27 Sec. 57. NEW SECTION. 15H.5 OTHER INCENTIVES.

28 A nonretail, nonservice business may receive other
29 applicable federal, state, and local incentives and tax
30 credits in addition to those provided in this chapter.
31 However, a business which has received a tax credit under this
32 chapter shall not receive tax incentives under the high
33 quality job creation program in chapter 15, subchapter II,
34 part 13.

35 Sec. 58. NEW SECTION. 422.11L WAGE-BENEFITS TAX CREDIT.

1 The taxes imposed under this division, less the credits
2 allowed under sections 422.12 and 422.12B, shall be reduced by
3 a wage-benefits tax credit authorized pursuant to section
4 15H.2.

5 Sec. 59. Section 422.16A, Code 2005, is amended to read as
6 follows:

7 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
8 TRANSFER.

9 Upon the completion by a business of its repayment
10 obligation for a training project funded under chapter 260E,
11 including a job training project funded under section 15A.8 or
12 repaid in whole or in part by the supplemental new jobs credit
13 from withholding under section 15A.7 or section ~~15.331~~
14 15E.197, the sponsoring community college shall report to the
15 department of economic development the amount of withholding
16 paid by the business to the community college during the final
17 twelve months of withholding payments. The department of
18 economic development shall notify the department of revenue of
19 that amount. The department shall credit to the workforce
20 development fund account established in section 15.342A
21 twenty-five percent of that amount each quarter for a period
22 of ten years. If the amount of withholding from the business
23 or employer is insufficient, the department shall prorate the
24 quarterly amount credited to the workforce development fund
25 account. The maximum amount from all employers which shall be
26 transferred to the workforce development fund account in any
27 year is four million dollars.

28 Sec. 60. Section 422.33, Code 2005, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 18. The taxes imposed under this division
31 shall be reduced by a wage-benefits tax credit authorized
32 pursuant to section 15H.2.

33 Sec. 61. Section 422.60, Code 2005, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 10. The taxes imposed under this division

1 shall be reduced by a wage-benefits tax credit authorized
2 pursuant to section 15H.2.

3 Sec. 62. Section 427B.17, subsection 5, unnumbered
4 paragraph 2, Code 2005, is amended to read as follows:

5 Any electric power generating plant which operated during
6 the preceding assessment year at a net capacity factor of more
7 than twenty percent, shall not receive the benefits of this
8 section or of ~~sections~~ section 15.332 and ~~15.334~~. For
9 purposes of this section, "electric power generating plant"
10 means any nameplate rated electric power generating plant, in
11 which electric energy is produced from other forms of energy,
12 including all taxable land, buildings, and equipment used in
13 the production of such energy. "Net capacity factor" means
14 net actual generation divided by the product of net maximum
15 capacity times the number of hours the unit was in the active
16 state during the assessment year. Upon commissioning, a unit
17 is in the active state until it is decommissioned. "Net
18 actual generation" means net electrical megawatt hours
19 produced by the unit during the preceding assessment year.
20 "Net maximum capacity" means the capacity the unit can sustain
21 over a specified period when not restricted by ambient
22 conditions or equipment deratings, minus the losses associated
23 with station service or auxiliary loads.

24 Sec. 63. NEW SECTION. 432.12G WAGE-BENEFITS TAX CREDIT.

25 The taxes imposed under this chapter shall be reduced by a
26 wage-benefits tax credit authorized pursuant to section 15H.2.

27 Sec. 64. Section 533.24, Code 2005, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 7. The moneys and credits tax imposed
30 under this section shall be reduced by a wage-benefits tax
31 credit authorized pursuant to section 15H.2.

32 Sec. 65. Sections 15.331, 15.331B, 15.334, 15.334A,
33 15.337, and 15.381 through 15.387, Code 2005, are repealed.

34 Sec. 66. CONTRACT VALIDITY -- NEW JOBS AND INCOME PROGRAM
35 -- NEW CAPITAL INVESTMENT PROGRAM. Any contract entered into

1 for a project or activity approved by the department of
2 economic development under the new jobs and income program and
3 the new capital investment program remains valid. The
4 elimination of the new jobs and income program and the new
5 capital investment program under this Act shall not constitute
6 grounds for rescission or modification of contracts entered into
7 with the department under the programs.

8 Sec. 67. EFFECTIVE AND APPLICABILITY DATE. The provisions
9 of this division of this Act relating to Code chapter 15H,
10 being deemed of immediate importance, take effect upon
11 enactment and apply to qualified new jobs created on or after
12 the effective date of this division of this Act. This
13 division of this Act applies to tax years ending on or after
14 the effective date of this division of this Act.

15 DIVISION XI

16 RESEARCH AND DEVELOPMENT

17 TAX CREDIT

18 Sec. 68. Section 15.335, subsection 1, unnumbered
19 paragraph 1, Code 2005, is amended to read as follows:

20 An eligible business may claim a corporate tax credit for
21 increasing research activities in this state during the period
22 the eligible business is participating in the program. For
23 purposes of this section, "research activities" includes the
24 development and deployment of innovative renewable energy
25 generation components manufactured or assembled in this state.
26 For purposes of this section, "innovative renewable energy
27 generation components" does not include a component with more
28 than two hundred megawatts of installed effective nameplate
29 capacity. The tax credits for innovative renewable energy
30 generation components shall not exceed one million dollars.

31 DIVISION XII

32 ENDOW IOWA

33 Sec. 69. Section 15E.303, subsections 4 and 6, Code 2005,
34 are amended to read as follows:

35 4. "Endowment gift" means an irrevocable contribution to a

1 permanent endowment held by a an endow Iowa qualified
2 community foundation.

3 6. "~~Qualified~~ "Endow Iowa qualified community foundation"
4 means a community foundation organized or operating in this
5 state that ~~meets-or-exceeds~~ substantially complies with the
6 national standards established by the national council on
7 foundations as determined by the department in collaboration
8 with the Iowa council of foundations.

9 Sec. 70. Section 15E.304, subsection 2, paragraphs c and
10 d, Code 2005, are amended to read as follows:

11 c. Identify a an endow Iowa qualified community foundation
12 to hold all funds. ~~A~~ An endow Iowa qualified community
13 foundation shall not be required to meet this requirement.

14 d. Provide a plan to the board demonstrating the method
15 for distributing grant moneys received from the board to
16 organizations within the community or geographic area as
17 defined by the endow Iowa qualified community foundation or
18 the community affiliate organization.

19 Sec. 71. Section 15E.304, subsection 3, Code 2005, is
20 amended to read as follows:

21 3. Endow Iowa grants awarded to new and existing endow
22 Iowa qualified community foundations and to community
23 affiliate organizations shall not exceed twenty-five thousand
24 dollars per foundation or organization unless a foundation or
25 organization demonstrates a multiple county or regional
26 approach. Endow Iowa grants may be awarded on an annual basis
27 with not more than three grants going to one county in a
28 fiscal year.

29 Sec. 72. Section 15E.305, subsection 1, Code 2005, is
30 amended to read as follows:

31 1. For tax years beginning on or after January 1, 2003, a
32 tax credit shall be allowed against the taxes imposed in
33 chapter 422, divisions II, III, and V, and in chapter 432, and
34 against the moneys and credits tax imposed in section 533.24
35 equal to twenty percent of a taxpayer's endowment gift to a an

1 endow Iowa qualified community foundation. An individual may
2 claim a tax credit under this section of a partnership,
3 limited liability company, S corporation, estate, or trust
4 electing to have income taxed directly to the individual. The
5 amount claimed by the individual shall be based upon the pro
6 rata share of the individual's earnings from the partnership,
7 limited liability company, S corporation, estate, or trust. A
8 tax credit shall be allowed only for an endowment gift made to
9 a an endow Iowa qualified community foundation for a permanent
10 endowment fund established to benefit a charitable cause in
11 this state. Any tax credit in excess of the taxpayer's tax
12 liability for the tax year may be credited to the tax
13 liability for the following five years or until depleted,
14 whichever occurs first. A tax credit shall not be carried
15 back to a tax year prior to the tax year in which the taxpayer
16 claims the tax credit.

17 Sec. 73. Section 15E.305, subsection 2, Code 2005, is
18 amended by adding the following new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. Ten percent of the aggregate
20 amount of tax credits authorized in a calendar year shall be
21 reserved for those endowment gifts in amounts of thirty
22 thousand dollars or less. If by September 1 of a calendar
23 year the entire ten percent of the reserved tax credits is not
24 distributed, the remaining tax credits shall be available to
25 any other eligible applicants.

26 Sec. 74. Section 15E.305, subsection 4, Code 2005, is
27 amended to read as follows:

28 4. A tax credit shall not be authorized pursuant to this
29 section after December 31, ~~2005~~ 2008.

30 Sec. 75. Section 15E.311, subsection 3, paragraphs a and
31 c, Code 2005, are amended to read as follows:

32 a. At the end of each fiscal year, moneys in the fund
33 shall be transferred into separate accounts within the fund
34 and designated for use by each county in which no licensee
35 authorized to conduct gambling games under chapter 99F was

1 located during that fiscal year. Moneys transferred to county
2 accounts shall be divided equally among the counties. Moneys
3 transferred into an account for a county shall be transferred
4 by the department to an eligible county recipient for that
5 county. Of the moneys transferred, an eligible county
6 recipient shall distribute seventy-five percent of the moneys
7 as grants to charitable organizations for educational, civic,
8 public, charitable, patriotic or religious uses, as defined
9 in section 99B.77, subsection 3, paragraph "b", charitable
10 purposes in that county and shall retain twenty-five percent
11 of the moneys for use in establishing a permanent endowment
12 fund for the benefit of charitable organizations for
13 educational, civic, public, charitable, patriotic or
14 religious uses, as defined in section 99B.77, subsection 3,
15 paragraph "b", charitable purposes.

16 c. For purposes of

17 3A. As used in this subsection section, an "eligible
18 unless the context otherwise requires:

19 a. "Charitable organization" means an organization that is
20 described in section 501(c)(3) of the Internal Revenue Code
21 that is exempt from taxation under section 501(a) of the
22 Internal Revenue Code or an organization that is established
23 for a charitable purpose.

24 b. "Charitable purpose" means a purpose described in
25 section 501(c)(3) of the Internal Revenue Code, or a
26 benevolent, educational, philanthropic, humane, scientific,
27 patriotic, social welfare or advocacy, public health,
28 environmental conservation, civic, or other eleemosynary
29 objective.

30 c. "Eligible county recipient" means a an endow Iowa
31 qualified community foundation or community affiliate
32 organization, as defined in section 15E.303, that is selected,
33 in accordance with the procedures described in section
34 15E.304, to receive moneys from an account created in this
35 section for a particular county. To be selected as an

1 eligible county recipient, a community affiliate organization
2 shall establish a county affiliate fund to receive moneys as
3 provided by this section.

4 Sec. 76. Section 15E.311, Code 2005, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 5. Three percent of the moneys deposited
7 in the county endowment fund shall be used by the lead
8 philanthropic organization identified by the department
9 pursuant to section 15E.304 for purposes of administering and
10 marketing the county endowment fund.

11 Sec. 77. LEGISLATIVE INTENT. It is the intent of the
12 general assembly that the entire two million dollars worth of
13 tax credits allowed under section 15E.305, subsection 2, shall
14 be issued.

15 Sec. 78. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
16 This division of this Act, being deemed of immediate
17 importance, takes effect upon enactment and applies
18 retroactively to January 1, 2005.

19 DIVISION XIII

20 E-85 BLENDED GASOLINE

21 Sec. 79. NEW SECTION. 15.401 E-85 BLENDED GASOLINE.
22 The department shall provide a cost-share program for
23 financial incentives for the installation or conversion of
24 infrastructure used by service stations to sell and dispense
25 E-85 blended gasoline and for the installation or conversion
26 of infrastructure required to establish on-site and off-site
27 terminal facilities that store biodiesel for distribution to
28 service stations. The department shall provide for an
29 addition of at least thirty new or converted E-85 retail
30 outlets and four new or converted on-site or off-site terminal
31 facilities with a maximum expenditure of three hundred twenty-
32 five thousand dollars per year for the fiscal period beginning
33 July 1, 2005, and ending June 30, 2008. The department may
34 provide for the marketing of these products in conjunction
35 with this infrastructure program.

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 868 - Iowa Values Fund 2005 (LSB 1809 HW.1)

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Fiscal Note Version - Revised

Description

House File 868 does the following:

- Creates the Grow Iowa Values Fund.
- Makes changes to the composition and structure of the Economic Development Board.
- Requires the Department of Economic Development (DED) to coordinate all business-related regulatory assistance for the State.
- Requires the DED to establish an Iowa Business Resource Center Program.
- Allows for the establishment of economic development regions and economic development region revolving funds.
- Allows for a 20.0% tax credit for making a contribution to an economic development region revolving fund, caps the tax credit at \$2.0 million per fiscal year plus carry-forward, allows un-awarded tax credits to be carried forward and used in subsequent fiscal years, and allows a non-profit entity to receive a General Fund appropriation in lieu of the tax credit for its contribution.
- Allows economic development regions to apply to the DED for financial assistance, and caps the aggregate financial assistance to \$1.0 million per fiscal year.
- Establishes and defines economic enterprise areas, and allows up to ten areas to receive up to \$75,000 each per fiscal year from the Grow Iowa Values Fund.
- Requires the DED to create a business accelerator program and requires the Department to use moneys appropriated from the Grow Iowa Values Fund to fund the program.
- Requires the Department of Cultural Affairs to establish a Cultural and Entertainment District Certification Program.
- Amends Section 404A.1(1), Code of Iowa, relating to historic rehabilitation tax credits by allowing tax credits for projects in certified cultural and entertainment districts, and allows an additional \$4.0 million in tax credits each fiscal year for historic rehabilitation and cultural and entertainment tax credits.
- Requires the Economic Development Board to establish a Technology Commercialization Committee, and specifies the composition and duties of the Committee.
- Requires the establishment of a Technology Commercialization Specialist in the DED and specifies the duties of the position.
- Requires the Governor to appoint a Chief Technology Officer to a four-year term to facilitate and oversee commercialization of research efforts.
- Allows the Department of Economic Development to allocate up to 10.0% of the assets in the Loan and Credit Guarantee Fund for certain microenterprises as defined in the Bill.
- Creates the High Quality Job Creation Program in the Department of Economic Development to take the place of the New Jobs and Income Program and the New Capital Investment Program, and allows for the award of tax credits under the Program on a sliding scale based on the size of the capital investment, number of jobs created, and wages and benefits paid for those jobs. The more jobs a business creates, and the greater the investment and compensation, the greater the tax incentive will be. The tax credit awarded is to be amortized equally over a five-year period, and may be carried forward and used for up to seven years or until depleted, whichever occurs first.
- Investment tax credits are capped at \$3.6 million annually for investments below \$1.0 million under the High Quality Job Creation Program. There is no cap for investments greater than \$1.0 million.

- The Bill specifies wage thresholds that must be met in order to receive tax incentives and allows the Department of Economic Development to grant waivers.
- Creates the Wage-Benefits Tax Credit Program and allows a non-retail, non-service business to apply to the Department of Revenue to claim a minimum of 5.0% to a maximum of 10.0 % tax credit of the annual wages and benefits paid for a qualified new job created by the location or expansion of the business in the State. The percentage of the award is based on the wages and benefits paid for the new job. The Bill caps the tax credit at \$10.0 million per year, to be awarded on a first come, first serve basis after the business maintains the new job for a 12-month period. The business is eligible to receive the same tax credit for four additional years without additional investment provided it maintains the new jobs it created for each of those years. Businesses that receive a tax credit in excess of their tax liability are allowed to receive a tax refund for the amount in excess of the liability or are allowed to carry the credits forward to be used in a subsequent year.
- Allows up to \$1.0 million in research and development tax credits for innovative renewable energy generation as specified in the Bill.
- Amends the definition of "qualified community foundation" under the Endow Iowa Program, extends the sunset date for tax credits under the Program from December 31, 2005, to December 31, 2008, allocates 10.0% of the aggregate tax credits each year for gifts of \$30,000 or under, requires 3.0% of the county endowment fund to be used by the lead philanthropic entity for administration, and specifies effective and retroactivity dates.
- Requires the Department of Economic Development to create a cost-share program for financial incentives for 30 new or converted E-85 retail outlets and 4 new or converted on-site or off-site terminal facilities, and caps the expenditure for this program at \$325,000 per year from FY 2006 through FY 2008.

Assumptions

1. The DED would coordinate business-related financial assistance using existing staff.
2. The DED would establish an Iowa Business Resource Center Program using existing staff, but would incur annual costs of approximately \$100,000 for development and distribution of information and marketing materials for placement in the resource centers starting in FY 2006.
3. The DED would incur annual costs of \$122,000 and 2.0 FTE positions for administration of the financial assistance and awarding of tax credits for economic development regions and economic enterprise areas starting in FY 2006.
4. Various economic development regions will be established in FY 2006 and will be awarded a total of \$1.0 million in financial assistance from the DED. This amount will be awarded annually starting in FY 2006. Tax credits for contributions to economic development region revolving funds will reach the capped amount of \$2.0 million per fiscal year and will be fully utilized each fiscal year starting in FY 2006.
5. Ten economic enterprise areas will be established in FY 2006 and will each receive the maximum award of \$75,000 from the DED. This amount will be awarded each fiscal year starting in FY 2006.
6. The Business Accelerator Program will be administered by the DED using existing staff and will be funded by an appropriation from the Grow Iowa Values Fund as specified in the Bill. The amount to be appropriated for this purpose is not specified and the cost cannot be determined.
7. The DED would require \$200,000 and 2.0 FTE positions annually for the Technology Commercialization Specialist and Chief Technology Officer positions.
8. The E-85 Cost-share Program will result in an annual cost of \$325,000 from FY 2006 through FY 2008. The DED will administer the Program using existing staff.
9. The Department of Cultural Affairs will administer the Cultural and Entertainment District Certification Program using existing staff.
10. House File 868 allows an additional \$4.0 million in tax credits for projects located in historic districts and cultural and entertainment districts. Under current law, \$2.4 million in tax credits may be awarded each year for just historic rehabilitation projects. The maximum of \$2.4 million has been awarded to projects each year through FY 2016. Given the strong

demand for these tax credits, the additional \$4.0 million per fiscal year will be fully awarded and utilized each fiscal year. The tax credits awarded in FY 2006 will be fully utilized in FY 2007.

11. Projects with investments below \$1.0 million under the High Quality Job Creation Program will reach the capped amount of \$3.6 million in investment tax credits per fiscal year and will be fully utilized over a five-year period starting in FY 2007 ($\$3.6 \text{ million} / 5 \text{ years} = \$720,000/\text{FY}$). In addition, annual sales and use tax rebates for these projects will amount to approximately \$800,000 annually starting in FY 2007.
12. Investment tax credits currently awarded under the New Jobs and Income Program and the New Capital Investment Program (minimum investment of \$1.0 million) are utilized on average over a five-year period. The same will be true of investment tax credits awarded for projects over \$1.0 million under the High Quality Job Creation Program.
13. According to the DED, changes in Program requirements as well as the ability to grant a waiver, will result in an increase of 25.0% in the utilization of investment tax credits compared to the current estimated amount utilized under the New Jobs and Income Program and New Capital Investment Program. The current estimate of investment tax credits awarded in FY 2005 is \$45.9 million. Of this, approximately 50.0%, or \$22.9 million of the investment tax credits will be utilized, with utilization occurring over a five-year period (\$4.6 million per year). This Bill will increase utilization of investment tax credits under the High Quality Job Creation Program by \$1.1 million annually starting in FY 2007 (\$4.6 million x 25.0%).
14. Sales and use tax rebate estimates under the current New Jobs and Income Program and the New Capital Investment Program total \$11.5 million. The proposed legislation will increase this amount by approximately 25.0% or \$2.9 million annually starting in FY 2007.
15. Tax credits issued under the Wage and Benefits Tax Credit Program will reach the capped amount of \$10.0 million and will be fully utilized each year starting in FY 2007.
16. Research and development tax credits for innovative renewable energy generation will reach the capped amount of \$1.0 million and will be fully utilized in FY 2007.
17. Approximately \$2.0 million in Endow Iowa Tax Credits will be awarded and utilized each year from FY 2006 through FY 2009. Half of the tax credits will be first utilized in FY 2006.
18. The Department of Economic Development will incur annual costs of \$325,000 and 6.0 FTE positions to administer the High Quality Job Creation Program.
19. The Department of Revenue will incur one-time costs of approximately \$125,000 in FY 2006 to design new features of the reporting information system for capturing data from applicants from the Wage and Benefits Tax Credit Program and will incur annual costs of \$20,000 and 0.25 FTE position to help with administration of the Program.

Fiscal Impact

The table below provides the General Fund costs of the tax and program policies contained in HF 868. The fiscal impact of research and development tax credits that may be awarded under the High Quality Job Creation Program cannot be determined and is therefore not included in the fiscal impact of this Bill. In addition, the cost of the Business Accelerator Program cannot be determined and is not included in the fiscal impact of this Bill.

Estimated General Fund Cost of HF 868 (In Millions)						
Tax Credit	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11 & beyond
High Quality Job Creation Program						
Projects above \$1.0 million						
Investment Tax Credit Increase		\$ 1.1	\$ 2.2	\$ 3.3	\$ 4.4	\$ 5.5
Sales and Use Tax Rebate Increase		2.9	2.9	2.9	2.9	2.9
Subtotal		4.0	5.1	6.2	7.3	8.4
Projects below \$1.0 million						
Investment Tax Credit Increase		0.7	1.4	2.1	2.8	3.5
Sales and Use Tax Rebate Increase		0.8	0.8	0.8	0.8	0.8
Subtotal		1.5	2.2	2.9	3.6	4.3
Wage and Benefits Tax Credit		10.0	10.0	10.0	10.0	10.0
R&D Tax Credits for Innovative Renewable Energy		1.0	-	-	-	-
Endow Iowa Tax Credits	1.0	2.0	2.0	1.0	-	-
Econ. Development Region Revolving Fund Tax Credit	2.0	2.0	2.0	2.0	2.0	2.0
Historic Rehab. & Cult. Ent. Tax Credit Increase		4.0	4.0	4.0	4.0	4.0
Total Fiscal Impact of Tax Credits	\$ 3.0	\$ 24.5	\$ 25.3	\$ 26.1	\$ 26.9	\$ 28.7
Program & Policy						
Iowa Business Resource Center Program	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Economic Development Regions & Enterprise Areas	1.8	1.8	1.8	1.8	1.8	1.8
Administration (Includes 2.0 FTEs)	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal	1.9	1.9	1.9	1.9	1.9	1.9
Commercialization Specialist & Tech. Officer (2.0 FTEs)	0.2	0.2	0.2	0.2	0.2	0.2
E-85 Cost Share	0.3	0.3	0.3			
Administration - High Quality Job Creation Program (includes 6.0 FTEs)	0.3	0.3	0.3	0.3	0.3	0.3
Administration - Wage and Benefit Tax Credit Program (includes 0.3 FTEs)	0.1	0.0	0.0	0.0	0.0	0.0
Total Fiscal Impact of Program & Policy (Includes a total of 10.3 FTEs)	\$ 2.9	\$ 2.8	\$ 2.8	\$ 2.5	\$ 2.5	\$ 2.5
Total Fiscal Impact of HF 868 (Includes a total of 10.3 FTEs)	\$ 5.9	\$ 27.3	\$ 28.1	\$ 28.6	\$ 29.4	\$ 31.2

Sources

Department of Economic Development
Department of Revenue
Legislative Services Agency

/s/ Holly M. Lyons

April 28, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

S-3267

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, line 18, by inserting after the figure
4 "1." the following: "a."

5 2. Page 1, by striking lines 22 through 24 and
6 inserting the following: "percent of the average
7 county wage.

8 b. For purposes of this section, unless the
9 context otherwise requires:

10 (1) "Average county wage" means the annualized,
11 average hourly wage based on wage information compiled
12 by the department of workforce development.

13 (2) "Benefits" means all of the following:

14 (a) Medical and dental insurance plans.

15 (b) Pension and profit sharing plans.

16 (c) Child care services.

17 (d) Life insurance coverage.

18 (e) Other benefits identified by rule of the
19 department of economic development."

20 3. Page 45, by striking lines 30 through 32 and
21 inserting the following:

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

25 c. "Benefits" means all of the following:

26 (1) Medical and dental insurance plans.

27 (2) Pension and profit sharing plans.

28 (3) Child care services.

29 (4) Life insurance coverage.

30 (5) Other benefits identified by rule of the
31 department."

32 4. Page 47, by striking lines 8 through 17.

33 5. By striking page 48, line 26, through page 53,
34 line 4, and inserting the following:

35 "Sec. ____ . NEW SECTION. 15E.321 TARGETED
36 INDUSTRY TAX INCENTIVES.

37 1. To be eligible to receive tax incentives under
38 this section, a business must meet all of the
39 following criteria:

40 a. The business is within one of the cluster areas
41 of advanced manufacturing, information systems, and
42 life sciences.

43 b. The business has an annual payroll of between
44 two hundred thousand dollars and five million dollars.

45 c. The business pays an average wage, including
46 benefits, of at least one hundred thirty percent of
47 the average county wage. For purposes of this
48 section, "average county wage" and "benefits" mean the
49 same as defined in section 15.335A.

50 2. A business must apply to the department for tax

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1 incentives under this section.

2 3. An eligible business may claim a tax credit
3 equal to five percent of the payroll of the eligible
4 business. The tax credit shall be allowed against
5 taxes imposed under chapter 422, division II, III, or
6 V. If the business is a partnership, S corporation,
7 limited liability company, cooperative organized under
8 chapter 501 and filing as a partnership for federal
9 tax purposes, or estate or trust electing to have the
10 income taxed directly to the individual, an individual
11 may claim the tax credit allowed. The amount claimed
12 by the individual shall be based upon the pro rata
13 share of the individual's earnings of the partnership,
14 S corporation, limited liability company, cooperative
15 organized under chapter 501 and filing as a
16 partnership for federal tax purposes, or estate or
17 trust. Any tax credit in excess of the tax liability
18 for the tax year may be credited to the tax liability
19 for the following five years or until depleted,
20 whichever occurs first.

21 4. a. An eligible business may claim a tax credit
22 equal to thirty-three percent of research and
23 development costs, as defined by the department. The
24 tax credit shall be allowed against taxes imposed
25 under chapter 422, division II, III, or V. If the
26 business is a partnership, S corporation, limited
27 liability company, cooperative organized under chapter
28 501 and filing as a partnership for federal tax
29 purposes, or estate or trust electing to have the
30 income taxed directly to the individual, an individual
31 may claim the tax credit allowed. The amount claimed
32 by the individual shall be based upon the pro rata
33 share of the individual's earnings of the partnership,
34 S corporation, limited liability company, cooperative
35 organized under chapter 501 and filing as a
36 partnership for federal tax purposes, or estate or
37 trust. Any tax credit in excess of the tax liability
38 for the tax year may be credited to the tax liability
39 for the following five years or until depleted,
40 whichever occurs first.

41 b. Upon approval of eligibility by the department,
42 the department shall issue a tax credit certificate
43 for the amount of the tax credit approved by the
44 department. A tax credit certificate shall contain
45 the taxpayer's name, address, tax identification
46 number, the date of project completion, the amount of
47 the tax credit, and other information required by the
48 department of revenue. A tax credit under this
49 subsection may be transferred.

50 5. a. An eligible business shall be entitled to a

1 refund of the sales and use taxes paid under chapter
2 423 for gas, electricity, water, or sewer utility
3 services, goods, wares, or merchandise, or on services
4 rendered, furnished, or performed to or for a
5 contractor or subcontractor and used in the
6 fulfillment of a written contract relating to the
7 construction or equipping of a facility of the
8 eligible business. Taxes attributable to intangible
9 property and furniture and furnishings shall not be
10 refunded.

11 b. To receive the refund a claim must be filed by
12 the eligible business with the department of revenue
13 as follows:

14 (1) The contractor or subcontractor shall state
15 under oath, on forms provided by the department, the
16 amount of the sales of goods, wares, or merchandise or
17 services rendered, furnished, or performed including
18 water, sewer, gas, and electric utility services for
19 use upon which sales or use tax has been paid prior to
20 the project completion, and shall file the forms with
21 the eligible business before final settlement is made.

22 (2) The eligible business shall, not more than one
23 year after project completion, make application to the
24 department for any refund of the amount of the sales
25 and use taxes paid pursuant to chapter 423 upon any
26 goods, wares, or merchandise, or services rendered,
27 furnished, or performed, including water, sewer, gas,
28 and electric utility services. The application shall
29 be made in the manner and upon forms to be provided by
30 the department, and the department shall audit the
31 claim and, if approved, issue a warrant to the
32 eligible business in the amount of the sales or use
33 tax which has been paid to the state of Iowa under a
34 contract. A claim filed by the eligible business in
35 accordance with this subsection shall not be denied by
36 reason of a limitation provision set forth in chapter
37 421 or 423.

38 (3) A contractor or subcontractor who willfully
39 makes a false report of tax paid under the provisions
40 of this subsection is guilty of a simple misdemeanor
41 and in addition is liable for the payment of the tax
42 and any applicable penalty and interest."

43 6. By striking page 53, line 28, through page 54,
44 line 2.

45 7. Page 54, by striking lines 24 through 31.

46 8. Page 55, by striking lines 8 through 14.

47 9. Title page, line 5, by inserting after the
48 word "provisions" the following: "and providing for
49 penalties".

50 10. By renumbering as necessary.

By JACK HATCH

HOUSE FILE 868

S-3273

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 18, by inserting after line 11 the
4 following:

5 "Historic preservation and cultural and
6 entertainment district tax credit certificates shall
7 not be issued during a fiscal year unless the required
8 amounts are transferred to the senior living trust
9 fund pursuant to section 8.55, subsection 2, paragraph
10 "c", as adjusted by section 8.57, subsection 2,
11 paragraph "d", at the conclusion of the prior fiscal
12 year."

By PAUL MCKINLEY
JERRY BEHN
DAVID MILLER

S-3273 FILED MAY 5, 2005

WITHDRAWN

HOUSE FILE 868

S-3277

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 59, by inserting after line 35 the
4 following:

5 "Sec. ____ Section 452A.3, Code 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 1B. An excise tax of seventeen
8 cents is imposed on each gallon of E-85 gasoline,
9 which contains at least eighty-five percent denatured
10 alcohol by volume from the first day of April until
11 the last day of October or seventy percent denatured
12 alcohol from the first day of November until the last
13 day of March, used for the privilege of operating
14 motor vehicles in this state."

15 2. Title page, line 2, by inserting after the
16 word "credits," the following: "to excise taxes on E-
17 85 gasoline,".

18 3. By renumbering as necessary.

By HUBERT M. HOUSER THOMAS G. COURTNEY
JOHN P. KIBBIE DARYL BEALL
BRIAN SCHOENJAHN JAMES SEYMOUR
E. THURMAN GASKILL NANCY BOETTGER
DAVE MULDER JERRY BEHN
THOMAS RIELLY DAVID JOHNSON

S-3277 FILED MAY 5, 2005

WITHDRAWN

HOUSE FILE 868

S-3280

- 1 Amend House File 868, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 49, by striking line 1.
- 4 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-3280 FILED MAY 5, 2005

ADOPTED

HOUSE FILE 868

S-3283

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, line 4, by striking the words "A grow"
4 and inserting the following: "1. A grow".

5 2. Page 1, by striking lines 12 through 14 and
6 inserting the following: "assembly. Payments of
7 interest, repayments of moneys loaned".

8 3. Page 1, by inserting after line 16 the
9 following:

10 "2. In awarding financial assistance in a fiscal
11 year from moneys appropriated to the grow Iowa values
12 fund, the department shall commit, obligate, or
13 promise not more than fifty percent of the moneys
14 appropriated from the grow Iowa values fund pursuant
15 to section 15G.111, subsection 1, if enacted, for use
16 during the first fiscal year following the fiscal year
17 in which the financial assistance is awarded and not
18 more than twenty-five percent of the moneys
19 appropriated from the grow Iowa values fund pursuant
20 to section 15G.111, subsection 1, if enacted, for use
21 during the second fiscal year following the fiscal
22 year in which the financial assistance is awarded.

23 Sec. ____ . Section 15G.111, subsection 2, if
24 enacted by 2005 Iowa Acts, House File 809, is amended
25 by adding the following new unnumbered paragraph after
26 unnumbered paragraph 2:

27 NEW UNNUMBERED PARAGRAPH. The department may
28 expend additional moneys that may become available for
29 purposes of financial assistance to a single
30 bioscience development organization determined by the
31 department to possess expertise in the promotion and
32 commercialization of biotechnology entrepreneurship as
33 described in and for the purposes set forth in
34 unnumbered paragraph 2."

35 4. Page 2, line 3, by striking the word "eleven"
36 and inserting the following: "~~eleven~~ fifteen".

37 5. Page 2, line 22, by striking the word "six"
38 and inserting the following: "~~six~~ eight".

39 6. Page 2, line 23, by inserting after the word
40 "party." the following: "Beginning with the first
41 appointment to the board made after the effective date
42 of this Act, at least one voting member shall have
43 been less than thirty years of age at the time of
44 appointment."

45 7. Page 3, line 19, by striking the word "six"
46 and inserting the following: "~~six~~ eight".

47 8. Page 4, by striking line 33, and inserting the
48 following:

49 "a. The number of net new jobs created as of the
50 time of reporting. For purposes of this paragraph,

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1 "net new jobs" means the number of jobs that have been
2 created pursuant to the new or retained positions
3 identified in the contract."

4 9. Page 5, by inserting after line 8 the
5 following:

6 "g. The number of jobs retained as of the time of
7 reporting."

8 10. Page 5, line 17, by inserting after the word
9 "businesses." the following: "This subsection is
10 repealed June 30, 2007."

11 11. Page 5, line 26, by inserting after the word
12 "businesses." the following: "This subsection is
13 repealed June 30, 2007."

14 12. Page 12, line 12, by striking the word "two"
15 and inserting the following: "three".

16 13. Page 18, by striking lines 29 through 31 and
17 inserting the following: "for a fiscal year under
18 this chapter shall not exceed two million four hundred
19 thousand".

20 14. Page 19, by striking lines 2 through 9 and
21 inserting the following: "section 303.3B. Any of the
22 additional".

23 15. Page 19, by striking lines 12 and 13 and
24 inserting the following: "during a fiscal year ~~may be~~
25 ~~carried over to the succeeding fiscal year~~ shall be
26 applied to reserved tax credits issued in accordance
27 with section 404A.3 in order of original reservation.
28 The department of cultural affairs shall".

29 16. Page 19, line 20, by inserting after the word
30 "available." the following: "With the exception of
31 tax credits issued pursuant to contracts entered into
32 prior to July 1, 2005, tax credits shall not be
33 reserved for more than five years."

34 17. Page 21, line 19, by inserting after the word
35 "energy." the following: "At least one member of the
36 technology commercialization committee shall be a
37 member of the economic development board."

38 18. Page 24, by inserting after line 18, the
39 following:

40 "3. Each January 15, the state board of regents
41 shall submit a written report to the general assembly
42 detailing the patents and licenses held by each
43 institution of higher learning under the control of
44 the state board of regents and by nonprofit
45 foundations acting solely for the support of
46 institutions governed by the state board of regents."

47 19. Page 51, line 33, by inserting after the word
48 "section." the following: "Preference in issuing
49 these tax credit certificates shall be given to
50 businesses applying for the credit for retained

1 qualified new jobs."

2 20. Page 52, line 34, by inserting after the word
3 and figure "part 13" the following: "or moneys from
4 the grow Iowa values fund".

5 21. Page 59, by inserting after line 35 the
6 following:

7 "DIVISION

8 IOWA GREAT PLACES

9 Sec. ____ . NEW SECTION. 303.3C IOWA GREAT PLACES
10 PROGRAM.

11 1. a. The department of cultural affairs shall
12 establish and administer an Iowa great places program
13 for purposes of combining resources of state
14 government in an effort to showcase the unique and
15 authentic qualities of communities, regions,
16 neighborhoods, and districts that make such places
17 exceptional places to work and live. The department
18 of cultural affairs shall provide administrative
19 assistance to the Iowa great places board. The
20 department of cultural affairs shall coordinate the
21 efforts of the Iowa great places board with the
22 efforts of state agencies participating in the program
23 which shall include, but not be limited to, the
24 department of economic development, the Iowa finance
25 authority, the department of human rights, the
26 department of natural resources, the department of
27 transportation, and the department of workforce
28 development.

29 b. The program shall combine resources from state
30 government to capitalize on all of the following
31 aspects of the chosen Iowa great places:

- 32 (1) Arts and culture.
- 33 (2) Historic fabric.
- 34 (3) Architecture.
- 35 (4) Natural environment.
- 36 (5) Housing options.
- 37 (6) Amenities.
- 38 (7) Entrepreneurial incentive for business
39 development.
- 40 (8) Diversity.

41 c. Initially, three Iowa great places projects
42 shall be identified by the Iowa great places board.
43 Two years after the third project is identified by the
44 board, the board may identify additional Iowa great
45 places for participation under the program.

46 2. a. The Iowa great places board is established
47 consisting of twelve members. The board shall be
48 located for administrative purposes within the
49 department of cultural affairs and the director shall
50 provide office space, staff assistance, and necessary

1 supplies and equipment for the board. The director
2 shall budget moneys to pay the compensation and
3 expenses of the board. In performing its functions,
4 the board is performing a public function on behalf of
5 the state and is a public instrumentality of the
6 state.

7 b. The members of the board shall be appointed by
8 the governor, subject to confirmation by the senate.

9 At least one member shall be less than thirty years
10 old on the date the member is appointed by the
11 governor. The board shall include representatives of
12 cities and counties, local government officials,
13 cultural leaders, housing developers, business owners,
14 and parks officials.

15 c. The chairperson and vice chairperson shall be
16 elected by the board members from the membership of
17 the board. In the case of the absence or disability
18 of the chairperson and vice chairperson, the members
19 of the board shall elect a temporary chairperson by a
20 majority vote of those members who are present and
21 voting, provided a quorum is present.

22 d. Members of the board shall be appointed to
23 three-year staggered terms and the terms shall
24 commence and end as provided in section 69.19. If a
25 vacancy occurs, a successor shall be appointed in the
26 same manner and subject to the same qualifications as
27 the original appointment to serve the unexpired term.

28 e. A majority of the members of the board
29 constitutes a quorum.

30 f. A member of the board shall abstain from voting
31 on the provision of financial assistance to a project
32 which is located in the county in which the member of
33 the board resides.

34 g. The members of the board are entitled to
35 receive reimbursement for actual expenses incurred
36 while engaged in the performance of official duties. A
37 board member may also be eligible to receive
38 compensation as provided in section 7E.6.

39 3. The board shall do all of the following:

40 a. Organize.

41 b. Identify three Iowa great places for purposes
42 of receiving a package of resources under the program.

43 c. Identify a combination of state resources which
44 can be provided to Iowa great places."

45 22. By renumbering as necessary.

By BOB BRUNKHORST
MARK ZIEMAN

WILLIAM A. DOTZLER
JACK HATCH

S-3284

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 52, by inserting after line 34, the
4 following:

5 "Sec. _____. NEW SECTION. 421.58 SALE OR TRANSFER
6 OF NET OPERATING LOSS CARRYOVER.

7 1. As used in this section, unless the context
8 otherwise requires:

9 a. "Biotechnology enterprise" means the same as
10 defined in section 15E.202.

11 b. "Department" means the department of revenue.

12 c. "Net operating loss" means the same as defined
13 in section 172 of the Internal Revenue Code. "Net
14 operating loss" may include up to a maximum salary
15 allocation of one hundred thirty percent of the
16 average annual county wage.

17 d. "Targeted industry business" means the same as
18 defined in section 15E.223.

19 2. The department shall establish and administer a
20 tax credit certificate transfer program for purposes
21 of allowing a biotechnology enterprise or a targeted
22 industry business with twenty or fewer employees to
23 transfer a tax credit certificate to another taxpayer
24 in return for private financial assistance for a net
25 operating loss carryover.

26 3. A biotechnology enterprise or a targeted
27 industry business with twenty-five or fewer employees
28 that has a net operating loss carryover in a single
29 tax year may apply to the department for the issuance
30 of a tax credit certificate in the amount of the loss
31 carryover for sale under this section to a qualifying,
32 nonaffiliated business. Upon the department's
33 approval of an application, a tax credit certificate
34 shall be issued containing the taxpayer's name,
35 address, tax identification number, the amount of the
36 tax credit, and other information required by the
37 department. The proceeds from the sale of a tax
38 credit shall be used by the biotechnology enterprise
39 or targeted industry business for expenses including,
40 but not limited to, the expenses of fixed assets such
41 as the acquisition, development, and construction of
42 real property, materials, salaries, and research and
43 development expenditures.

44 4. A taxpayer willing to enter into an agreement
45 to receive a tax credit certificate from a
46 biotechnology enterprise or a targeted industry
47 business in exchange for providing private financial
48 assistance shall submit an application to the
49 department. The application to receive a tax credit
50 certificate shall identify the amount of private

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1 financial assistance that the applicant is willing to
2 provide in exchange for a tax credit certificate.

3 5. A taxpayer willing to exchange private
4 financial assistance to a biotechnology enterprise or
5 targeted industry business may use the amount of the
6 tax credit transferred against the taxes imposed under
7 chapter 422, division II, III, or V, or chapter 432
8 for any tax year the original transferor could have
9 claimed the net operating loss carryover. Any
10 consideration received for the transfer of the tax
11 credit shall not be included as income under chapter
12 422, division II, III, or V. Any consideration paid
13 for the transfer of a tax credit under this section
14 shall not be deducted from income under chapter 422,
15 division II, III, or V. Any tax credit in excess of
16 the tax liability for the tax year may be credited to
17 the tax liability for the following seven years or
18 until depleted, whichever occurs first.

19 6. The department shall adopt rules pursuant to
20 chapter 17A to establish the procedures for the
21 application, review, selection, issuance, and transfer
22 of tax credit certificates and to provide for the
23 method to be used to determine for which fiscal year
24 the tax credits are available.

25 7. The department or a designee shall match
26 applications submitted under this section in a manner
27 that can best stimulate and encourage the extension of
28 private financial assistance to biotechnology
29 enterprises or targeted industry businesses in the
30 state. As part of approving an application, the
31 department shall require all of the following from
32 applicants:

33 a. A written agreement concerning the terms and
34 conditions of providing private financial assistance
35 in exchange for a tax credit certificate issued
36 pursuant to this section.

37 b. Private financial assistance supplied by a
38 taxpayer must be equal to at least seventy-five
39 percent of the value of the tax credit certificate
40 issued pursuant to this section.

41 c. Private financial assistance received under
42 this section shall be used for the operation or
43 expansion of a biotechnology enterprise or a targeted
44 industry business.

45 8. The total amount of tax credits that may be
46 approved for a fiscal year under this section shall
47 not exceed one million five hundred thousand dollars.
48 A biotechnology enterprise or a targeted industry
49 business shall not receive more than one hundred fifty
50 thousand dollars in any fiscal year of private

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Page 3

1 financial assistance under the program. However, an
2 enterprise or business shall not receive, in the
3 aggregate, for all fiscal years more than four hundred
4 fifty thousand dollars of private financial assistance
5 under the program. Tax credits issued under this
6 section shall not be prorated.

7 9. A biotechnology enterprise or a targeted
8 industry business receiving private financial
9 assistance under the program shall not receive a wage-
10 benefits tax credit under section 15H.2, if enacted."

11 2. By renumbering as necessary.

By WILLIAM A. DOTZLER
DAVID MILLER

S-3284 FILED MAY 5, 2005
WITHDRAWN

HOUSE FILE 868

S-3285

1 Amend the amendment, S-3283, to House File 868, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 2, by inserting after line 15 the
5 following:

6 "____. Page 16, by inserting after line 12 the
7 following:

8 "Sec. ____ Section 15F.203, Code 2005, is amended
9 by adding the following new subsection:

10 NEW SUBSECTION. 3A. The review committee shall
11 give extra consideration or extra points in the
12 application of rating or evaluation criteria to a
13 community attraction and tourism program application
14 that includes a project located in a cultural and
15 entertainment district certified pursuant to section
16 303.3B.""

17 2. By renumbering as necessary.

By WILLIAM A. DOTZLER
JACK HATCH

S-3285 FILED MAY 5, 2005
LOST

HOUSE FILE 868

S-3286

1 Amend the amendment, S-3283, to House File 868, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 2, by striking lines 18 and 19 and
5 inserting the following: "this chapter shall not
6 exceed ~~two~~ five million ~~four hundred thousand~~."

By WILLIAM A. DOTZLER
JACK HATCH

S-3286 FILED MAY 5, 2005
LOST

HOUSE FILE 868

S-3287

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 59, by inserting after line 35 the
4 following:

5 "Sec. ____ . Section 452A.3, Code 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 1B. An excise tax of seventeen
8 cents is imposed on each gallon of E-85 gasoline,
9 which contains at least eighty-five percent denatured
10 alcohol by volume from the first day of April until
11 the last day of October or seventy percent denatured
12 alcohol from the first day of November until the last
13 day of March, used for the privilege of operating
14 motor vehicles in this state."

15 2. Title page, line 2, by inserting after the
16 word "credits," the following: "to excise taxes on E-
17 85 gasoline,".

18 3. By renumbering as necessary.

By HUBERT M. HOUSER

JOHN P. KIBBIE

BRIAN SCHOENJAHN

E. THURMAN GASKILL

DAVE MULDER

THOMAS RIELLY

THOMAS G. COURTNEY

DARYL BEALL

JAMES SEYMOUR

NANCY BOETTGER

JERRY BEHN

DAVID JOHNSON

AMANDA RAGAN

S-3287 FILED MAY 5, 2005

ADOPTED

HOUSE FILE 868

S-3288

1 Amend the amendment, S-3283, to House File 868, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, by striking lines 5 through 7.

5 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-3288 FILED MAY 5, 2005

ADOPTED

HOUSE FILE 868

S-3289

1 Amend the amendment, S-3283, to House File 868, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 4, line 11, by inserting after the word
5 "governor" the following: "and own an Iowa-based
6 business".

By MATT McCOY

S-3289 FILED MAY 5, 2005

WITHDRAWN

SENATE AMENDMENT TO
HOUSE FILE 868

H-1633

1 Amend House File 868, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, line 4, by striking the words "A grow"
4 and inserting the following: "1. A grow".

5 2. Page 1, by inserting after line 16 the
6 following:

7 "2. In awarding financial assistance in a fiscal
8 year from moneys appropriated to the grow Iowa values
9 fund, the department shall commit, obligate, or
10 promise not more than fifty percent of the moneys
11 appropriated from the grow Iowa values fund pursuant
12 to section 15G.111, subsection 1, if enacted, for use
13 during the first fiscal year following the fiscal year
14 in which the financial assistance is awarded and not
15 more than twenty-five percent of the moneys
16 appropriated from the grow Iowa values fund pursuant
17 to section 15G.111, subsection 1, if enacted, for use
18 during the second fiscal year following the fiscal
19 year in which the financial assistance is awarded.

20 Sec. _____. Section 15G.111, subsection 2, if
21 enacted by 2005 Iowa Acts, House File 809, is amended
22 by adding the following new unnumbered paragraph after
23 unnumbered paragraph 2:

24 NEW UNNUMBERED PARAGRAPH. The department may
25 expend additional moneys that may become available for
26 purposes of financial assistance to a single
27 bioscience development organization determined by the
28 department to possess expertise in the promotion and
29 commercialization of biotechnology entrepreneurship as
30 described in and for the purposes set forth in
31 unnumbered paragraph 2."

32 3. Page 2, line 3, by striking the word "eleven"
33 and inserting the following: "~~eleven~~ fifteen".

34 4. Page 2, line 22, by striking the word "six"
35 and inserting the following: "~~six~~ eight".

36 5. Page 2, line 23, by inserting after the word
37 "party." the following: "Beginning with the first
38 appointment to the board made after the effective date
39 of this Act, at least one voting member shall have
40 been less than thirty years of age at the time of
41 appointment."

42 6. Page 3, line 19, by striking the word "six"
43 and inserting the following: "~~six~~ eight".

44 7. Page 4, by striking line 33, and inserting the
45 following:

46 "a. The number of net new jobs created as of the
47 time of reporting. For purposes of this paragraph,
48 "net new jobs" means the number of jobs that have been
49 created pursuant to the new or retained positions
50 identified in the contract."

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1 8. Page 5, by inserting after line 8 the
2 following:
3 "g. The number of jobs retained as of the time of
4 reporting."

5 9. Page 5, line 17, by inserting after the word
6 "businesses." the following: "This subsection is
7 repealed June 30, 2007."

8 10. Page 5, line 26, by inserting after the word
9 "businesses." the following: "This subsection is
10 repealed June 30, 2007."

11 11. Page 12, line 12, by striking the word "two"
12 and inserting the following: "three".

13 12. Page 18, by striking lines 29 through 31 and
14 inserting the following: "for a fiscal year under
15 this chapter shall not exceed two million four hundred
16 thousand".

17 13. Page 19, by striking lines 2 through 9 and
18 inserting the following: "section 303.3B. Any of the
19 additional".

20 14. Page 19, by striking lines 12 and 13 and
21 inserting the following: "during a fiscal year ~~may be~~
22 ~~carried over to the succeeding fiscal year~~ shall be
23 applied to reserved tax credits issued in accordance
24 with section 404A.3 in order of original reservation.
25 The department of cultural affairs shall".

26 15. Page 19, line 20, by inserting after the word
27 "available." the following: "With the exception of
28 tax credits issued pursuant to contracts entered into
29 prior to July 1, 2005, tax credits shall not be
30 reserved for more than five years."

31 16. Page 21, line 19, by inserting after the word
32 "energy." the following: "At least one member of the
33 technology commercialization committee shall be a
34 member of the economic development board."

35 17. Page 24, by inserting after line 18, the
36 following:

37 "3. Each January 15, the state board of regents
38 shall submit a written report to the general assembly
39 detailing the patents and licenses held by each
40 institution of higher learning under the control of
41 the state board of regents and by nonprofit
42 foundations acting solely for the support of
43 institutions governed by the state board of regents."

44 18. Page 49, by striking line 1.

45 19. Page 51, line 33, by inserting after the word
46 "section." the following: "Preference in issuing
47 these tax credit certificates shall be given to
48 businesses applying for the credit for retained
49 qualified new jobs."

50 20. Page 52, line 34, by inserting after the word

1 and figure "part 13" the following: "or moneys from
2 the grow Iowa values fund".

3 21. Page 59, by inserting after line 35 the
4 following:

5 "Sec. ____ . Section 452A.3, Code 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 1B. An excise tax of seventeen
8 cents is imposed on each gallon of E-85 gasoline,
9 which contains at least eighty-five percent denatured
10 alcohol by volume from the first day of April until
11 the last day of October or seventy percent denatured
12 alcohol from the first day of November until the last
13 day of March, used for the privilege of operating
14 motor vehicles in this state."

15 22. Page 59, by inserting after line 35 the
16 following:

17 "DIVISION

18 IOWA GREAT PLACES

19 Sec. ____ . NEW SECTION. 303.3C IOWA GREAT PLACES
20 PROGRAM.

21 1. a. The department of cultural affairs shall
22 establish and administer an Iowa great places program
23 for purposes of combining resources of state
24 government in an effort to showcase the unique and
25 authentic qualities of communities, regions,
26 neighborhoods, and districts that make such places
27 exceptional places to work and live. The department
28 of cultural affairs shall provide administrative
29 assistance to the Iowa great places board. The
30 department of cultural affairs shall coordinate the
31 efforts of the Iowa great places board with the
32 efforts of state agencies participating in the program
33 which shall include, but not be limited to, the
34 department of economic development, the Iowa finance
35 authority, the department of human rights, the
36 department of natural resources, the department of
37 transportation, and the department of workforce
38 development.

39 b. The program shall combine resources from state
40 government to capitalize on all of the following
41 aspects of the chosen Iowa great places:

- 42 (1) Arts and culture.
- 43 (2) Historic fabric.
- 44 (3) Architecture.
- 45 (4) Natural environment.
- 46 (5) Housing options.
- 47 (6) Amenities.
- 48 (7) Entrepreneurial incentive for business
49 development.
- 50 (8) Diversity.

1 c. Initially, three Iowa great places projects
2 shall be identified by the Iowa great places board.
3 Two years after the third project is identified by the
4 board, the board may identify additional Iowa great
5 places for participation under the program.

6 2. a. The Iowa great places board is established
7 consisting of twelve members. The board shall be
8 located for administrative purposes within the
9 department of cultural affairs and the director shall
10 provide office space, staff assistance, and necessary
11 supplies and equipment for the board. The director
12 shall budget moneys to pay the compensation and
13 expenses of the board. In performing its functions,
14 the board is performing a public function on behalf of
15 the state and is a public instrumentality of the
16 state.

17 b. The members of the board shall be appointed by
18 the governor, subject to confirmation by the senate.
19 At least one member shall be less than thirty years
20 old on the date the member is appointed by the
21 governor. The board shall include representatives of
22 cities and counties, local government officials,
23 cultural leaders, housing developers, business owners,
24 and parks officials.

25 c. The chairperson and vice chairperson shall be
26 elected by the board members from the membership of
27 the board. In the case of the absence or disability
28 of the chairperson and vice chairperson, the members
29 of the board shall elect a temporary chairperson by a
30 majority vote of those members who are present and
31 voting, provided a quorum is present.

32 d. Members of the board shall be appointed to
33 three-year staggered terms and the terms shall
34 commence and end as provided in section 69.19. If a
35 vacancy occurs, a successor shall be appointed in the
36 same manner and subject to the same qualifications as
37 the original appointment to serve the unexpired term.

38 e. A majority of the members of the board
39 constitutes a quorum.

40 f. A member of the board shall abstain from voting
41 on the provision of financial assistance to a project
42 which is located in the county in which the member of
43 the board resides.

44 g. The members of the board are entitled to
45 receive reimbursement for actual expenses incurred
46 while engaged in the performance of official duties. A
47 board member may also be eligible to receive
48 compensation as provided in section 7E.6.

49 3. The board shall do all of the following:

50 a. Organize.

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Page 5

- 1 b. Identify three Iowa great places for purposes
- 2 of receiving a package of resources under the program.
- 3 c. Identify a combination of state resources which
- 4 can be provided to Iowa great places."
- 5 23. Title page, line 2, by inserting after the
- 6 word "credits," the following: "to excise taxes on E-
- 7 85 gasoline,".
- 8 24. By renumbering, relettering, or redesignating
- 9 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-1633 FILED MAY 9, 2005

HOUSE FILE 868

H-1710

1 Amend the Senate amendment, H-1633, to House File
2 868, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 2, by inserting after line 43, the
5 following:

6 "____. Page 25, by inserting after line 18, the
7 following:

8 "Sec. _____. OPERATIONAL EXPENSES. Moneys that are
9 appropriated to the department of economic development
10 pursuant to section 15G.111, if enacted, for deposit
11 in workforce training and economic development funds
12 of community colleges may be used by community
13 colleges for operational expenses associated with
14 vocational technical training.""

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

17 "____. Page 57, by inserting after line 16 the
18 following:

19 "Sec. _____. Section 15E.305, subsection 2, Code
20 2005, is amended to read as follows:

21 2. The aggregate amount of tax credits authorized
22 pursuant to this section shall not exceed a total of
23 two million dollars annually. The maximum amount of
24 tax credits granted to a taxpayer shall not exceed
25 five percent of the aggregate amount of tax credits
26 authorized."

27 _____. Page 59, line 14, by inserting after the
28 word "issued" the following: "each calendar year"."

29 3. Page 3, line 14, by striking the word
30 "state."" and inserting the following: "state."

31 4. Page 3, by inserting after line 14 the
32 following:

33 "Sec. _____. Section 452A.3, Code 2005, is amended
34 by adding the following new subsection:

35 NEW SUBSECTION. 1C. The rate of the excise tax on
36 E-85 gasoline imposed in subsection 1B shall be
37 determined based on the number of gallons of E-85
38 gasoline that is distributed in this state during the
39 previous calendar year. The department shall
40 determine the actual tax paid for E-85 gasoline for
41 each period beginning January 1 and ending December
42 31. The amount of the tax paid on E-85 gasoline
43 during the past calendar year shall be compared to the
44 amount of tax on E-85 gasoline that would have been
45 paid using the tax rate for gasoline imposed in
46 subsection 1 or 1A and a difference shall be
47 established. If this difference is equal to or
48 greater than twenty-five thousand dollars, the tax
49 rate for E-85 gasoline for the period beginning July 1
50 following the end of the determination period shall be

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1 the rate in effect as stated in subsection 1 or 1A.
 2 Sec. _____. STUDY. The state department of
 3 transportation shall review the current revenue levels
 4 of the road use tax fund and its sufficiency for the
 5 projected construction and maintenance needs of city,
 6 county, and state governments in the future. The
 7 department shall submit a written report to the
 8 general assembly regarding its findings on or before
 9 December 31, 2006. The report may include
 10 recommendations concerning funding levels needed to
 11 support the future mobility and accessibility for
 12 users of Iowa's public road system.

13 Sec. _____. EFFECTIVE DATE. The sections of this
 14 division of this Act amending chapter 452A take effect
 15 January 1, 2006."

16 5. Page 5, by inserting after line 4, the
 17 following:

18 "_____. Page 59, by inserting after line 35, the
 19 following:

20 "DIVISION
 21 PORT AUTHORITIES

22 Sec. _____. Section 12.30, subsection 1, paragraph
 23 a, Code 2005, is amended to read as follows:

24 a. "Authority" means a department, or public or
 25 quasi-public instrumentality of the state including,
 26 but not limited to, the authority created under
 27 chapter 12E, 16, 16A, 175, 257C, 261A, or 327I, which
 28 has the power to issue obligations, except that
 29 "authority" does not include the state board of
 30 regents or the Iowa finance authority to the extent it
 31 acts pursuant to chapter 260C. "Authority" also
 32 includes a port authority created under chapter 28J.

33 Sec. _____. NEW SECTION. 28J.1 DEFINITIONS.

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

36 1. "Authorized purposes" means an activity that
 37 enhances, fosters, aids, provides, or promotes
 38 transportation, economic development, housing,
 39 recreation, education, governmental operations,
 40 culture, or research within the jurisdiction of a port
 41 authority.

42 2. "Board" means the board of directors of a port
 43 authority established pursuant to section 28J.2.

44 3. "City" means the same as defined in section
 45 362.2.

46 4. "Construction" means alteration, creation,
 47 development, enlargement, erection, improvement,
 48 installation, reconstruction, remodeling, and
 49 renovation.

50 5. "Contracting governmental agency" means any

1 governmental agency or taxing district of the state
2 that, by action of its legislative authority, enters
3 into an agreement with a port authority pursuant to
4 section 28J.17.

5 6. "Cost" as applied to a port authority facility
6 means any of the following:

7 a. The cost of construction contracts, land,
8 rights-of-way, property rights, easements, franchise
9 rights, and interests required for acquisition or
10 construction.

11 b. The cost of demolishing or removing any
12 buildings or structures on land, including the cost of
13 acquiring any lands to which those buildings or
14 structures may be moved.

15 c. The cost of diverting a highway, interchange of
16 a highway, and access roads to private property,
17 including the cost of land or easements, and
18 relocation of a facility of a utility company or
19 common carrier.

20 d. The cost of machinery, furnishings, equipment,
21 financing charges, interest prior to and during
22 construction and for no more than twelve months after
23 completion of construction, engineering, and expenses
24 of research and development with respect to a
25 facility.

26 e. Legal and administrative expenses, plans,
27 specifications, surveys, studies, estimates of cost
28 and revenues, engineering services, and other expenses
29 necessary or incident to determining the feasibility
30 or practicability of acquiring or constructing a
31 facility.

32 f. The interest upon the revenue bonds and pledge
33 orders during the period or estimated period of
34 construction and for twelve months thereafter, or for
35 twelve months after the acquisition date, reserve
36 funds as the port authority deems advisable in
37 connection with a facility and the issuance of port
38 authority revenue bonds and pledge orders.

39 g. The costs of issuance of port authority revenue
40 bonds and pledge orders.

41 h. The cost of diverting a rail line, rail spur
42 track, or rail spur track switch, including the cost
43 of land or easements, and relocation of a facility of
44 a utility company or common carrier.

45 i. The cost of relocating an airport's runways,
46 terminals, and related facilities including the cost
47 of land or easements, and relocation of a facility of
48 a utility company or common carrier.

49 7. "Facility" or "port authority facility" means
50 real or personal property owned, leased, or otherwise

1 controlled or financed by a port authority and related
2 to or in furtherance of one or more authorized
3 purposes.

4 8. "Governmental agency" means a department,
5 division, or other unit of state government of this
6 state or any other state, city, county, township, or
7 other governmental subdivision, or any other public
8 corporation or agency created under the laws of this
9 state, any other state, the United States, or any
10 department or agency thereof, or any agency,
11 commission, or authority established pursuant to an
12 interstate compact or agreement or combination
13 thereof.

14 9. "Person" means the same as defined in section
15 4.1.

16 10. "Pledge order" means a promise to pay out of
17 the net revenues of a port authority, which is
18 delivered to a contractor or other person in payment
19 of all or part of the cost of a facility.

20 11. "Political subdivision" means a city, county,
21 city-county consolidation, or multicounty
22 consolidation, or combination thereof.

23 12. "Political subdivisions comprising the port
24 authority" means the political subdivisions which
25 created or participated in the creation of the port
26 authority under section 28J.2, or which joined an
27 existing port authority under section 28J.4.

28 13. "Port authority" means an entity created
29 pursuant to section 28J.2.

30 14. "Port authority revenue bonds" means revenue
31 bonds and revenue refunding bonds issued pursuant to
32 section 28J.21.

33 15. "Public roads" means all public highways,
34 roads, and streets in this state, whether maintained
35 by the state or by a county or city.

36 16. "Revenues" means rental fees and other charges
37 received by a port authority for the use or services
38 of a facility, a gift or grant received with respect
39 to a facility, moneys received with respect to the
40 lease, sublease, sale, including installment sale or
41 conditional sale, or other disposition of a facility,
42 moneys received in repayment of and for interest on
43 any loans made by the port authority to a person or
44 governmental agency, proceeds of port authority
45 revenue bonds for payment of principal, premium, or
46 interest on the bonds authorized by the port
47 authority, proceeds from any insurance, condemnation,
48 or guarantee pertaining to the financing of the
49 facility, and income and profit from the investment of
50 the proceeds of port authority revenue bonds or of any

1 revenues.

2 Sec. ____ . NEW SECTION. 28J.2 CREATION AND POWERS
3 OF PORT AUTHORITY.

4 1. Two or more political subdivisions may create a
5 port authority under this chapter by resolution. If a
6 proposal to create a port authority receives a
7 favorable majority of the members of the elected
8 legislative body of the political subdivision, the
9 port authority is created at the time provided in the
10 resolution. The jurisdiction of a port authority
11 includes the territory described in section 28J.8.

12 2. A port authority created pursuant to this
13 section may sue and be sued, complain, and defend in
14 its name and has the powers and jurisdiction
15 enumerated in this chapter.

16 3. At the time a port authority is created
17 pursuant to this section, the political subdivisions
18 comprising the port authority may restrict the powers
19 granted the port authority pursuant to this chapter by
20 specifically adopting such restrictions in the
21 resolution creating the port authority.

22 4. The political subdivisions comprising the port
23 authority whose powers have been restricted pursuant
24 to subsection 3 may at any time adopt a resolution to
25 grant additional powers to the port authority, so long
26 as the additional powers do not exceed the powers
27 permitted under this chapter.

28 Sec. ____ . NEW SECTION. 28J.3 APPROPRIATION AND
29 EXPENDITURE OF PUBLIC FUNDS -- DISSOLUTION.

30 1. The political subdivisions comprising a port
31 authority may appropriate and expend public funds to
32 finance or subsidize the operation and authorized
33 purposes of the port authority. A port authority
34 shall control tax revenues allocated to the facilities
35 the port authority administers and all revenues
36 derived from the operation of the port authority, the
37 sale of its property, interest on investments, or from
38 any other source related to the port authority.

39 2. All revenues received by the port authority
40 shall be held in a separate fund in a manner agreed to
41 by the political subdivisions comprising the port
42 authority. Revenues may be paid out only at the
43 direction of the board of directors of the port
44 authority.

45 3. A port authority shall comply with section
46 331.341, subsections 1, 2, 4, and 5, and section
47 331.342, when contracting for public improvements.

48 4. Subject to making due provisions for payment
49 and performance of any outstanding obligations, the
50 political subdivisions comprising the port authority

1 may dissolve the port authority, and transfer the
2 property of the port authority to the political
3 subdivisions comprising the port authority in a manner
4 agreed upon between the political subdivisions
5 comprising the port authority prior to the dissolution
6 of the port authority.

7 Sec. ____ . NEW SECTION. 28J.4 JOINING AN EXISTING
8 PORT AUTHORITY.

9 1. A political subdivision which is contiguous to
10 either a political subdivision which participated in
11 the creation of the port authority or a political
12 subdivision which proposes to join the port authority
13 at the same time which is contiguous to a political
14 subdivision which participated in the creation of the
15 port authority may join the port authority by
16 resolution.

17 2. If more than one such political subdivision
18 proposes to join the port authority at the same time,
19 the resolution of each such political subdivision
20 shall designate the political subdivisions which are
21 to be so joined.

22 3. Any territory or city not included in a port
23 authority which is annexed to a city included within
24 the jurisdiction of a port authority shall, on such
25 annexation and without further proceedings, be annexed
26 to and be included in the jurisdiction of the port
27 authority.

28 4. Before a political subdivision is joined to a
29 port authority, other than by annexation to a city,
30 the political subdivisions comprising the port
31 authority shall agree upon the terms and conditions
32 pursuant to which such political subdivision is to be
33 joined.

34 5. For the purpose of this chapter, such political
35 subdivision shall be considered to have participated
36 in the creation of the port authority, except that the
37 initial term of any director of the port authority
38 appointed by a joining political subdivision shall be
39 four years.

40 6. After each resolution proposing a political
41 subdivision to join a port authority has become
42 effective and the terms and conditions of joining the
43 port authority have been agreed to, the board of
44 directors of the port authority shall by resolution
45 either accept or reject the proposal. Such proposal
46 to join a port authority shall be effective upon
47 adoption of the resolution by the board of directors
48 of the port authority and thereupon the jurisdiction
49 of the port authority includes the joining political
50 subdivision.

1 Sec. ____ . NEW SECTION. 28J.5 MEMBERSHIP OF BOARD
2 OF DIRECTORS.

3 1. A port authority created pursuant to section
4 28J.2 shall be governed by a board of directors.
5 Members of a board of directors of a port authority
6 shall be divided among the political subdivisions
7 comprising the port authority in such proportions as
8 the political subdivisions may agree and shall be
9 appointed by the respective political subdivision's
10 elected legislative body.

11 2. The number of directors comprising the board
12 shall be determined by agreement between the political
13 subdivisions comprising the port authority, and which
14 number may be changed by resolution of the political
15 subdivisions comprising the port authority.

16 3. A majority of the directors shall have been
17 qualified electors of, or owned a business or been
18 employed in, one or more political subdivisions within
19 the area of the jurisdiction of the port authority for
20 a period of at least three years preceding
21 appointment.

22 4. The directors of a port authority first
23 appointed shall serve staggered terms. Thereafter
24 each successor director shall serve for a term of four
25 years, except that any person appointed to fill a
26 vacancy shall be appointed to only the unexpired term.
27 A director is eligible for reappointment.

28 5. The board may provide procedures for the
29 removal of a director who fails to attend three
30 consecutive regular meetings of the board. If a
31 director is so removed, a successor shall be appointed
32 for the remaining term of the removed director in the
33 same manner provided for the original appointment.
34 The appointing body may at any time remove a director
35 appointed by it for misfeasance, nonfeasance, or
36 malfeasance in office.

37 6. The board may adopt bylaws and shall elect one
38 director as chairperson and one director as vice
39 chairperson, designate terms of office, and appoint a
40 secretary who need not be a director.

41 7. A majority of the board of directors shall
42 constitute a quorum for the purpose of holding a
43 meeting of the board. The affirmative vote of a
44 majority of a quorum shall be necessary for any action
45 taken by the port authority unless the board
46 determines that a greater number of affirmative votes
47 is necessary for particular actions to be taken by the
48 port authority. A vacancy in the membership of the
49 board shall not impair the rights of a quorum to
50 exercise all the rights and perform all the duties of

1 the port authority.

2 8. Each director shall be entitled to receive from
3 the port authority such sum of money as the board may
4 determine as compensation for services as a director
5 and reimbursement for reasonable expenses in the
6 performance of official duties.

7 Sec. _____. NEW SECTION. 28J.6 CIVIL IMMUNITY OF
8 DIRECTORS.

9 A director of a port authority shall not be
10 personally liable for any monetary damages that arise
11 from actions taken in the performance of the
12 director's official duties, except for acts or
13 omissions that are not in good faith or that involve
14 intentional misconduct, a knowing violation of law, or
15 any transaction from which the director derived an
16 improper personal benefit.

17 Sec. _____. NEW SECTION. 28J.7 EMPLOYEES, ADVISORY
18 BOARD, PEACE OFFICERS.

19 1. A port authority shall employ and fix the
20 qualifications, duties, and compensation of any
21 employees and enter into contracts for any services
22 that may be required to conduct the business of the
23 port authority, and may appoint an advisory board,
24 which shall serve without compensation.

25 2. An employee of a port authority is a public
26 employee for the purposes of collective bargaining
27 under chapter 20.

28 3. a. A port authority may provide for the
29 administration and enforcement of the laws of the
30 state by employing peace officers who shall have all
31 the powers conferred by law on peace officers of this
32 state with regard to the apprehension of violators
33 upon all property under its control within and without
34 the port authority. The peace officers may seek the
35 assistance of other appropriate law enforcement
36 officers to enforce its rules and maintain order.

37 b. Peace officers employed by a port authority
38 shall meet all requirements as police officers
39 appointed under the civil service law of chapter 400
40 and shall participate in the retirement system
41 established by chapter 411.

42 c. Peace officers employed by a port authority
43 shall serve as a peace officer force with respect to
44 the property, grounds, buildings, equipment, and
45 facilities under the control of the port authority, to
46 prevent hijacking of aircraft or watercraft, protect
47 the property of the authority and the property of
48 others located thereon, suppress nuisances and
49 disturbances and breaches of the peace, and enforce
50 laws and the rules of the port authority for the

1 preservation of good order. Peace officers are vested
2 with the same powers of arrest as peace officers under
3 section 804.7.

4 4. If an employee of a political subdivision
5 comprising the port authority is transferred to a
6 comparable position with the port authority, the
7 employee is entitled to suffer no loss in pay,
8 pension, fringe benefits, or other benefits and shall
9 be entitled to a comparable rank and grade as the
10 employee's prior position. Sick leave, longevity, and
11 vacation time accrued to such employees shall be
12 credited to them as employees of the port authority.
13 All rights and accruals of such employees as members
14 of the Iowa public employees' retirement system
15 pursuant to chapter 97B and the retirement system for
16 police officers pursuant to chapter 411 shall remain
17 in force and shall be automatically transferred to the
18 port authority.

19 Sec. ____ . NEW SECTION. 28J.8 AREA OF
20 JURISDICTION.

21 1. The area of jurisdiction of a port authority
22 shall include all of the territory of the political
23 subdivisions comprising the port authority and, if the
24 port authority owns or leases a railroad line or
25 airport, the territory on which the railroad's line,
26 terminals, and related facilities or the airport's
27 runways, terminals, and related facilities are
28 located, regardless of whether the territory is
29 located in the political subdivisions comprising the
30 port authority.

31 2. A political subdivision that has created a port
32 authority or joined an existing port authority shall
33 not be included in any other port authority.

34 Sec. ____ . NEW SECTION. 28J.9 POWERS OF PORT
35 AUTHORITY.

36 A port authority may exercise all of the following
37 powers:

38 1. Adopt bylaws for the regulation of the port
39 authority's affairs and the conduct of the port
40 authority's business.

41 2. Adopt an official seal.

42 3. Maintain a principal office and branch offices
43 within the port authority's jurisdiction.

44 4. Acquire, construct, furnish, equip, maintain,
45 repair, sell, exchange, lease, lease with an option to
46 purchase, convey interests in real or personal
47 property, and operate any property of the port
48 authority in connection with transportation,
49 recreational, governmental operations, or cultural
50 activities in furtherance of an authorized purpose.

1 5. Straighten, deepen, and improve any channel,
2 river, stream, or other watercourse or way which may
3 be necessary or proper in the development of the
4 facilities of the port authority.

5 6. Make available the use or services of any
6 facility of the port authority to any person or
7 governmental agency.

8 7. Issue bonds or pledge orders pursuant to the
9 requirements and limitations in section 28J.21.

10 8. Issue port authority revenue bonds beyond the
11 limit of bonded indebtedness provided by law, payable
12 solely from revenues as provided in section 28J.21,
13 for the purpose of providing funds to pay the costs of
14 any facility or facilities of the port authority or
15 parts thereof.

16 9. Apply to the proper authorities of the United
17 States for the right to establish, operate, and
18 maintain foreign trade zones and establish, operate,
19 and maintain foreign trade zones and to acquire,
20 exchange, sell, lease to or from, lease with an option
21 to purchase, or operate facilities, land, or property
22 in accordance with the federal Foreign Trade Zones
23 Act, 19 U.S.C. § 81a-81u.

24 10. Enjoy and possess the same legislative and
25 executive rights, privileges, and powers granted
26 cities under chapter 364 and counties under chapter
27 331, including the exercise of police power but
28 excluding the power to levy taxes.

29 11. Maintain such funds as it considers necessary
30 and adhere to the public funds investment standards of
31 chapter 12B, as applicable.

32 12. Direct port authority agents or employees,
33 after at least five days' written notice, to enter
34 upon lands within the port authority's jurisdiction to
35 make surveys and examinations preliminary to location
36 and construction of works for the port authority,
37 without liability of the port authority or its agents
38 or employees except for actual damages.

39 13. Promote, advertise, and publicize the port
40 authority and its facilities, and provide information
41 to shippers and other commercial interests.

42 14. Adopt bylaws, not in conflict with state or
43 federal law, necessary or incidental to the
44 performance of the duties of and the execution of the
45 powers of the port authority under this chapter.

46 15. Do any of the following in regard to interests
47 in real or personal property, including machinery,
48 equipment, plants, factories, offices, and other
49 structures and facilities related to or in furtherance
50 of any authorized purpose as the board in its sole

- 1 discretion may determine:
- 2 a. Loan money to any person or governmental agency
3 for the acquisition, construction, furnishing, or
4 equipping of the property.
- 5 b. Acquire, construct, maintain, repair, furnish,
6 or equip the property.
- 7 c. Sell to, exchange with, lease, convey other
8 interests in, or lease with an option to purchase the
9 same or any lesser interest in the property to the
10 same or any other person or governmental agency.
- 11 d. Guarantee the obligations of any person or
12 governmental agency.
- 13 e. Accept and hold as consideration for the
14 conveyance of property or any interest therein such
15 property or interests therein as the board may
16 determine, notwithstanding any restrictions that apply
17 to the investment of funds by a port authority.
- 18 16. Sell, lease, or convey other interests in real
19 and personal property, and grant easements or rights-
20 of-way over property of the port authority. The board
21 shall specify the consideration and terms for the
22 sale, lease, or conveyance of other interests in real
23 and personal property. A determination made by the
24 board under this subsection shall be conclusive. The
25 sale, lease, or conveyance may be made without
26 advertising and the receipt of bids.
- 27 17. Enter into an agreement with a political
28 subdivision comprising the port authority for the
29 political subdivision to exercise its right of eminent
30 domain pursuant to chapters 6A and 6B on behalf of the
31 port authority. However, a condemnation exercised on
32 behalf of a port authority pursuant to this subsection
33 shall not take or disturb property or a facility
34 belonging to a governmental agency, utility company,
35 or common carrier, which property or facility is
36 necessary and convenient in the operation of the
37 governmental agency, utility company, or common
38 carrier, unless provision is made for the restoration,
39 relocation, or duplication of such property or
40 facility, or upon the election of the governmental
41 agency, utility company, or common carrier, for the
42 payment of compensation, if any, at the sole cost of
43 the port authority, provided that both of the
44 following apply:
- 45 a. If a restoration or duplication proposed to be
46 made under this subsection involves a relocation of
47 the property or facility, the new facility and
48 location shall be of at least comparable utilitarian
49 value and effectiveness and shall not impair the
50 ability of the utility company or common carrier to

1 compete in its original area of operation.

2 b. If a restoration or duplication made under this
3 subsection involves a relocation of the property or
4 facility, the port authority shall acquire no interest
5 or right in or to the appropriated property or
6 facility, until the relocated property or facility is
7 available for use and until marketable title thereto
8 has been transferred to the utility company or common
9 carrier.

10 18. a. Make and enter into all contracts and
11 agreements and execute all instruments necessary or
12 incidental to the performance of the duties of and the
13 execution of powers of the port authority under this
14 chapter.

15 b. Except as provided in paragraph "c", when the
16 cost of a contract for the construction of a building,
17 structure, or other improvement undertaken by a port
18 authority involves an expenditure exceeding twenty-
19 five thousand dollars, and the port authority is the
20 contracting entity, the port authority shall make a
21 written contract after notice calling for bids for the
22 award of the contract has been given by publication
23 twice, with at least seven days between publications,
24 in a newspaper of general circulation in the area of
25 the port authority. Each such contract shall be let
26 to the lowest responsive and responsible bidder.
27 Every contract shall be accompanied by or shall refer
28 to plans and specifications for the work to be done,
29 prepared for and approved by the port authority, and
30 signed by an authorized officer of the port authority
31 and by the contractor.

32 c. The board of directors may provide criteria for
33 the negotiation and award without competitive bidding
34 of any contract as to which the port authority is the
35 contracting entity for the construction of any
36 building or structure or other improvement under any
37 of the following circumstances:

38 (1) A real and present emergency exists that
39 threatens damage or injury to persons or property of
40 the port authority or other persons, provided that a
41 statement specifying the nature of the emergency that
42 is the basis for the negotiation and award of a
43 contract without competitive bidding shall be signed
44 by the officer of the port authority that executes
45 that contract at the time of the contract's execution
46 and shall be attached to the contract.

47 (2) A commonly recognized industry or other
48 standard or specification does not exist and cannot
49 objectively be articulated for the improvement.

50 (3) The contract is for any energy conservation

1 measure as defined in section 7D.34.

2 (4) With respect to material to be incorporated
3 into the improvement, only a single source or supplier
4 exists for the material.

5 (5) A single bid is received by the port authority
6 after complying with the provisions of paragraph "b".

7 d. (1) If a contract is to be negotiated and
8 awarded without competitive bidding for the reason set
9 forth in paragraph "c", subparagraph (2), the port
10 authority shall publish a notice calling for technical
11 proposals at least twice, with at least seven days
12 between publications, in a newspaper of general
13 circulation in the area of the port authority. After
14 receipt of the technical proposals, the port authority
15 may negotiate with and award a contract for the
16 improvement to the person making the proposal
17 considered to be the most advantageous to the port
18 authority.

19 (2) If a contract is to be negotiated and awarded
20 without competitive bidding for the reason set forth
21 in paragraph "c", subparagraph (4), construction
22 activities related to the incorporation of the
23 material into the improvement also may be provided
24 without competitive bidding by the source or supplier
25 of that material.

26 e. A purchase, exchange, sale, lease, lease with
27 an option to purchase, conveyance of other interests
28 in, or other contract with a person or governmental
29 agency that pertains to the acquisition, construction,
30 maintenance, repair, furnishing, equipping, or
31 operation of any real or personal property, related to
32 or in furtherance of economic development and the
33 provision of adequate housing, shall be made in such
34 manner and subject to such terms and conditions as may
35 be determined in the board's discretion. This
36 paragraph applies to all contracts that are subject to
37 this section, notwithstanding any other provision of
38 law that might otherwise apply, including a
39 requirement of notice, competitive bidding or
40 selection, or for the provision of security. However,
41 this paragraph shall not apply to a contract secured
42 exclusively by or to be paid exclusively from the
43 general revenues of the port authority. For the
44 purposes of this paragraph, any revenues derived by
45 the port authority under a lease or other agreement
46 that, by its terms, contemplates the use of amounts
47 payable under the agreement either to pay the costs of
48 the improvement that is the subject of the contract or
49 to secure obligations of the port authority issued to
50 finance costs of such improvement, are excluded from

1 general revenues.

2 19. Employ managers, superintendents, and other
3 employees and retain or contract with consulting
4 engineers, financial consultants, accounting experts,
5 architects, attorneys, and any other consultants and
6 independent contractors as are necessary in the port
7 authority's judgment to carry out this chapter, and
8 fix the compensation thereof. All expenses thereof
9 shall be payable from any available funds of the port
10 authority or from funds appropriated for that purpose
11 by the political subdivisions comprising the port
12 authority.

13 20. Receive and accept from a governmental agency
14 grants and loans for the construction of a port
15 authority facility, for research and development with
16 respect to a port authority facility, or any other
17 authorized purpose, and receive and accept aid or
18 contributions from any source of moneys, property,
19 labor, or other things of value, to be held, used, and
20 applied only for the purposes for which the grants,
21 loans, aid, or contributions are made.

22 21. Engage in research and development with
23 respect to a port authority facility.

24 22. Purchase fire and extended coverage and
25 liability insurance for a port authority facility and
26 for the principal office and branch offices of the
27 port authority, insurance protecting the port
28 authority and its officers and employees against
29 liability for damage to property or injury to or death
30 of persons arising from its operations, and any other
31 insurance the port authority may agree to provide
32 under a resolution authorizing port authority revenue
33 bonds, pledge orders, or in any trust agreement
34 securing the same.

35 23. Charge, alter, and collect rental fees and
36 other charges for the use or services of a port
37 authority facility as provided in section 28J.16.

38 24. Perform all acts necessary or proper to carry
39 out the powers expressly granted in this chapter.

40 Sec. ____ . NEW SECTION. 28J.10 PARTICIPATION OF
41 PRIVATE ENTERPRISE.

42 The port authority shall foster and encourage the
43 participation of private enterprise in the development
44 of the port authority facilities to the fullest extent
45 practicable in the interest of limiting the necessity
46 of construction and operation of the facilities by the
47 port authority.

48 Sec. ____ . NEW SECTION. 28J.11 PROVISIONS DO NOT
49 AFFECT OTHER LAWS OR POWERS.

50 This chapter shall not do any of the following:

1 1. Impair a provision of law directing the payment
2 of revenues derived from public property into sinking
3 funds or dedicating those revenues to specific
4 purposes.

5 2. Impair the powers of a political subdivision to
6 develop or improve a port and terminal facility except
7 as restricted by section 28J.15.

8 3. Enlarge, alter, diminish, or affect in any way,
9 a lease or conveyance made, or action taken prior to
10 the creation of a port authority under section 28J.2
11 by a city or a county.

12 4. Impair or interfere with the exercise of a
13 permit for the removal of sand or gravel, or other
14 similar permits issued by a governmental agency.

15 5. Impair or contravene applicable federal
16 regulations.

17 Sec. ____ . NEW SECTION. 28J.12 CONVEYANCE, LEASE,
18 OR EXCHANGE OF PUBLIC PROPERTY.

19 A port authority may convey or lease, lease with an
20 option to purchase, or exchange with any governmental
21 agency or other port authority without competitive
22 bidding and on mutually agreeable terms, any personal
23 or real property, or any interest therein.

24 Sec. ____ . NEW SECTION. 28J.13 ANNUAL BUDGET --
25 USE OF RENTS AND CHARGES.

26 The board shall annually prepare a budget for the
27 port authority. Revenues received by the port
28 authority shall be used for the general expenses of
29 the port authority and to pay interest, amortization,
30 and retirement charges on money borrowed. Except as
31 provided in section 28J.26, if there remains, at the
32 end of any fiscal year, a surplus of such funds after
33 providing for the above uses, the board shall pay such
34 surplus into the general funds of the political
35 subdivisions comprising the port authority as agreed
36 to by the subdivisions.

37 Sec. ____ . NEW SECTION. 28J.14 SECRETARY TO
38 FURNISH BOND -- DEPOSIT AND DISBURSEMENT OF FUNDS.

39 Before receiving any revenues, the secretary of a
40 port authority shall furnish a bond in such amount as
41 shall be determined by the port authority with
42 sureties satisfactory to the port authority, and all
43 funds coming into the hands of the secretary shall be
44 deposited by the secretary to the account of the port
45 authority in one or more such depositories as shall be
46 qualified to receive deposits of county funds, which
47 deposits shall be secured in the same manner as county
48 funds are required to be secured. A disbursement
49 shall not be made from such funds except in accordance
50 with policies and procedures adopted by the port

1 authority.

2 Sec. ____ . NEW SECTION. 28J.15 LIMITATION ON
3 CERTAIN POWERS OF POLITICAL SUBDIVISIONS.

4 A political subdivision creating or participating
5 in the creation of a port authority in accordance with
6 section 28J.2 shall not, during the time the port
7 authority is in existence, exercise the rights and
8 powers provided in chapters 28A, 28K, and 384 relating
9 to the political subdivision's authority over a port,
10 wharf, dock, harbor or other facility substantially
11 similar to that political subdivision's authority
12 under a port authority granted under this chapter.

13 Sec. ____ . NEW SECTION. 28J.16 RENTALS OR CHARGES
14 FOR USE OR SERVICES OF FACILITIES -- AGREEMENTS WITH
15 GOVERNMENTAL AGENCIES.

16 1. a. A port authority may charge, alter, and
17 collect rental fees or other charges for the use or
18 services of any port authority facility and contract
19 for the use or services of a facility, and fix the
20 terms, conditions, rental fees, or other charges for
21 the use or services.

22 b. If the services are furnished in the
23 jurisdiction of the port authority by a utility
24 company or a common carrier, the port authority's
25 charges for the services shall not be less than the
26 charges established for the same services furnished by
27 a utility company or common carrier in the port
28 authority jurisdiction.

29 c. The rental fees or other charges shall not be
30 subject to supervision or regulation by any other
31 authority, commission, board, bureau, or governmental
32 agency of the state and the contract may provide for
33 acquisition of all or any part of the port authority
34 facility for such consideration payable over the
35 period of the contract or otherwise as the port
36 authority determines to be appropriate, but subject to
37 the provisions of any resolution authorizing the
38 issuance of port authority revenue bonds or any trust
39 agreement securing the bonds.

40 d. A governmental agency that has power to
41 construct, operate, and maintain a port authority
42 facility may enter into a contract or lease with a
43 port authority for the use or services of a port
44 authority facility as may be agreed to by the port
45 authority and the governmental agency.

46 2. a. A governmental agency may cooperate with
47 the port authority in the acquisition or construction
48 of a port authority facility and shall enter into such
49 agreements with the port authority as may be
50 appropriate, which shall provide for contributions by

1 the parties in a proportion as may be agreed upon and
2 other terms as may be mutually satisfactory to the
3 parties including the authorization of the
4 construction of the facility by one of the parties
5 acting as agent for all of the parties and the
6 ownership and control of the facility by the port
7 authority to the extent necessary or appropriate.

8 b. A governmental agency may provide funds for the
9 payment of any contribution required under such
10 agreements by the levy of taxes or assessments if
11 otherwise authorized by the laws governing the
12 governmental agency in the construction of the type of
13 port authority facility provided for in the
14 agreements, and may pay the proceeds from the
15 collection of the taxes or assessments; or the
16 governmental agency may issue bonds or notes, if
17 authorized by law, in anticipation of the collection
18 of the taxes or assessments, and may pay the proceeds
19 of the bonds or notes to the port authority pursuant
20 to such agreements.

21 c. A governmental agency may provide the funds for
22 the payment of a contribution by the appropriation of
23 moneys or, if otherwise authorized by law, by the
24 issuance of bonds or notes and may pay the
25 appropriated moneys or the proceeds of the bonds or
26 notes to the port authority pursuant to such
27 agreements.

28 3. When the contribution of any governmental
29 agency is to be made over a period of time from the
30 proceeds of the collection of special assessments, the
31 interest accrued and to accrue before the first
32 installment of the assessments is collected, which is
33 payable by the governmental agency on the contribution
34 under the terms and provisions of the agreements,
35 shall be treated as part of the cost of the
36 improvement for which the assessments are levied, and
37 that portion of the assessments that is collected in
38 installments shall bear interest at the same rate as
39 the governmental agency is obligated to pay on the
40 contribution under the terms and provisions of the
41 agreements and for the same period of time as the
42 contribution is to be made under the agreements. If
43 the assessment or any installment thereof is not paid
44 when due, it shall bear interest until the payment
45 thereof at the same rate as the contribution and the
46 county auditor shall annually place on the tax list
47 and duplicate the interest applicable to the
48 assessment and the penalty thereon as otherwise
49 authorized by law.

50 4. A governmental agency, pursuant to a favorable

1 vote in an election regarding issuing bonds to provide
2 funds to acquire, construct, or equip, or provide real
3 estate and interests in real estate for a port
4 authority facility, whether or not the governmental
5 agency at the time of the election had the authority
6 to pay the proceeds from the bonds or notes issued in
7 anticipation of the bonds to the port authority as
8 provided in this section, may issue such bonds or
9 notes in anticipation of the issuance of the bonds and
10 pay the proceeds of the bonds or notes to the port
11 authority in accordance with an agreement with the
12 port authority; provided, that the legislative
13 authority of the governmental agency finds and
14 determines that the port authority facility to be
15 acquired or constructed in cooperation with the
16 governmental agency will serve the same public purpose
17 and meet substantially the same public need as the
18 facility otherwise proposed to be acquired or
19 constructed by the governmental agency with the
20 proceeds of the bonds and notes.

21 Sec. ____ . NEW SECTION. 28J.17 CONTRACTS,
22 ARRANGEMENTS, AND AGREEMENTS.

23 1. a. A port authority may enter into a contract
24 or other arrangement with a person, railroad, utility
25 company, corporation, governmental agency including
26 sewerage, drainage, conservation, conservancy, or
27 other improvement districts in this or other states,
28 or the governments or agencies of foreign countries as
29 may be necessary or convenient for the exercise of the
30 powers granted by this chapter. The port authority
31 may purchase, lease, or acquire land or other property
32 in any county of this state and in adjoining states
33 for the accomplishment of authorized purposes of the
34 port authority, or for the improvement of the harbor
35 and port facilities over which the port authority may
36 have jurisdiction including development of port
37 facilities in adjoining states. The authority granted
38 in this section to enter into contracts or other
39 arrangements with the federal government includes the
40 power to enter into any contracts, arrangements, or
41 agreements that may be necessary to hold and save
42 harmless the United States from damages due to the
43 construction and maintenance by the United States of
44 work the United States undertakes.

45 b. A political subdivision that has participated
46 in the creation of a port authority, or is within, or
47 adjacent to a political subdivision that is within the
48 jurisdiction of a port authority, may enter into an
49 agreement with the port authority to accomplish any of
50 the authorized purposes of the port authority. The

1 agreement may set forth the extent to which the port
2 authority shall act as the agent of the political
3 subdivision.

4 2. A port authority may enter into an agreement
5 with a contracting governmental agency, whereby the
6 port authority or the contracting governmental agency
7 undertakes, and is authorized by the port authority or
8 a contracting governmental agency, to exercise any
9 power, perform any function, or render any service, on
10 behalf of the port authority or a contracting
11 governmental agency, which the port authority or the
12 contracting governmental agency is authorized to
13 exercise, perform, or render.

14 Sec. ____ . NEW SECTION. 28J.18 REVENUE BONDS ARE
15 LAWFUL INVESTMENTS.

16 Port authority revenue bonds issued pursuant to
17 this chapter are lawful investments of banks, credit
18 unions, trust companies, savings and loan
19 associations, deposit guaranty associations, insurance
20 companies, trustees, fiduciaries, trustees or other
21 officers having charge of the bond retirement funds or
22 sinking funds of port authorities and governmental
23 agencies, and taxing districts of this state, the
24 pension and annuity retirement system, the Iowa public
25 employees' retirement system, the police and fire
26 retirement systems under chapters 410 and 411, a
27 revolving fund of a governmental agency of this state,
28 and are acceptable as security for the deposit of
29 public funds under chapter 12C.

30 Sec. ____ . NEW SECTION. 28J.19 PROPERTY TAX
31 EXEMPTION.

32 A port authority shall be exempt from and shall not
33 be required to pay taxes on real property belonging to
34 a port authority that is used exclusively for an
35 authorized purpose as provided in section 427.1,
36 subsection 34.

37 Sec. ____ . NEW SECTION. 28J.20 LOANS FOR
38 ACQUISITION OR CONSTRUCTION OF FACILITY -- SALE OF
39 FACILITY -- POWER TO ENCUMBER PROPERTY.

40 1. With respect to the financing of a facility for
41 an authorized purpose, under an agreement whereby the
42 person to whom the facility is to be leased,
43 subleased, or sold, or to whom a loan is to be made
44 for the facility, is to make payments sufficient to
45 pay all of the principal of, premium, and interest on
46 the port authority revenue bonds issued for the
47 facility, the port authority, in addition to other
48 powers under this chapter, may do any of the
49 following:

50 a. Make loans for the acquisition or construction

1 of the facility to such person upon such terms as the
2 port authority may determine or authorize including
3 secured or unsecured loans, and enter into loan
4 agreements and other agreements, accept notes and
5 other forms of obligation to evidence such
6 indebtedness and mortgages, liens, pledges,
7 assignments, or other security interests to secure
8 such indebtedness, which may be prior or subordinate
9 to or on a parity with other indebtedness,
10 obligations, mortgages, pledges, assignments, other
11 security interests, or liens or encumbrances, and take
12 actions considered appropriate to protect such
13 security and safeguard against losses, including,
14 without limitation, foreclosure and the bidding upon
15 and purchase of property upon foreclosure or other
16 sale.

17 b. Sell the facility under terms as the port
18 authority may determine, including sale by conditional
19 sale or installment sale, under which title may pass
20 prior to or after completion of the facility or
21 payment or provisions for payment of all principal of,
22 premium, and interest on the revenue bonds, or at any
23 other time provided in the agreement pertaining to the
24 sale, and including sale under an option to purchase
25 at a price which may be a nominal amount or less than
26 true value at the time of purchase.

27 c. Grant a mortgage, lien, or other encumbrance
28 on, or pledge or assignment of, or other security
29 interest with respect to, all or any part of the
30 facility, revenues, reserve funds, or other funds
31 established in connection with the bonds or with
32 respect to a lease, sublease, sale, conditional sale
33 or installment sale agreement, loan agreement, or
34 other agreement pertaining to the lease, sublease,
35 sale, or other disposition of a facility or pertaining
36 to a loan made for a facility, or a guaranty or
37 insurance agreement made with respect thereto, or an
38 interest of the port authority therein, or any other
39 interest granted, assigned, or released to secure
40 payments of the principal of, premium, or interest on
41 the bonds or to secure any other payments to be made
42 by the port authority, which mortgage, lien,
43 encumbrance, pledge, assignment, or other security
44 interest may be prior or subordinate to or on a parity
45 with any other mortgage, assignment, or other security
46 interest, or lien or encumbrance.

47 d. Contract for the acquisition or construction of
48 the facility or any part thereof and for the leasing,
49 subleasing, sale, or other disposition of the facility
50 in a manner determined by the port authority in its

1 sole discretion, without necessity for competitive
2 bidding or performance bonds.

3 e. Make appropriate provision for adequate
4 maintenance of the facility.

5 2. With respect to a facility referred to in this
6 section, the authority granted by this section is
7 cumulative and supplementary to all other authority
8 granted in this chapter. The authority granted by
9 this section does not alter or impair a similar
10 authority granted elsewhere in this chapter for or
11 with respect to other facilities.

12 Sec. ____ . NEW SECTION. 28J.21 ISSUANCE OF
13 REVENUE AND REFUNDING BONDS.

14 1. A port authority may issue revenue bonds and
15 pledge orders payable solely from the net revenues of
16 the port authority including the revenues generated
17 from a facility pursuant to section 28J.20. The
18 revenue bonds may be issued in such principal amounts
19 as, in the opinion of the port authority, are
20 necessary for the purpose of paying the cost of one or
21 more port authority facilities or parts thereof.

22 2. a. The resolution to issue the bonds must be
23 adopted at a regular or special meeting of the board
24 called for that purpose by a majority of the total
25 number of members of the board. The board shall fix a
26 date, time, and place of meeting at which it proposes
27 to take action, and give notice by publication in the
28 manner directed in section 331.305. The notice must
29 include a statement of the date, time, and place of
30 the meeting, the maximum amount of the proposed
31 revenue bonds, the purpose for which the revenue bonds
32 will be issued, and the net revenues to be used to pay
33 the principal and interest on the revenue bonds.

34 b. At the meeting the board shall receive oral or
35 written objections from any resident or property owner
36 within the jurisdiction of the port authority. After
37 all objections have been received and considered, the
38 board, at the meeting or a date to which it is
39 adjourned, may take additional action for the issuance
40 of the bonds or abandon the proposal to issue bonds.
41 Any resident or property owner within the jurisdiction
42 of the port authority may appeal a decision of the
43 board to take additional action in district court
44 within fifteen days after the additional action is
45 taken, but the additional action of the board is final
46 and conclusive unless the court finds that the board
47 exceeded its authority.

48 3. The board may sell revenue bonds or pledge
49 orders at public or private sale and may deliver
50 revenue bonds and pledge orders to the contractors,

1 sellers, and other persons furnishing materials and
2 services constituting a part of the cost of the port
3 authority facility in payment therefor. The pledge of
4 any net revenues of a port authority is valid and
5 effective as to all persons including but not limited
6 to other governmental bodies when it becomes valid and
7 effective between the port authority and the holders
8 of the revenue bonds or pledge orders.

9 4. A revenue bond is valid and binding for all
10 purposes if it bears the signatures or a facsimile of
11 the signature of the officer designated by the port
12 authority. Port authority revenue bonds may bear
13 dates, bear interest at rates not exceeding those
14 permitted by chapter 74A, bear interest at a variable
15 rate or rates changing from time to time in accordance
16 with a base or formula, mature in one or more
17 installments, be in registered form, carry
18 registration and conversion privileges, be payable as
19 to principal and interest at times and places, be
20 subject to terms of redemption prior to maturity with
21 or without premium, and be in one or more
22 denominations, all as provided by the resolution of
23 the board authorizing their issuance. The resolution
24 may also prescribe additional provisions, terms,
25 conditions, and covenants which the port authority
26 deems advisable, consistent with this chapter,
27 including provisions for creating and maintaining
28 reserve funds, the issuance of additional revenue
29 bonds ranking on a parity with such revenue bonds and
30 additional revenue bonds junior and subordinate to
31 such revenue bonds, and that such revenue bonds shall
32 rank on a parity with or be junior and subordinate to
33 any revenue bonds which may be then outstanding. Port
34 authority revenue bonds are a contract between the
35 port authority and holders and the resolution is a
36 part of the contract.

37 5. The port authority may issue revenue bonds to
38 refund revenue bonds, pledge orders, and other
39 obligations which are by their terms payable from the
40 net revenues of the same port authority, at lower, the
41 same, or higher rates of interest. A port authority
42 may sell refunding revenue bonds at public or private
43 sale and apply the proceeds to the payment of the
44 obligations being refunded, and may exchange refunding
45 revenue bonds in payment and discharge of the
46 obligations being refunded. The principal amount of
47 refunding revenue bonds may exceed the principal
48 amount of the obligations being refunded to the extent
49 necessary to pay any premium due on the call of the
50 obligations being refunded and to fund interest

1 accrued and to accrue on the obligations being
2 refunded.

3 6. The final maturity of any original issue of
4 port authority revenue bonds shall not exceed forty
5 years from the date of issue, and the final maturity
6 of port authority revenue bonds that refund
7 outstanding port authority revenue bonds shall not be
8 later than the later of forty years from the date of
9 issue of the original issue of bonds or the date by
10 which it is expected, at the time of issuance of the
11 refunding bonds, that the useful life of all of the
12 property refinanced with the proceeds of the bonds,
13 other than interests in land, will have expired. Such
14 bonds or notes shall be executed in a manner as the
15 resolution may provide.

16 7. The port authority may contract to pay an
17 amount not to exceed ninety-five percent of the
18 engineer's estimated value of the acceptable work
19 completed during the month to the contractor at the
20 end of each month for work, material, or services.
21 Payment may be made in warrants drawn on any fund from
22 which payment for the work may be made. If such funds
23 are depleted, anticipatory warrants may be issued
24 bearing a rate of interest not exceeding that
25 permitted by chapter 74A even if income from the sale
26 of bonds which have been authorized and are applicable
27 to the public improvement takes place after the fiscal
28 year in which the warrants are issued. If the port
29 authority arranges for the private sale of
30 anticipatory warrants, the warrants may be sold and
31 the proceeds used to pay the contractor. The warrants
32 may also be used to pay other persons furnishing
33 services constituting a part of the cost of the public
34 improvement.

35 8. Port authority revenue bonds, pledge orders,
36 and warrants issued under this section are negotiable
37 instruments.

38 9. The board may issue pledge orders pursuant to a
39 resolution adopted by a majority of the total number
40 of supervisors, at a regular or special meeting,
41 ordering their issuance and delivery in payment for
42 all or part of the cost of a project. Pledge orders
43 may bear interest at rates not exceeding those
44 permitted by chapter 74A.

45 10. Except as provided in section 28J.20, the
46 physical properties of the port authority shall not be
47 pledged or mortgaged to secure the payment of revenue
48 bonds, pledge orders, or refunding bonds, or the
49 interest thereon.

50 11. The members of the board of the port authority

1 and any person executing the bonds or pledge orders
2 shall not be personally liable on the bonds or pledge
3 orders or be subject to any personal liability or
4 accountability by reason of the issuance thereof.

5 Sec. ____ . NEW SECTION. 28J.22 BONDS MAY BE
6 SECURED BY TRUST AGREEMENT.

7 1. In the discretion of the port authority, a port
8 authority revenue bond issued under this chapter may
9 be secured by a trust agreement between the port
10 authority and a corporate trustee that may be any
11 trust company or bank having the powers of a trust
12 company within this or any other state.

13 2. The trust agreement may pledge or assign
14 revenues of the port authority to be received for
15 payment of the revenue bonds. The trust agreement or
16 any resolution providing for the issuance of revenue
17 bonds may contain provisions for protecting and
18 enforcing the rights and remedies of the bondholders
19 as are reasonable and proper and not in violation of
20 law, including covenants setting forth the duties of
21 the port authority in relation to the acquisition of
22 property, the construction, improvement, maintenance,
23 repair, operation, and insurance of the port authority
24 facility in connection with which the bonds are
25 authorized, the rentals or other charges to be imposed
26 for the use or services of any port authority
27 facility, the custody, safeguarding, and application
28 of all moneys, and provisions for the employment of
29 consulting engineers in connection with the
30 construction or operation of any port authority
31 facility.

32 3. A bank or trust company incorporated under the
33 laws of this state, that may act as the depository of
34 the proceeds of bonds or of revenues, shall furnish
35 any indemnifying bonds or may pledge any securities
36 that are required by the port authority. The trust
37 agreement may set forth the rights and remedies of the
38 bondholders and of the trustee, and may restrict the
39 individual right of action by bondholders as is
40 customary in trust agreements or trust indentures
41 securing similar bonds. The trust agreement may
42 contain any other provisions that the port authority
43 determines reasonable and proper for the security of
44 the bondholders. All expenses incurred in carrying
45 out the provisions of the trust agreement may be
46 treated as a part of the cost of the operation of the
47 port authority facility.

48 Sec. ____ . NEW SECTION. 28J.23 REMEDY OF HOLDER
49 OF BOND OR COUPON -- STATUTE OF LIMITATIONS.

50 1. The sole remedy for a breach or default of a

1 term of a port authority revenue bond or pledge order
2 is a proceeding in law or in equity by suit, action,
3 or mandamus to enforce and compel performance of the
4 duties required by this chapter and of the terms of
5 the resolution authorizing the issuance of the revenue
6 bonds or pledge orders, or to obtain the appointment
7 of a receiver to take possession of and operate the
8 port authority, and to perform the duties required by
9 this chapter and the terms of the resolution
10 authorizing the issuance of the port authority revenue
11 bonds or pledge orders.

12 2. An action shall not be brought which questions
13 the legality of port authority revenue bonds or pledge
14 orders, the power of a port authority to issue revenue
15 bonds or pledge orders, or the effectiveness of any
16 proceedings relating to the authorization and issuance
17 of revenue bonds or pledge orders, from and after
18 fifteen days from the time the bonds or pledge orders
19 are ordered issued by the port authority.

20 Sec. _____. NEW SECTION. 28J.24 BONDS ARE PAYABLE
21 SOLELY FROM REVENUES AND FUNDS PLEDGED FOR PAYMENT.

22 Port authority revenue bonds and pledge orders
23 issued under this chapter do not constitute a debt, or
24 a pledge of the faith and credit, of the state or a
25 political subdivision of the state, and the holders or
26 owners of the bonds or pledge orders shall not have
27 taxes levied by the state or by a taxing authority of
28 a governmental agency of the state for the payment of
29 the principal of or interest on the bonds or pledge
30 orders, but the bonds and pledge orders are payable
31 solely from the revenues and funds pledged for their
32 payment as authorized by this chapter, unless the
33 notes are issued in anticipation of the issuance of
34 bonds or pledge orders or the bonds and pledge orders
35 are refunded by refunding bonds issued under this
36 chapter, which bonds, pledge orders, or refunding
37 bonds shall be payable solely from revenues and funds
38 pledged for their payment as authorized by those
39 sections. All of the bonds or pledge orders shall
40 contain a statement to the effect that the bonds or
41 pledge orders, as to both principal and interest, are
42 not debts of the state or a political subdivision of
43 the state, but are payable solely from revenues and
44 funds pledged for their payment.

45 Sec. _____. NEW SECTION. 28J.25 FUNDS AND PROPERTY
46 HELD IN TRUST -- USE AND DEPOSIT OF FUNDS.

47 All revenues, funds, properties, and assets
48 acquired by the port authority under this chapter,
49 whether as proceeds from the sale of port authority
50 revenue bonds, pledge orders, or as revenues, shall be

1 held in trust for the purposes of carrying out the
2 port authority's powers and duties, shall be used and
3 reused as provided in this chapter, and shall at no
4 time be part of other public funds. Such funds,
5 except as otherwise provided in a resolution
6 authorizing port authority revenue bonds or in a trust
7 agreement securing the same, or except when invested
8 pursuant to section 28J.26, shall be kept in
9 depositories selected by the port authority in the
10 manner provided in chapter 12C, and the deposits shall
11 be secured as provided in that chapter. The
12 resolution authorizing the issuance of revenue bonds
13 or pledge orders, or the trust agreement securing such
14 bonds or pledge orders shall provide that any officer
15 to whom, or any bank or trust company to which, such
16 moneys are paid shall act as trustee of such moneys
17 and hold and apply them for the purposes hereof,
18 subject to such conditions as this chapter and such
19 resolution or trust agreement provide.

20 Sec. ____ . NEW SECTION. 28J.26 INVESTMENT OF
21 EXCESS FUNDS.

22 1. If a port authority has surplus funds after
23 making all deposits into all funds required by the
24 terms, covenants, conditions, and provisions of
25 outstanding revenue bonds, pledge orders, and
26 refunding bonds which are payable from the revenues of
27 the port authority and after complying with all of the
28 requirements, terms, covenants, conditions, and
29 provisions of the proceedings and resolutions pursuant
30 to which revenue bonds, pledge orders, and refunding
31 bonds are issued, the board may transfer the surplus
32 funds to any other fund of the port authority in
33 accordance with this chapter and chapter 12C, provided
34 that a transfer shall not be made if it conflicts with
35 any of the requirements, terms, covenants, conditions,
36 or provisions of a resolution authorizing the issuance
37 of revenue bonds, pledge orders, or other obligations
38 which are payable from the revenues of the port
39 authority which are then outstanding.

40 2. This section does not prohibit or prevent the
41 board from using funds derived from any other source
42 which may be properly used for such purpose, to pay a
43 part of the cost of a facility.

44 Sec. ____ . NEW SECTION. 28J.27 CHANGE IN LOCATION
45 OF PUBLIC WAY, RAILROAD, OR UTILITY FACILITY --
46 VACATION OF HIGHWAY.

47 1. When a port authority changes the location of
48 any portion of any public road, railroad, or utility
49 facility in connection with the construction of a port
50 authority facility, the port authority shall

1 reconstruct at such location as the governmental
2 agency having jurisdiction over such road, railroad,
3 or utility facility finds most favorable. The
4 construction of such road, railroad, or utility
5 facility shall be of substantially the same type and
6 in as good condition as the original road, railroad,
7 or utility facility. The cost of such reconstruction,
8 relocation, or removal and any damage incurred in
9 changing the location of any such road, railroad, or
10 utility facility shall be paid by the port authority
11 as a part of the cost of the port authority facility.

12 2. When the port authority finds it necessary that
13 a public highway or portion of a public highway be
14 vacated by reason of the acquisition or construction
15 of a port authority facility, the port authority may
16 request the director of the department of
17 transportation to vacate such highway or portion in
18 accordance with chapter 306 if the highway or portion
19 to be vacated is on the state highway system, or, if
20 the highway or portion to be vacated is under the
21 jurisdiction of a county, the port authority shall
22 petition the board of supervisors of that county, in
23 the manner provided in chapter 306, to vacate such
24 highway or portion. The port authority shall pay to
25 the county, as a part of the cost of such port
26 authority facility, any amounts required to be
27 deposited with a court in connection with proceedings
28 for the determination of compensation and damages and
29 all amounts of compensation and damages finally
30 determined to be payable as a result of such vacation.

31 3. The port authority may adopt bylaws for the
32 installation, construction, maintenance, repair,
33 renewal, relocation, and removal of railroad or
34 utility facilities in, on, over, or under any port
35 authority facility. Whenever the port authority
36 determines that it is necessary that any such facility
37 installed or constructed in, on, over, or under
38 property of the port authority pursuant to such bylaws
39 be relocated, the utility company owning or operating
40 such facility shall relocate or remove them in
41 accordance with the order of the port authority. The
42 cost and expenses of such relocation or removal,
43 including the cost of installing such facility in a
44 new location, the cost of any lands, or any rights or
45 interests in lands, and any other rights, acquired to
46 accomplish such relocation or removal, shall be paid
47 by the port authority as a part of the cost of the
48 port authority facility. In case of any such
49 relocation or removal of such facilities, the railroad
50 or utility company owning or operating them, its

1 successors, or assigns may maintain and operate such
2 facilities, with the necessary appurtenances, in the
3 new location in, on, over, or under the property of
4 the port authority for as long a period and upon the
5 same terms as the railroad or utility company had the
6 right to maintain and operate such facilities in their
7 former location.

8 Sec. ____ . NEW SECTION. 28J.28 FINAL ACTIONS TO
9 BE RECORDED -- ANNUAL REPORT -- CONFIDENTIALITY OF
10 INFORMATION.

11 1. All final actions of the port authority shall
12 be recorded and the records of the port authority
13 shall be open to public examination and copying
14 pursuant to chapter 22. Not later than the first day
15 of April every year, a port authority shall submit a
16 report to the director of the department of economic
17 development detailing the projects and activities of
18 the port authority during the previous calendar year.
19 The report shall include, but not be limited to, all
20 aspects of those projects and activities, including
21 the progress and status of the projects and their
22 costs, and any other information the director
23 determines should be included in the report.

24 2. Financial and proprietary information,
25 including trade secrets, submitted to a port authority
26 or the agents of a port authority, in connection with
27 the relocation, location, expansion, improvement, or
28 preservation of a business or nonprofit corporation is
29 not a public record subject to chapter 22. Any other
30 information submitted under those circumstances is not
31 a public record subject to chapter 22 until there is a
32 commitment in writing to proceed with the relocation,
33 location, expansion, improvement, or preservation.

34 3. Notwithstanding chapter 21, the board of
35 directors of a port authority, when considering
36 information that is not a public record under this
37 section, may close a meeting during the consideration
38 of that information pursuant to a vote of the majority
39 of the directors present on a motion stating that such
40 information is to be considered. Other matters shall
41 not be considered during the closed session.

42 Sec. ____ . NEW SECTION. 28J.29 PROVISIONS TO BE
43 LIBERALLY CONSTRUED.

44 This chapter shall be liberally construed to effect
45 the chapter's purposes.

46 Sec. ____ . Section 427.1, Code 2005, is amended by
47 adding the following new subsection:

48 NEW SUBSECTION. 34. PORT AUTHORITY PROPERTY. The
49 property of a port authority created pursuant to
50 section 28J.2, when devoted to public use and not held

1 for pecuniary profit.

2 DIVISION
3 PROPERTY ASSESSMENT

4 Sec. ____ . Section 7E.6, subsection 5, Code 2005,
5 is amended to read as follows:

6 5. Any position of membership on the board of
7 parole, the public employment relations board, the
8 utilities board, ~~and~~ the employment appeal board, and
9 the property assessment appeal board shall be
10 compensated as otherwise provided in law.

11 Sec. ____ . Section 13.7, Code 2005, is amended to
12 read as follows:

13 13.7 SPECIAL COUNSEL.

14 Compensation shall not be allowed to any person for
15 services as an attorney or counselor to an executive
16 department of the state government, or the head
17 thereof, or to a state board or commission. However,
18 the executive council may employ legal assistance, at
19 a reasonable compensation, in a pending action or
20 proceeding to protect the interests of the state, but
21 only upon a sufficient showing, in writing, made by
22 the attorney general, that the department of justice
23 cannot for reasons stated by the attorney general
24 perform the service, which reasons and action of the
25 council shall be entered upon its records. When the
26 attorney general determines that the department of
27 justice cannot perform legal service in an action or
28 proceeding, the executive council shall request the
29 department involved in the action or proceeding to
30 recommend legal counsel to represent the department.
31 If the attorney general concurs with the department
32 that the person recommended is qualified and suitable
33 to represent the department, the person recommended
34 shall be employed. If the attorney general does not
35 concur in the recommendation, the department shall
36 submit a new recommendation. This section does not
37 affect the general counsel for the utilities board of
38 the department of commerce, ~~or~~ the legal counsel of
39 the department of workforce development, or the
40 general counsel for the property assessment appeal
41 board.

42 Sec. ____ . NEW SECTION. 421.1A PROPERTY
43 ASSESSMENT APPEAL BOARD.

44 1. A statewide property assessment appeal board is
45 created for the purpose of establishing a consistent,
46 fair, and equitable property assessment appeal
47 process. The statewide property assessment appeal
48 board is established within the department of revenue
49 for administrative and budgetary purposes. The
50 board's principal office shall be in the office of the

1 department of revenue in the capital of the state.

2 2. a. The property assessment appeal board shall
3 consist of three members appointed to staggered six-
4 year terms, beginning and ending as provided in
5 section 69.19, by the governor and subject to
6 confirmation by the senate. Subject to confirmation
7 by the senate, the governor shall appoint from the
8 members a chairperson of the board to a two-year term.
9 Vacancies on the board shall be filled for the
10 unexpired portion of the term in the same manner as
11 regular appointments are made. The term of office for
12 the initial board shall begin January 1, 2007.

13 b. Each member of the property assessment appeal
14 board shall be qualified by virtue of at least two
15 years' experience in the area of government,
16 corporate, or private practice relating to property
17 appraisal and property tax administration. One member
18 of the board shall be a certified real estate
19 appraiser or hold a professional appraisal
20 designation, one member shall be an attorney
21 practicing in the area of state and local taxation or
22 property tax appraisals, and one member shall be a
23 professional with experience in the field of
24 accounting or finance and with experience in state and
25 local taxation matters. No more than two members of
26 the board may be from the same political party as that
27 term is defined in section 43.2.

28 c. The property assessment appeal board shall
29 organize by appointing a secretary who shall take the
30 same oath of office as the members of the board. The
31 board may employ additional personnel as it finds
32 necessary. All personnel employed by the board shall
33 be considered state employees and are subject to the
34 merit system provisions of chapter 8A, subchapter IV.

35 3. At the election of a property owner or
36 aggrieved taxpayer or an appellant described in
37 section 441.42, the property assessment appeal board
38 shall review any final decision, finding, ruling,
39 determination, or order of a local board of review
40 relating to protests of an assessment, valuation, or
41 application of an equalization order.

42 4. The property assessment appeal board may do all
43 of the following:

44 a. Affirm, reverse, or modify a final decision,
45 finding, ruling, determination, or order of a local
46 board of review.

47 b. Order the payment or refund of property taxes
48 in a matter over which the board has jurisdiction.

49 c. Grant other relief or issue writs, orders, or
50 directives that the board deems necessary or

1 appropriate in the process of disposing of a matter
2 over which the board has jurisdiction.

3 d. Subpoena documents and witnesses and administer
4 oaths.

5 e. Adopt administrative rules pursuant to chapter
6 17A for the administration and implementation of its
7 powers, including rules for practice and procedure for
8 protests filed with the board, the manner in which
9 hearings on appeals of assessments shall be conducted,
10 filing fees to be imposed by the board, and for the
11 determination of the correct assessment of property
12 which is the subject of an appeal.

13 f. Adopt administrative rules pursuant to chapter
14 17A necessary for the preservation of order and the
15 regulation of proceedings before the board, including
16 forms or notice and the service thereof, which rules
17 shall conform as nearly as possible to those in use in
18 the courts of this state.

19 5. The property assessment appeal board shall
20 employ a competent attorney to serve as its general
21 counsel, and assistants to the general counsel as it
22 finds necessary for the full and efficient discharge
23 of its duties. The general counsel is the attorney
24 for, and legal advisor of, the board. The general
25 counsel or an assistant to the general counsel shall
26 provide the necessary legal advice to the board in all
27 matters and shall represent the board in all actions
28 instituted in a court challenging the validity of a
29 rule or order of the board. The general counsel shall
30 devote full time to the duties of the office. During
31 employment as general counsel to the board, the
32 counsel shall not be a member of a political
33 committee, contribute to a political campaign,
34 participate in a political campaign, or be a candidate
35 for partisan political office. The general counsel
36 and assistants to the general counsel shall be
37 considered state employees and are subject to the
38 merit system provisions of chapter 8A, subchapter IV.

39 6. The members of the property assessment appeal
40 board shall receive compensation from the state
41 commensurate with the salary of a district judge. The
42 members of the board shall not be considered state
43 employees for purposes of salary and benefits. The
44 members of the board and any employees of the board,
45 when required to travel in the discharge of official
46 duties, shall be paid their actual and necessary
47 expenses incurred in the performance of duties.

48 7. a. Effective January 1, 2012, a property
49 assessment appeal board review committee is
50 established. Staffing assistance to the committee

1 shall be provided by the department of revenue. The
2 committee shall consist of six members of the general
3 assembly, two appointed by the majority leader of the
4 senate, one appointed by the minority leader of the
5 senate, two appointed by the speaker of the house of
6 representatives, and one appointed by the minority
7 leader of the house of representatives; the director
8 of revenue or the director's designee; a county
9 assessor appointed by the Iowa state association of
10 counties; and a city assessor appointed by the Iowa
11 league of cities.

12 b. The property assessment appeal board review
13 committee shall review the activities of the property
14 assessment appeal board since its inception. The
15 review committee may recommend the revision of any
16 rules, regulations, directives, or forms relating to
17 the activities of the property assessment appeal
18 board.

19 c. The review committee shall report to the
20 general assembly by January 15, 2013. The report
21 shall include any recommended changes in laws relating
22 to the property assessment appeal board, the reasons
23 for the committee's recommendations, and any other
24 information the committee deems advisable.

25 Sec. _____. Section 428.4, unnumbered paragraph 1,
26 Code 2005, is amended to read as follows:

27 Property shall be assessed for taxation each year.
28 Real estate shall be listed and assessed in 1981 and
29 every two years thereafter. The assessment of real
30 estate shall be the value of the real estate as of
31 January 1 of the year of the assessment. The year
32 1981 and each odd-numbered year thereafter shall be a
33 reassessment year. In any year, after the year in
34 which an assessment has been made of all the real
35 estate in an assessing jurisdiction, the assessor
36 shall value and assess or revalue and reassess, as the
37 case may require, any real estate that the assessor
38 finds was incorrectly valued or assessed, or was not
39 listed, valued, and assessed, in the assessment year
40 immediately preceding, also any real estate the
41 assessor finds has changed in value subsequent to
42 January 1 of the preceding real estate assessment
43 year. However, a percentage increase on a class of
44 property shall not be made in a year not subject to an
45 equalization order unless ordered by the department of
46 revenue. The assessor shall determine the actual
47 value and compute the taxable value thereof as of
48 January 1 of the year of the revaluation and
49 reassessment. The assessment shall be completed as
50 specified in section 441.28, but no reduction or

1 increase in actual value shall be made for prior
2 years. If an assessor makes a change in the valuation
3 of the real estate as provided for, sections 441.23,
4 441.37, 441.37A, 441.38 and 441.39 apply.

5 Sec. _____. Section 441.19, subsection 4, Code 2005,
6 is amended to read as follows:

7 4. The supplemental returns ~~herein~~ provided for in
8 this section shall be preserved in the same manner as
9 assessment rolls, but shall be confidential to the
10 assessor, board of review, property assessment appeal
11 board, or director of revenue, and shall not be open
12 to public inspection, but any final assessment roll as
13 made out by the assessor shall be a public record,
14 provided that such supplemental return shall be
15 available to counsel of either the person making the
16 return or of the public, in case any appeal is taken
17 to the board of review, to the property assessment
18 appeal board, or to the court.

19 Sec. _____. Section 441.21, subsection 1, Code 2005,
20 is amended by adding the following new paragraphs:

21 NEW PARAGRAPH. h. The assessor shall determine
22 the value of real property in accordance with rules
23 adopted by the department of revenue and in accordance
24 with forms and guidelines contained in the real
25 property appraisal manual prepared by the department
26 as updated from time to time. Such rules, forms, and
27 guidelines shall not be inconsistent with or change
28 the means, as provided in this section, of determining
29 the actual, market, taxable, and assessed values.

30 NEW PARAGRAPH. i. If the department finds that a
31 city or county assessor is not in compliance with the
32 rules of the department relating to valuation of
33 property or has disregarded the forms and guidelines
34 contained in the real property appraisal manual, the
35 department shall notify the assessor and each member
36 of the conference board for the appropriate assessing
37 jurisdiction. The notice shall be mailed by
38 restricted certified mail. The notice shall specify
39 the areas of noncompliance and the steps necessary to
40 achieve compliance. The notice shall also inform the
41 assessor and conference board that if compliance is
42 not achieved, a penalty may be imposed.

43 The conference board shall respond to the
44 department within thirty days of receipt of the notice
45 of noncompliance. The conference board may respond to
46 the notice by asserting that the assessor is in
47 compliance with the rules, guidelines, and forms of
48 the department or by informing the department that the
49 conference board intends to submit a plan of action to
50 achieve compliance. If the conference board responds

1 to the notification by asserting that the assessor is
2 in compliance, a hearing before the director of
3 revenue shall be scheduled on the matter.

4 A plan of action shall be submitted within sixty
5 days of receipt of the notice of noncompliance. The
6 plan shall contain a time frame under which compliance
7 shall be achieved which shall be no later than January
8 1 of the following assessment year. The plan of
9 action shall contain the signature of the assessor and
10 of the chairperson of the conference board. The
11 department shall review the plan to determine whether
12 the plan is sufficient to achieve compliance. Within
13 thirty days of receipt of the plan, the department
14 shall notify the assessor and the chairperson of the
15 conference board that it has accepted the plan or that
16 it is necessary to submit an amended plan of action.

17 By January 1 of the assessment year following the
18 calendar year in which the plan was submitted to the
19 department, the conference board shall submit a report
20 to the department indicating that the plan of action
21 was followed and compliance has been achieved. The
22 department may conduct a field inspection to ensure
23 that the assessor is in compliance. By January 31,
24 the department shall notify the assessor and the
25 conference board, by restricted certified mail, either
26 that compliance has been achieved or that the assessor
27 remains in noncompliance. If the department
28 determines that the assessor remains in noncompliance,
29 the department shall take steps to withhold up to five
30 percent of the reimbursement payment authorized in
31 section 425.1 until the director of revenue determines
32 that the assessor is in compliance.

33 If the conference board disputes the determination
34 of the department, the chairperson of the conference
35 board may appeal the determination to the state board
36 of tax review.

37 The department shall adopt rules relating to the
38 administration of this paragraph "i".

39 Sec. _____. Section 441.21, subsection 2, Code 2005,
40 is amended to read as follows:

41 2. In the event market value of the property being
42 assessed cannot be readily established in the
43 foregoing manner, then the assessor may determine the
44 value of the property using the other uniform and
45 recognized appraisal methods including its productive
46 and earning capacity, if any, industrial conditions,
47 its cost, physical and functional depreciation and
48 obsolescence and replacement cost, and all other
49 factors which would assist in determining the fair and
50 reasonable market value of the property but the actual

1 value shall not be determined by use of only one such
2 factor. The following shall not be taken into
3 consideration: Special value or use value of the
4 property to its present owner, and the good will or
5 value of a business which uses the property as
6 distinguished from the value of the property as
7 property. However, in assessing property that is
8 rented or leased to low-income individuals and
9 families as authorized by section 42 of the Internal
10 Revenue Code, as amended, and which section limits the
11 amount that the individual or family pays for the
12 rental or lease of units in the property, the assessor
13 shall use the productive and earning capacity from the
14 actual rents received as a method of appraisal and
15 shall take into account the extent to which that use
16 and limitation reduces the market value of the
17 property. The assessor shall not consider any tax
18 credit equity or other subsidized financing as income
19 provided to the property in determining the assessed
20 value. The property owner shall notify the assessor
21 when property is withdrawn from section 42 eligibility
22 under the Internal Revenue Code. The property shall
23 not be subject to section 42 assessment procedures for
24 the assessment year for which section 42 eligibility
25 is withdrawn. This notification must be provided to
26 the assessor no later than March 1 of the assessment
27 year or the owner will be subject to a penalty of five
28 hundred dollars for that assessment year. The penalty
29 shall be collected at the same time and in the same
30 manner as regular property taxes. Upon adoption of
31 uniform rules by the ~~revenue~~ department of revenue or
32 succeeding authority covering assessments and
33 valuations of such properties, ~~said~~ the valuation on
34 such properties shall be determined in accordance
35 therewith with such rules and in accordance with forms
36 and guidelines contained in the real property
37 appraisal manual prepared by the department as updated
38 from time to time for assessment purposes to assure
39 uniformity, but such rules, forms, and guidelines
40 shall not be inconsistent with or change the foregoing
41 means of determining the actual, market, taxable and
42 assessed values.

43 Sec. ____ . Section 441.28, Code 2005, is amended to
44 read as follows:

45 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO
46 TAXPAYER.

47 The assessment shall be completed not later than
48 April 15 each year. If the assessor makes any change
49 in an assessment after it has been entered on the
50 assessor's rolls, the assessor shall note on ~~said~~ the

1 roll, together with the original assessment, the new
2 assessment and the reason for the change, together
3 with the assessor's signature and the date of the
4 change. Provided, however, in the event the assessor
5 increases any assessment the assessor shall give
6 notice of the increase in writing thereof to the
7 taxpayer by mail ~~prior to the meeting of the board of~~
8 ~~review~~ postmarked no later than April 15. No changes
9 shall be made on the assessment rolls after April 15
10 except by order of the board of review or of the
11 property assessment appeal board, or by decree of
12 court.

13 Sec. _____. Section 441.35, unnumbered paragraph 2,
14 Code 2005, is amended to read as follows:

15 In any year after the year in which an assessment
16 has been made of all of the real estate in any taxing
17 district, ~~it shall be the duty of the board of review~~
18 ~~to~~ shall meet as provided in section 441.33, and where
19 ~~it~~ the board finds the same has changed in value, ~~to~~
20 the board shall revalue and reassess any part or all
21 of the real estate contained in such taxing district,
22 and in such case, ~~it~~ the board shall determine the
23 actual value as of January 1 of the year of the
24 revaluation and reassessment and compute the taxable
25 value thereof, ~~and any~~. Any aggrieved taxpayer may
26 petition for a revaluation of the taxpayer's property,
27 but no reduction or increase shall be made for prior
28 years. If the assessment of any such property is
29 raised, or any property is added to the tax list by
30 the board, the clerk shall give notice in the manner
31 provided in section 441.36, ~~provided, however, that~~.
32 However, if the assessment of all property in any
33 taxing district is raised, the board may instruct the
34 clerk to give immediate notice by one publication in
35 one of the official newspapers located in the taxing
36 district, and such published notice shall take the
37 place of the mailed notice provided for in section
38 441.36, but all other provisions of ~~said~~ that section
39 shall apply. The decision of the board as to the
40 foregoing matters shall be subject to appeal as to the
41 property assessment appeal board within the same time
42 and in the same manner as provided in section 441.37A
43 and to the district court within the same time and in
44 the same manner as provided in section 441.38.

45 Sec. _____. NEW SECTION. 441.37A APPEAL OF PROTEST
46 TO PROPERTY ASSESSMENT APPEAL BOARD.

47 1. For the assessment year beginning January 1,
48 2007, and all subsequent assessment years, appeals may
49 be taken from the action of the board of review with
50 reference to protests of assessment, valuation, or

1 application of an equalization order to the property
2 assessment appeal board created in section 421.1A.
3 However, a property owner or aggrieved taxpayer or an
4 appellant described in section 441.42 may bypass the
5 property assessment appeal board and appeal the
6 decision of the local board of review to the district
7 court pursuant to section 441.38. For an appeal to
8 the property assessment appeal board to be valid,
9 written notice must be filed by the party appealing
10 the decision with the secretary of the property
11 assessment appeal board within twenty days after the
12 date the board of review's letter of disposition of
13 the appeal is postmarked to the party making the
14 protest. The written notice of appeal shall include a
15 petition setting forth the basis of the appeal and the
16 relief sought. No new grounds in addition to those
17 set out in the protest to the local board of review as
18 provided in section 441.37 can be pleaded, but
19 additional evidence to sustain those grounds may be
20 introduced. The assessor shall have the same right to
21 appeal to the assessment appeal board as an individual
22 taxpayer, public body, or other public officer as
23 provided in section 441.42.

24 Filing of the written notice of appeal and petition
25 with the secretary of the property assessment appeal
26 board shall preserve all rights of appeal of the
27 appellant, except as otherwise provided in subsection
28 2. A copy of the appellant's written notice of appeal
29 and petition shall be mailed by the secretary of the
30 property assessment appeal board to the local board of
31 review whose decision is being appealed. In all cases
32 where a change in assessed valuation of one hundred
33 thousand dollars or more is petitioned for, the local
34 board of review shall mail a copy of the written
35 notice of appeal and petition to all affected taxing
36 districts as shown on the last available tax list.

37 2. A party to the appeal may request a hearing or
38 the appeal may proceed without a hearing. If a
39 hearing is requested, the appellant and the local
40 board of review from which the appeal is taken shall
41 be given at least thirty days' written notice by the
42 property assessment appeal board of the date the
43 appeal shall be heard and the local board of review
44 may be present and participate at such hearing.
45 Notice to all affected taxing districts shall be
46 deemed to have been given when written notice is
47 provided to the local board of review. Failure by the
48 appellant to appear at the property assessment appeal
49 board hearing shall be grounds for dismissal of the
50 appeal unless a continuance is granted to the

1 appellant. If an appeal is dismissed for failure to
2 appear, the property assessment appeal board shall
3 have no jurisdiction to consider any subsequent appeal
4 on the appellant's protest.

5 An appeal may be considered by less than a majority
6 of the members of the board, and the chairperson of
7 the board may assign members to consider appeals. If
8 a hearing is requested, it shall be open to the public
9 and shall be conducted in accordance with the rules of
10 practice and procedure adopted by the board. However,
11 any deliberation of a board member considering the
12 appeal in reaching a decision on any appeal shall be
13 confidential. The property assessment appeal board or
14 any member of the board may require the production of
15 any books, records, papers, or documents as evidence
16 in any matter pending before the board that may be
17 material, relevant, or necessary for the making of a
18 just decision. Any books, records, papers, or
19 documents produced as evidence shall become part of
20 the record of the appeal. Any testimony given
21 relating to the appeal shall be transcribed and made a
22 part of the record of the appeal.

23 3. a. The board member considering the appeal
24 shall determine anew all questions arising before the
25 local board of review which relate to the liability of
26 the property to assessment or the amount thereof. All
27 of the evidence shall be considered and there shall be
28 no presumption as to the correctness of the valuation
29 of assessment appealed from. The property assessment
30 appeal board shall make a decision in each appeal
31 filed with the board. If the appeal is considered by
32 less than a majority of the board, the determination
33 made by that member shall be forwarded to the full
34 board for approval, rejection, or modification. If
35 the initial determination is rejected by the board, it
36 shall be returned for reconsideration to the board
37 member making the initial determination. Any
38 deliberation of the board regarding an initial
39 determination shall be confidential.

40 b. The decision of the board shall be considered
41 the final agency action for purposes of further
42 appeal, except as otherwise provided in section
43 441.49. The decision shall be final unless appealed
44 to district court as provided in section 441.38. The
45 levy of taxes on any assessment appealed to the board
46 shall not be delayed by any proceeding before the
47 board, and if the assessment appealed from is reduced
48 by the decision of the board, any taxes levied upon
49 that portion of the assessment reduced shall be abated
50 or, if already paid, shall be refunded. If the

1 subject of an appeal is the application of an
2 equalization order, the property assessment appeal
3 board shall not order a reduction in assessment
4 greater than the amount that the assessment was
5 increased due to application of the equalization
6 order. Each party to the appeal shall be responsible
7 for the costs of the appeal incurred by that party.

8 Sec. ____ . Section 441.38, Code 2005, is amended to
9 read as follows:

10 441.38 APPEAL TO DISTRICT COURT.

11 1. Appeals may be taken from the action of the
12 local board of review with reference to protests of
13 assessment, to the district court of the county in
14 which the board holds its sessions within twenty days
15 after its adjournment or May 31, whichever date is
16 later. Appeals may be taken from the action of the
17 property assessment appeal board to the district court
18 of the county where the property which is the subject
19 of the appeal is located within twenty days after the
20 letter of disposition of the appeal by the property
21 assessment appeal board is postmarked to the
22 appellant. No new grounds in addition to those set
23 out in the protest to the local board of review as
24 provided in section 441.37, or in addition to those
25 set out in the appeal to the property assessment
26 appeal board, if applicable, can be pleaded, but
27 additional evidence to sustain those grounds may be
28 introduced. The assessor shall have the same right to
29 appeal and in the same manner as an individual
30 taxpayer, public body or other public officer as
31 provided in section 441.42. Appeals shall be taken by
32 filing a written notice of appeal with the clerk of
33 district court. Filing of the written notice of
34 appeal shall preserve all rights of appeal of the
35 appellant.

36 2. Notice of appeal shall be served as an original
37 notice on the chairperson, presiding officer, or clerk
38 of the board of review, and on the secretary of the
39 property assessment appeal board, if applicable, after
40 the filing of notice under subsection 1 with the clerk
41 of district court.

42 Sec. ____ . Section 441.39, Code 2005, is amended to
43 read as follows:

44 441.39 TRIAL ON APPEAL.

45 The If the appeal is from a decision of the local
46 board of review, the court shall hear the appeal in
47 equity and determine anew all questions arising before
48 the board which relate to the liability of the
49 property to assessment or the amount thereof. The
50 court shall consider all of the evidence and there

1 shall be no presumption as to the correctness of the
2 valuation of assessment appealed from. If the appeal
3 is from a decision of the property assessment appeal
4 board, the court's review shall be limited to the
5 correction of errors at law. Its decision shall be
6 certified by the clerk of the court to the county
7 auditor, and the assessor, who shall correct the
8 assessment books accordingly.

9 Sec. _____. Section 441.43, Code 2005, is amended to
10 read as follows:

11 441.43 POWER OF COURT.

12 Upon trial of any appeal from the action of the
13 board of review or of the property assessment appeal
14 board fixing the amount of assessment upon any
15 property concerning which complaint is made, the court
16 may increase, decrease, or affirm the amount of the
17 assessment appealed from.

18 Sec. _____. Section 441.49, unnumbered paragraph 5,
19 Code 2005, is amended to read as follows:

20 The local board of review shall reconvene in
21 special session from October 15 to November 15 for the
22 purpose of hearing the protests of affected property
23 owners or taxpayers within the jurisdiction of the
24 board whose valuation of property if adjusted pursuant
25 to the equalization order issued by the director of
26 revenue will result in a greater value than permitted
27 under section 441.21. The board of review shall
28 accept protests only during the first ten days
29 following the date the local board of review
30 reconvenes. The board of review shall limit its
31 review to only the timely filed protests. The board
32 of review may adjust all or a part of the percentage
33 increase ordered by the director of revenue by
34 adjusting the actual value of the property under
35 protest to one hundred percent of actual value. Any
36 adjustment so determined by the board of review shall
37 not exceed the percentage increase provided for in the
38 director's equalization order. The determination of
39 the board of review on filed protests is final,
40 subject to appeal to the property assessment appeal
41 board. A final decision by the local board of review,
42 or the property assessment appeal board, if the local
43 board's decision is appealed, is subject to review by
44 the director of revenue for the purpose of determining
45 whether the board's actions substantially altered the
46 equalization order. In making the review, the
47 director has all the powers provided in chapter 421,
48 and in exercising the powers the director is not
49 subject to chapter 17A. Not later than fifteen days
50 following the adjournment of the board, the board of

1 review shall submit to the director of revenue, on
2 forms prescribed by the director, a report of all
3 actions taken by the board of review during this
4 session.

5 Sec. _____. Section 445.60, Code 2005, is amended to
6 read as follows:

7 445.60 REFUNDING ERRONEOUS TAX.

8 The board of supervisors shall direct the county
9 treasurer to refund to the taxpayer any tax or portion
10 of a tax found to have been erroneously or illegally
11 paid, with all interest, fees, and costs actually
12 paid. A refund shall not be ordered or made unless a
13 claim for refund is presented to the board within two
14 years of the date the tax was due, or if appealed to
15 the board of review, the property assessment appeal
16 board, the state board of tax review, or district
17 court, within two years of the final decision.

18 Sec. _____. FUTURE REPEAL.

19 1. The sections of this division of this Act
20 amending sections 7E.6, 13.7, 428.4, 441.19, 441.35,
21 441.38, 441.39, 441.43, 441.49, and 445.60, and
22 enacting sections 421.1A and 441.37A, are repealed
23 effective July 1, 2013.

24 2. The portion of the section of this division of
25 this Act amending section 441.28 relating only to the
26 property assessment appeal board is repealed effective
27 July 1, 2013."

28 6. Page 5, line 6, by striking the word "to" and
29 inserting the following: "property tax assessment,
30 to".

31 7. Page 5, line 7, by inserting after the word
32 "gasoline," the following: "to issuance of revenue
33 bonds,".

34 8. By renumbering as necessary.

By HOFFMAN of Crawford

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 868

S-3328

1 Amend the Senate amendment, H-1633, to House File
2 868, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 2, by inserting after line 43, the
5 following:

6 "____. Page 25, by inserting after line 18, the
7 following:

8 "Sec. _____. OPERATIONAL EXPENSES. Moneys that are
9 appropriated to the department of economic development
10 pursuant to section 15G.111, if enacted, for deposit
11 in workforce training and economic development funds
12 of community colleges may be used by community
13 colleges for operational expenses associated with
14 vocational technical training."

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

17 "____. Page 57, by inserting after line 16 the
18 following:

19 "Sec. _____. Section 15E.305, subsection 2, Code
20 2005, is amended to read as follows:

21 2. The aggregate amount of tax credits authorized
22 pursuant to this section shall not exceed a total of
23 two million dollars annually. The maximum amount of
24 tax credits granted to a taxpayer shall not exceed
25 five percent of the aggregate amount of tax credits
26 authorized."

27 _____. Page 59, line 14, by inserting after the
28 word "issued" the following: "each calendar year".

29 3. Page 3, line 14, by striking the word
30 "state." and inserting the following: "state."

31 4. Page 3, by inserting after line 14 the
32 following:

33 "Sec. _____. Section 452A.3, Code 2005, is amended
34 by adding the following new subsection:

35 NEW SUBSECTION. 1C. The rate of the excise tax on
36 E-85 gasoline imposed in subsection 1B shall be
37 determined based on the number of gallons of E-85
38 gasoline that is distributed in this state during the
39 previous calendar year. The department shall
40 determine the actual tax paid for E-85 gasoline for
41 each period beginning January 1 and ending December
42 31. The amount of the tax paid on E-85 gasoline
43 during the past calendar year shall be compared to the
44 amount of tax on E-85 gasoline that would have been
45 paid using the tax rate for gasoline imposed in
46 subsection 1 or 1A and a difference shall be
47 established. If this difference is equal to or
48 greater than twenty-five thousand dollars, the tax
49 rate for E-85 gasoline for the period beginning July 1
50 following the end of the determination period shall be

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1 the rate in effect as stated in subsection 1 or 1A.

2 Sec. ____ . STUDY. The state department of
3 transportation shall review the current revenue levels
4 of the road use tax fund and its sufficiency for the
5 projected construction and maintenance needs of city,
6 county, and state governments in the future. The
7 department shall submit a written report to the
8 general assembly regarding its findings on or before
9 December 31, 2006. The report may include
10 recommendations concerning funding levels needed to
11 support the future mobility and accessibility for
12 users of Iowa's public road system.

13 Sec. ____ . EFFECTIVE DATE. The sections of this
14 division of this Act amending chapter 452A take effect
15 January 1, 2006."

16 5. Page 5, by inserting after line 4, the
17 following:

18 " ____ . Page 59, by inserting after line 35, the
19 following:

"DIVISION

PORT AUTHORITIES

22 Sec. ____ . Section 12.30, subsection 1, paragraph
23 a, Code 2005, is amended to read as follows:

24 a. "Authority" means a department, or public or
25 quasi-public instrumentality of the state including,
26 but not limited to, the authority created under
27 chapter 12E, 16, 16A, 175, 257C, 261A, or 327I, which
28 has the power to issue obligations, except that
29 "authority" does not include the state board of
30 regents or the Iowa finance authority to the extent it
31 acts pursuant to chapter 260C. "Authority" also
32 includes a port authority created under chapter 28J.

33 Sec. ____ . NEW SECTION. 28J.1 DEFINITIONS.

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

36 1. "Authorized purposes" means an activity that
37 enhances, fosters, aids, provides, or promotes
38 transportation, economic development, housing,
39 recreation, education, governmental operations,
40 culture, or research within the jurisdiction of a port
41 authority.

42 2. "Board" means the board of directors of a port
43 authority established pursuant to section 28J.2.

44 3. "City" means the same as defined in section
45 362.2.

46 4. "Construction" means alteration, creation,
47 development, enlargement, erection, improvement,
48 installation, reconstruction, remodeling, and
49 renovation.

50 5. "Contracting governmental agency" means any

1 governmental agency or taxing district of the state
2 that, by action of its legislative authority, enters
3 into an agreement with a port authority pursuant to
4 section 28J.17.

5 6. "Cost" as applied to a port authority facility
6 means any of the following:

7 a. The cost of construction contracts, land,
8 rights-of-way, property rights, easements, franchise
9 rights, and interests required for acquisition or
10 construction.

11 b. The cost of demolishing or removing any
12 buildings or structures on land, including the cost of
13 acquiring any lands to which those buildings or
14 structures may be moved.

15 c. The cost of diverting a highway, interchange of
16 a highway, and access roads to private property,
17 including the cost of land or easements, and
18 relocation of a facility of a utility company or
19 common carrier.

20 d. The cost of machinery, furnishings, equipment,
21 financing charges, interest prior to and during
22 construction and for no more than twelve months after
23 completion of construction, engineering, and expenses
24 of research and development with respect to a
25 facility.

26 e. Legal and administrative expenses, plans,
27 specifications, surveys, studies, estimates of cost
28 and revenues, engineering services, and other expenses
29 necessary or incident to determining the feasibility
30 or practicability of acquiring or constructing a
31 facility.

32 f. The interest upon the revenue bonds and pledge
33 orders during the period or estimated period of
34 construction and for twelve months thereafter, or for
35 twelve months after the acquisition date, reserve
36 funds as the port authority deems advisable in
37 connection with a facility and the issuance of port
38 authority revenue bonds and pledge orders.

39 g. The costs of issuance of port authority revenue
40 bonds and pledge orders.

41 h. The cost of diverting a rail line, rail spur
42 track, or rail spur track switch, including the cost
43 of land or easements, and relocation of a facility of
44 a utility company or common carrier.

45 i. The cost of relocating an airport's runways,
46 terminals, and related facilities including the cost
47 of land or easements, and relocation of a facility of
48 a utility company or common carrier.

49 7. "Facility" or "port authority facility" means
50 real or personal property owned, leased, or otherwise

1 controlled or financed by a port authority and related
2 to or in furtherance of one or more authorized
3 purposes.

4 8. "Governmental agency" means a department,
5 division, or other unit of state government of this
6 state or any other state, city, county, township, or
7 other governmental subdivision, or any other public
8 corporation or agency created under the laws of this
9 state, any other state, the United States, or any
10 department or agency thereof, or any agency,
11 commission, or authority established pursuant to an
12 interstate compact or agreement or combination
13 thereof.

14 9. "Person" means the same as defined in section
15 4.1.

16 10. "Pledge order" means a promise to pay out of
17 the net revenues of a port authority, which is
18 delivered to a contractor or other person in payment
19 of all or part of the cost of a facility.

20 11. "Political subdivision" means a city, county,
21 city-county consolidation, or multicounty
22 consolidation, or combination thereof.

23 12. "Political subdivisions comprising the port
24 authority" means the political subdivisions which
25 created or participated in the creation of the port
26 authority under section 28J.2, or which joined an
27 existing port authority under section 28J.4.

28 13. "Port authority" means an entity created
29 pursuant to section 28J.2.

30 14. "Port authority revenue bonds" means revenue
31 bonds and revenue refunding bonds issued pursuant to
32 section 28J.21.

33 15. "Public roads" means all public highways,
34 roads, and streets in this state, whether maintained
35 by the state or by a county or city.

36 16. "Revenues" means rental fees and other charges
37 received by a port authority for the use or services
38 of a facility, a gift or grant received with respect
39 to a facility, moneys received with respect to the
40 lease, sublease, sale, including installment sale or
41 conditional sale, or other disposition of a facility,
42 moneys received in repayment of and for interest on
43 any loans made by the port authority to a person or
44 governmental agency, proceeds of port authority
45 revenue bonds for payment of principal, premium, or
46 interest on the bonds authorized by the port
47 authority, proceeds from any insurance, condemnation,
48 or guarantee pertaining to the financing of the
49 facility, and income and profit from the investment of
50 the proceeds of port authority revenue bonds or of any

1 revenues.

2 Sec. ____ . NEW SECTION. 28J.2 CREATION AND POWERS
3 OF PORT AUTHORITY.

4 1. Two or more political subdivisions may create a
5 port authority under this chapter by resolution. If a
6 proposal to create a port authority receives a
7 favorable majority of the members of the elected
8 legislative body of the political subdivision, the
9 port authority is created at the time provided in the
10 resolution. The jurisdiction of a port authority
11 includes the territory described in section 28J.8.

12 2. A port authority created pursuant to this
13 section may sue and be sued, complain, and defend in
14 its name and has the powers and jurisdiction
15 enumerated in this chapter.

16 3. At the time a port authority is created
17 pursuant to this section, the political subdivisions
18 comprising the port authority may restrict the powers
19 granted the port authority pursuant to this chapter by
20 specifically adopting such restrictions in the
21 resolution creating the port authority.

22 4. The political subdivisions comprising the port
23 authority whose powers have been restricted pursuant
24 to subsection 3 may at any time adopt a resolution to
25 grant additional powers to the port authority, so long
26 as the additional powers do not exceed the powers
27 permitted under this chapter.

28 Sec. ____ . NEW SECTION. 28J.3 APPROPRIATION AND
29 EXPENDITURE OF PUBLIC FUNDS -- DISSOLUTION.

30 1. The political subdivisions comprising a port
31 authority may appropriate and expend public funds to
32 finance or subsidize the operation and authorized
33 purposes of the port authority. A port authority
34 shall control tax revenues allocated to the facilities
35 the port authority administers and all revenues
36 derived from the operation of the port authority, the
37 sale of its property, interest on investments, or from
38 any other source related to the port authority.

39 2. All revenues received by the port authority
40 shall be held in a separate fund in a manner agreed to
41 by the political subdivisions comprising the port
42 authority. Revenues may be paid out only at the
43 direction of the board of directors of the port
44 authority.

45 3. A port authority shall comply with section
46 331.341, subsections 1, 2, 4, and 5, and section
47 331.342, when contracting for public improvements.

48 4. Subject to making due provisions for payment
49 and performance of any outstanding obligations, the
50 political subdivisions comprising the port authority

1 may dissolve the port authority, and transfer the
2 property of the port authority to the political
3 subdivisions comprising the port authority in a manner
4 agreed upon between the political subdivisions
5 comprising the port authority prior to the dissolution
6 of the port authority.

7 Sec. ____ . NEW SECTION. 28J.4 JOINING AN EXISTING
8 PORT AUTHORITY.

9 1. A political subdivision which is contiguous to
10 either a political subdivision which participated in
11 the creation of the port authority or a political
12 subdivision which proposes to join the port authority
13 at the same time which is contiguous to a political
14 subdivision which participated in the creation of the
15 port authority may join the port authority by
16 resolution.

17 2. If more than one such political subdivision
18 proposes to join the port authority at the same time,
19 the resolution of each such political subdivision
20 shall designate the political subdivisions which are
21 to be so joined.

22 3. Any territory or city not included in a port
23 authority which is annexed to a city included within
24 the jurisdiction of a port authority shall, on such
25 annexation and without further proceedings, be annexed
26 to and be included in the jurisdiction of the port
27 authority.

28 4. Before a political subdivision is joined to a
29 port authority, other than by annexation to a city,
30 the political subdivisions comprising the port
31 authority shall agree upon the terms and conditions
32 pursuant to which such political subdivision is to be
33 joined.

34 5. For the purpose of this chapter, such political
35 subdivision shall be considered to have participated
36 in the creation of the port authority, except that the
37 initial term of any director of the port authority
38 appointed by a joining political subdivision shall be
39 four years.

40 6. After each resolution proposing a political
41 subdivision to join a port authority has become
42 effective and the terms and conditions of joining the
43 port authority have been agreed to, the board of
44 directors of the port authority shall by resolution
45 either accept or reject the proposal. Such proposal
46 to join a port authority shall be effective upon
47 adoption of the resolution by the board of directors
48 of the port authority and thereupon the jurisdiction
49 of the port authority includes the joining political
50 subdivision.

1 Sec. ____ . NEW SECTION. 28J.5 MEMBERSHIP OF BOARD
2 OF DIRECTORS.

3 1. A port authority created pursuant to section
4 28J.2 shall be governed by a board of directors.
5 Members of a board of directors of a port authority
6 shall be divided among the political subdivisions
7 comprising the port authority in such proportions as
8 the political subdivisions may agree and shall be
9 appointed by the respective political subdivision's
10 elected legislative body.

11 2. The number of directors comprising the board
12 shall be determined by agreement between the political
13 subdivisions comprising the port authority, and which
14 number may be changed by resolution of the political
15 subdivisions comprising the port authority.

16 3. A majority of the directors shall have been
17 qualified electors of, or owned a business or been
18 employed in, one or more political subdivisions within
19 the area of the jurisdiction of the port authority for
20 a period of at least three years preceding
21 appointment.

22 4. The directors of a port authority first
23 appointed shall serve staggered terms. Thereafter
24 each successor director shall serve for a term of four
25 years, except that any person appointed to fill a
26 vacancy shall be appointed to only the unexpired term.
27 A director is eligible for reappointment.

28 5. The board may provide procedures for the
29 removal of a director who fails to attend three
30 consecutive regular meetings of the board. If a
31 director is so removed, a successor shall be appointed
32 for the remaining term of the removed director in the
33 same manner provided for the original appointment.
34 The appointing body may at any time remove a director
35 appointed by it for misfeasance, nonfeasance, or
36 malfeasance in office.

37 6. The board may adopt bylaws and shall elect one
38 director as chairperson and one director as vice
39 chairperson, designate terms of office, and appoint a
40 secretary who need not be a director.

41 7. A majority of the board of directors shall
42 constitute a quorum for the purpose of holding a
43 meeting of the board. The affirmative vote of a
44 majority of a quorum shall be necessary for any action
45 taken by the port authority unless the board
46 determines that a greater number of affirmative votes
47 is necessary for particular actions to be taken by the
48 port authority. A vacancy in the membership of the
49 board shall not impair the rights of a quorum to
50 exercise all the rights and perform all the duties of

1 the port authority.

2 8. Each director shall be entitled to receive from
3 the port authority such sum of money as the board may
4 determine as compensation for services as a director
5 and reimbursement for reasonable expenses in the
6 performance of official duties.

7 Sec. ____ . NEW SECTION. 28J.6 CIVIL IMMUNITY OF
8 DIRECTORS.

9 A director of a port authority shall not be
10 personally liable for any monetary damages that arise
11 from actions taken in the performance of the
12 director's official duties, except for acts or
13 omissions that are not in good faith or that involve
14 intentional misconduct, a knowing violation of law, or
15 any transaction from which the director derived an
16 improper personal benefit.

17 Sec. ____ . NEW SECTION. 28J.7 EMPLOYEES, ADVISORY
18 BOARD, PEACE OFFICERS.

19 1. A port authority shall employ and fix the
20 qualifications, duties, and compensation of any
21 employees and enter into contracts for any services
22 that may be required to conduct the business of the
23 port authority, and may appoint an advisory board,
24 which shall serve without compensation.

25 2. An employee of a port authority is a public
26 employee for the purposes of collective bargaining
27 under chapter 20.

28 3. a. A port authority may provide for the
29 administration and enforcement of the laws of the
30 state by employing peace officers who shall have all
31 the powers conferred by law on peace officers of this
32 state with regard to the apprehension of violators
33 upon all property under its control within and without
34 the port authority. The peace officers may seek the
35 assistance of other appropriate law enforcement
36 officers to enforce its rules and maintain order.

37 b. Peace officers employed by a port authority
38 shall meet all requirements as police officers
39 appointed under the civil service law of chapter 400
40 and shall participate in the retirement system
41 established by chapter 411.

42 c. Peace officers employed by a port authority
43 shall serve as a peace officer force with respect to
44 the property, grounds, buildings, equipment, and
45 facilities under the control of the port authority, to
46 prevent hijacking of aircraft or watercraft, protect
47 the property of the authority and the property of
48 others located thereon, suppress nuisances and
49 disturbances and breaches of the peace, and enforce
50 laws and the rules of the port authority for the

1 preservation of good order. Peace officers are vested
2 with the same powers of arrest as peace officers under
3 section 804.7.

4 4. If an employee of a political subdivision
5 comprising the port authority is transferred to a
6 comparable position with the port authority, the
7 employee is entitled to suffer no loss in pay,
8 pension, fringe benefits, or other benefits and shall
9 be entitled to a comparable rank and grade as the
10 employee's prior position. Sick leave, longevity, and
11 vacation time accrued to such employees shall be
12 credited to them as employees of the port authority.
13 All rights and accruals of such employees as members
14 of the Iowa public employees' retirement system
15 pursuant to chapter 97B and the retirement system for
16 police officers pursuant to chapter 411 shall remain
17 in force and shall be automatically transferred to the
18 port authority.

19 Sec. ____ . NEW SECTION. 28J.8 AREA OF
20 JURISDICTION.

21 1. The area of jurisdiction of a port authority
22 shall include all of the territory of the political
23 subdivisions comprising the port authority and, if the
24 port authority owns or leases a railroad line or
25 airport, the territory on which the railroad's line,
26 terminals, and related facilities or the airport's
27 runways, terminals, and related facilities are
28 located, regardless of whether the territory is
29 located in the political subdivisions comprising the
30 port authority.

31 2. A political subdivision that has created a port
32 authority or joined an existing port authority shall
33 not be included in any other port authority.

34 Sec. ____ . NEW SECTION. 28J.9 POWERS OF PORT
35 AUTHORITY.

36 A port authority may exercise all of the following
37 powers:

- 38 1. Adopt bylaws for the regulation of the port
39 authority's affairs and the conduct of the port
40 authority's business.
- 41 2. Adopt an official seal.
- 42 3. Maintain a principal office and branch offices
43 within the port authority's jurisdiction.
- 44 4. Acquire, construct, furnish, equip, maintain,
45 repair, sell, exchange, lease, lease with an option to
46 purchase, convey interests in real or personal
47 property, and operate any property of the port
48 authority in connection with transportation,
49 recreational, governmental operations, or cultural
50 activities in furtherance of an authorized purpose.

- 1 5. Straighten, deepen, and improve any channel,
2 river, stream, or other watercourse or way which may
3 be necessary or proper in the development of the
4 facilities of the port authority.
- 5 6. Make available the use or services of any
6 facility of the port authority to any person or
7 governmental agency.
- 8 7. Issue bonds or pledge orders pursuant to the
9 requirements and limitations in section 28J.21.
- 10 8. Issue port authority revenue bonds beyond the
11 limit of bonded indebtedness provided by law, payable
12 solely from revenues as provided in section 28J.21,
13 for the purpose of providing funds to pay the costs of
14 any facility or facilities of the port authority or
15 parts thereof.
- 16 9. Apply to the proper authorities of the United
17 States for the right to establish, operate, and
18 maintain foreign trade zones and establish, operate,
19 and maintain foreign trade zones and to acquire,
20 exchange, sell, lease to or from, lease with an option
21 to purchase, or operate facilities, land, or property
22 in accordance with the federal Foreign Trade Zones
23 Act, 19 U.S.C. § 81a-81u.
- 24 10. Enjoy and possess the same legislative and
25 executive rights, privileges, and powers granted
26 cities under chapter 364 and counties under chapter
27 331, including the exercise of police power but
28 excluding the power to levy taxes.
- 29 11. Maintain such funds as it considers necessary
30 and adhere to the public funds investment standards of
31 chapter 12B, as applicable.
- 32 12. Direct port authority agents or employees,
33 after at least five days' written notice, to enter
34 upon lands within the port authority's jurisdiction to
35 make surveys and examinations preliminary to location
36 and construction of works for the port authority,
37 without liability of the port authority or its agents
38 or employees except for actual damages.
- 39 13. Promote, advertise, and publicize the port
40 authority and its facilities, and provide information
41 to shippers and other commercial interests.
- 42 14. Adopt bylaws, not in conflict with state or
43 federal law, necessary or incidental to the
44 performance of the duties of and the execution of the
45 powers of the port authority under this chapter.
- 46 15. Do any of the following in regard to interests
47 in real or personal property, including machinery,
48 equipment, plants, factories, offices, and other
49 structures and facilities related to or in furtherance
50 of any authorized purpose as the board in its sole

- 1 discretion may determine:
- 2 a. Loan money to any person or governmental agency
- 3 for the acquisition, construction, furnishing, or
- 4 equipping of the property.
- 5 b. Acquire, construct, maintain, repair, furnish,
- 6 or equip the property.
- 7 c. Sell to, exchange with, lease, convey other
- 8 interests in, or lease with an option to purchase the
- 9 same or any lesser interest in the property to the
- 10 same or any other person or governmental agency.
- 11 d. Guarantee the obligations of any person or
- 12 governmental agency.
- 13 e. Accept and hold as consideration for the
- 14 conveyance of property or any interest therein such
- 15 property or interests therein as the board may
- 16 determine, notwithstanding any restrictions that apply
- 17 to the investment of funds by a port authority.
- 18 16. Sell, lease, or convey other interests in real
- 19 and personal property, and grant easements or rights-
- 20 of-way over property of the port authority. The board
- 21 shall specify the consideration and terms for the
- 22 sale, lease, or conveyance of other interests in real
- 23 and personal property. A determination made by the
- 24 board under this subsection shall be conclusive. The
- 25 sale, lease, or conveyance may be made without
- 26 advertising and the receipt of bids.
- 27 17. Enter into an agreement with a political
- 28 subdivision comprising the port authority for the
- 29 political subdivision to exercise its right of eminent
- 30 domain pursuant to chapters 6A and 6B on behalf of the
- 31 port authority. However, a condemnation exercised on
- 32 behalf of a port authority pursuant to this subsection
- 33 shall not take or disturb property or a facility
- 34 belonging to a governmental agency, utility company,
- 35 or common carrier, which property or facility is
- 36 necessary and convenient in the operation of the
- 37 governmental agency, utility company, or common
- 38 carrier, unless provision is made for the restoration,
- 39 relocation, or duplication of such property or
- 40 facility, or upon the election of the governmental
- 41 agency, utility company, or common carrier, for the
- 42 payment of compensation, if any, at the sole cost of
- 43 the port authority, provided that both of the
- 44 following apply:
- 45 a. If a restoration or duplication proposed to be
- 46 made under this subsection involves a relocation of
- 47 the property or facility, the new facility and
- 48 location shall be of at least comparable utilitarian
- 49 value and effectiveness and shall not impair the
- 50 ability of the utility company or common carrier to

1 compete in its original area of operation.

2 b. If a restoration or duplication made under this
3 subsection involves a relocation of the property or
4 facility, the port authority shall acquire no interest
5 or right in or to the appropriated property or
6 facility, until the relocated property or facility is
7 available for use and until marketable title thereto
8 has been transferred to the utility company or common
9 carrier.

10 18. a. Make and enter into all contracts and
11 agreements and execute all instruments necessary or
12 incidental to the performance of the duties of and the
13 execution of powers of the port authority under this
14 chapter.

15 b. Except as provided in paragraph "c", when the
16 cost of a contract for the construction of a building,
17 structure, or other improvement undertaken by a port
18 authority involves an expenditure exceeding twenty-
19 five thousand dollars, and the port authority is the
20 contracting entity, the port authority shall make a
21 written contract after notice calling for bids for the
22 award of the contract has been given by publication
23 twice, with at least seven days between publications,
24 in a newspaper of general circulation in the area of
25 the port authority. Each such contract shall be let
26 to the lowest responsive and responsible bidder.
27 Every contract shall be accompanied by or shall refer
28 to plans and specifications for the work to be done,
29 prepared for and approved by the port authority, and
30 signed by an authorized officer of the port authority
31 and by the contractor.

32 c. The board of directors may provide criteria for
33 the negotiation and award without competitive bidding
34 of any contract as to which the port authority is the
35 contracting entity for the construction of any
36 building or structure or other improvement under any
37 of the following circumstances:

38 (1) A real and present emergency exists that
39 threatens damage or injury to persons or property of
40 the port authority or other persons, provided that a
41 statement specifying the nature of the emergency that
42 is the basis for the negotiation and award of a
43 contract without competitive bidding shall be signed
44 by the officer of the port authority that executes
45 that contract at the time of the contract's execution
46 and shall be attached to the contract.

47 (2) A commonly recognized industry or other
48 standard or specification does not exist and cannot
49 objectively be articulated for the improvement.

50 (3) The contract is for any energy conservation

1 measure as defined in section 7D.34.

2 (4) With respect to material to be incorporated
3 into the improvement, only a single source or supplier
4 exists for the material.

5 (5) A single bid is received by the port authority
6 after complying with the provisions of paragraph "b".

7 d. (1) If a contract is to be negotiated and
8 awarded without competitive bidding for the reason set
9 forth in paragraph "c", subparagraph (2), the port
10 authority shall publish a notice calling for technical
11 proposals at least twice, with at least seven days
12 between publications, in a newspaper of general
13 circulation in the area of the port authority. After
14 receipt of the technical proposals, the port authority
15 may negotiate with and award a contract for the
16 improvement to the person making the proposal
17 considered to be the most advantageous to the port
18 authority.

19 (2) If a contract is to be negotiated and awarded
20 without competitive bidding for the reason set forth
21 in paragraph "c", subparagraph (4), construction
22 activities related to the incorporation of the
23 material into the improvement also may be provided
24 without competitive bidding by the source or supplier
25 of that material.

26 e. A purchase, exchange, sale, lease, lease with
27 an option to purchase, conveyance of other interests
28 in, or other contract with a person or governmental
29 agency that pertains to the acquisition, construction,
30 maintenance, repair, furnishing, equipping, or
31 operation of any real or personal property, related to
32 or in furtherance of economic development and the
33 provision of adequate housing, shall be made in such
34 manner and subject to such terms and conditions as may
35 be determined in the board's discretion. This
36 paragraph applies to all contracts that are subject to
37 this section, notwithstanding any other provision of
38 law that might otherwise apply, including a
39 requirement of notice, competitive bidding or
40 selection, or for the provision of security. However,
41 this paragraph shall not apply to a contract secured
42 exclusively by or to be paid exclusively from the
43 general revenues of the port authority. For the
44 purposes of this paragraph, any revenues derived by
45 the port authority under a lease or other agreement
46 that, by its terms, contemplates the use of amounts
47 payable under the agreement either to pay the costs of
48 the improvement that is the subject of the contract or
49 to secure obligations of the port authority issued to
50 finance costs of such improvement, are excluded from

1 general revenues.
 2 19. Employ managers, superintendents, and other
 3 employees and retain or contract with consulting
 4 engineers, financial consultants, accounting experts,
 5 architects, attorneys, and any other consultants and
 6 independent contractors as are necessary in the port
 7 authority's judgment to carry out this chapter, and
 8 fix the compensation thereof. All expenses thereof
 9 shall be payable from any available funds of the port
 10 authority or from funds appropriated for that purpose
 11 by the political subdivisions comprising the port
 12 authority.

13 20. Receive and accept from a governmental agency
 14 grants and loans for the construction of a port
 15 authority facility, for research and development with
 16 respect to a port authority facility, or any other
 17 authorized purpose, and receive and accept aid or
 18 contributions from any source of moneys, property,
 19 labor, or other things of value, to be held, used, and
 20 applied only for the purposes for which the grants,
 21 loans, aid, or contributions are made.

22 21. Engage in research and development with
 23 respect to a port authority facility.

24 22. Purchase fire and extended coverage and
 25 liability insurance for a port authority facility and
 26 for the principal office and branch offices of the
 27 port authority, insurance protecting the port
 28 authority and its officers and employees against
 29 liability for damage to property or injury to or death
 30 of persons arising from its operations, and any other
 31 insurance the port authority may agree to provide
 32 under a resolution authorizing port authority revenue
 33 bonds, pledge orders, or in any trust agreement
 34 securing the same.

35 23. Charge, alter, and collect rental fees and
 36 other charges for the use or services of a port
 37 authority facility as provided in section 28J.16.

38 24. Perform all acts necessary or proper to carry
 39 out the powers expressly granted in this chapter.

40 Sec. ____ . NEW SECTION. 28J.10 PARTICIPATION OF
 41 PRIVATE ENTERPRISE.

42 The port authority shall foster and encourage the
 43 participation of private enterprise in the development
 44 of the port authority facilities to the fullest extent
 45 practicable in the interest of limiting the necessity
 46 of construction and operation of the facilities by the
 47 port authority.

48 Sec. ____ . NEW SECTION. 28J.11 PROVISIONS DO NOT
 49 AFFECT OTHER LAWS OR POWERS.

50 This chapter shall not do any of the following:

1 1. Impair a provision of law directing the payment
2 of revenues derived from public property into sinking
3 funds or dedicating those revenues to specific
4 purposes.

5 2. Impair the powers of a political subdivision to
6 develop or improve a port and terminal facility except
7 as restricted by section 28J.15.

8 3. Enlarge, alter, diminish, or affect in any way,
9 a lease or conveyance made, or action taken prior to
10 the creation of a port authority under section 28J.2
11 by a city or a county.

12 4. Impair or interfere with the exercise of a
13 permit for the removal of sand or gravel, or other
14 similar permits issued by a governmental agency.

15 5. Impair or contravene applicable federal
16 regulations.

17 Sec. ____ . NEW SECTION. 28J.12 CONVEYANCE, LEASE,
18 OR EXCHANGE OF PUBLIC PROPERTY.

19 A port authority may convey or lease, lease with an
20 option to purchase, or exchange with any governmental
21 agency or other port authority without competitive
22 bidding and on mutually agreeable terms, any personal
23 or real property, or any interest therein.

24 Sec. ____ . NEW SECTION. 28J.13 ANNUAL BUDGET --
25 USE OF RENTS AND CHARGES.

26 The board shall annually prepare a budget for the
27 port authority. Revenues received by the port
28 authority shall be used for the general expenses of
29 the port authority and to pay interest, amortization,
30 and retirement charges on money borrowed. Except as
31 provided in section 28J.26, if there remains, at the
32 end of any fiscal year, a surplus of such funds after
33 providing for the above uses, the board shall pay such
34 surplus into the general funds of the political
35 subdivisions comprising the port authority as agreed
36 to by the subdivisions.

37 Sec. ____ . NEW SECTION. 28J.14 SECRETARY TO
38 FURNISH BOND -- DEPOSIT AND DISBURSEMENT OF FUNDS.

39 Before receiving any revenues, the secretary of a
40 port authority shall furnish a bond in such amount as
41 shall be determined by the port authority with
42 sureties satisfactory to the port authority, and all
43 funds coming into the hands of the secretary shall be
44 deposited by the secretary to the account of the port
45 authority in one or more such depositories as shall be
46 qualified to receive deposits of county funds, which
47 deposits shall be secured in the same manner as county
48 funds are required to be secured. A disbursement
49 shall not be made from such funds except in accordance
50 with policies and procedures adopted by the port

1 authority.

2 Sec. ____ . NEW SECTION. 28J.15 LIMITATION ON
3 CERTAIN POWERS OF POLITICAL SUBDIVISIONS.

4 A political subdivision creating or participating
5 in the creation of a port authority in accordance with
6 section 28J.2 shall not, during the time the port
7 authority is in existence, exercise the rights and
8 powers provided in chapters 28A, 28K, and 384 relating
9 to the political subdivision's authority over a port,
10 wharf, dock, harbor or other facility substantially
11 similar to that political subdivision's authority
12 under a port authority granted under this chapter.

13 Sec. ____ . NEW SECTION. 28J.16 RENTALS OR CHARGES
14 FOR USE OR SERVICES OF FACILITIES -- AGREEMENTS WITH
15 GOVERNMENTAL AGENCIES.

16 a. A port authority may charge, alter, and
17 collect rental fees or other charges for the use or
18 services of any port authority facility and contract
19 for the use or services of a facility, and fix the
20 terms, conditions, rental fees, or other charges for
21 the use or services.

22 b. If the services are furnished in the
23 jurisdiction of the port authority by a utility
24 company or a common carrier, the port authority's
25 charges for the services shall not be less than the
26 charges established for the same services furnished by
27 a utility company or common carrier in the port
28 authority jurisdiction.

29 c. The rental fees or other charges shall not be
30 subject to supervision or regulation by any other
31 authority, commission, board, bureau, or governmental
32 agency of the state and the contract may provide for
33 acquisition of all or any part of the port authority
34 facility for such consideration payable over the
35 period of the contract or otherwise as the port
36 authority determines to be appropriate, but subject to
37 the provisions of any resolution authorizing the
38 issuance of port authority revenue bonds or any trust
39 agreement securing the bonds.

40 d. A governmental agency that has power to
41 construct, operate, and maintain a port authority
42 facility may enter into a contract or lease with a
43 port authority for the use or services of a port
44 authority facility as may be agreed to by the port
45 authority and the governmental agency.

46 2. a. A governmental agency may cooperate with
47 the port authority in the acquisition or construction
48 of a port authority facility and shall enter into such
49 agreements with the port authority as may be
50 appropriate, which shall provide for contributions by

1 the parties in a proportion as may be agreed upon and
2 other terms as may be mutually satisfactory to the
3 parties including the authorization of the
4 construction of the facility by one of the parties
5 acting as agent for all of the parties and the
6 ownership and control of the facility by the port
7 authority to the extent necessary or appropriate.

8 b. A governmental agency may provide funds for the
9 payment of any contribution required under such
10 agreements by the levy of taxes or assessments if
11 otherwise authorized by the laws governing the
12 governmental agency in the construction of the type of
13 port authority facility provided for in the
14 agreements, and may pay the proceeds from the
15 collection of the taxes or assessments; or the
16 governmental agency may issue bonds or notes, if
17 authorized by law, in anticipation of the collection
18 of the taxes or assessments, and may pay the proceeds
19 of the bonds or notes to the port authority pursuant
20 to such agreements.

21 c. A governmental agency may provide the funds for
22 the payment of a contribution by the appropriation of
23 moneys or, if otherwise authorized by law, by the
24 issuance of bonds or notes and may pay the
25 appropriated moneys or the proceeds of the bonds or
26 notes to the port authority pursuant to such
27 agreements.

28 3. When the contribution of any governmental
29 agency is to be made over a period of time from the
30 proceeds of the collection of special assessments, the
31 interest accrued and to accrue before the first
32 installment of the assessments is collected, which is
33 payable by the governmental agency on the contribution
34 under the terms and provisions of the agreements,
35 shall be treated as part of the cost of the
36 improvement for which the assessments are levied, and
37 that portion of the assessments that is collected in
38 installments shall bear interest at the same rate as
39 the governmental agency is obligated to pay on the
40 contribution under the terms and provisions of the
41 agreements and for the same period of time as the
42 contribution is to be made under the agreements. If
43 the assessment or any installment thereof is not paid
44 when due, it shall bear interest until the payment
45 thereof at the same rate as the contribution and the
46 county auditor shall annually place on the tax list
47 and duplicate the interest applicable to the
48 assessment and the penalty thereon as otherwise
49 authorized by law.

50 4. A governmental agency, pursuant to a favorable

1 vote in an election regarding issuing bonds to provide
2 funds to acquire, construct, or equip, or provide real
3 estate and interests in real estate for a port
4 authority facility, whether or not the governmental
5 agency at the time of the election had the authority
6 to pay the proceeds from the bonds or notes issued in
7 anticipation of the bonds to the port authority as
8 provided in this section, may issue such bonds or
9 notes in anticipation of the issuance of the bonds and
10 pay the proceeds of the bonds or notes to the port
11 authority in accordance with an agreement with the
12 port authority; provided, that the legislative
13 authority of the governmental agency finds and
14 determines that the port authority facility to be
15 acquired or constructed in cooperation with the
16 governmental agency will serve the same public purpose
17 and meet substantially the same public need as the
18 facility otherwise proposed to be acquired or
19 constructed by the governmental agency with the
20 proceeds of the bonds and notes.

21 Sec. ____ . NEW SECTION. 28J.17 CONTRACTS,
22 ARRANGEMENTS, AND AGREEMENTS.

23 1. a. A port authority may enter into a contract
24 or other arrangement with a person, railroad, utility
25 company, corporation, governmental agency including
26 sewerage, drainage, conservation, conservancy, or
27 other improvement districts in this or other states,
28 or the governments or agencies of foreign countries as
29 may be necessary or convenient for the exercise of the
30 powers granted by this chapter. The port authority
31 may purchase, lease, or acquire land or other property
32 in any county of this state and in adjoining states
33 for the accomplishment of authorized purposes of the
34 port authority, or for the improvement of the harbor
35 and port facilities over which the port authority may
36 have jurisdiction including development of port
37 facilities in adjoining states. The authority granted
38 in this section to enter into contracts or other
39 arrangements with the federal government includes the
40 power to enter into any contracts, arrangements, or
41 agreements that may be necessary to hold and save
42 harmless the United States from damages due to the
43 construction and maintenance by the United States of
44 work the United States undertakes.

45 b. A political subdivision that has participated
46 in the creation of a port authority, or is within, or
47 adjacent to a political subdivision that is within the
48 jurisdiction of a port authority, may enter into an
49 agreement with the port authority to accomplish any of
50 the authorized purposes of the port authority. The

1 agreement may set forth the extent to which the port
2 authority shall act as the agent of the political
3 subdivision.

4 2. A port authority may enter into an agreement
5 with a contracting governmental agency, whereby the
6 port authority or the contracting governmental agency
7 undertakes, and is authorized by the port authority or
8 a contracting governmental agency, to exercise any
9 power, perform any function, or render any service, on
10 behalf of the port authority or a contracting
11 governmental agency, which the port authority or the
12 contracting governmental agency is authorized to
13 exercise, perform, or render.

14 Sec. ____ . NEW SECTION. 28J.18 REVENUE BONDS ARE
15 LAWFUL INVESTMENTS.

16 Port authority revenue bonds issued pursuant to
17 this chapter are lawful investments of banks, credit
18 unions, trust companies, savings and loan
19 associations, deposit guaranty associations, insurance
20 companies, trustees, fiduciaries, trustees or other
21 officers having charge of the bond retirement funds or
22 sinking funds of port authorities and governmental
23 agencies, and taxing districts of this state, the
24 pension and annuity retirement system, the Iowa public
25 employees' retirement system, the police and fire
26 retirement systems under chapters 410 and 411, a
27 revolving fund of a governmental agency of this state,
28 and are acceptable as security for the deposit of
29 public funds under chapter 12C.

30 Sec. ____ . NEW SECTION. 28J.19 PROPERTY TAX
31 EXEMPTION.

32 A port authority shall be exempt from and shall not
33 be required to pay taxes on real property belonging to
34 a port authority that is used exclusively for an
35 authorized purpose as provided in section 427.1,
36 subsection 34.

37 Sec. ____ . NEW SECTION. 28J.20 LOANS FOR
38 ACQUISITION OR CONSTRUCTION OF FACILITY -- SALE OF
39 FACILITY -- POWER TO ENCUMBER PROPERTY.

40 1. With respect to the financing of a facility for
41 an authorized purpose, under an agreement whereby the
42 person to whom the facility is to be leased,
43 subleased, or sold, or to whom a loan is to be made
44 for the facility, is to make payments sufficient to
45 pay all of the principal of, premium, and interest on
46 the port authority revenue bonds issued for the
47 facility, the port authority, in addition to other
48 powers under this chapter, may do any of the
49 following:

50 a. Make loans for the acquisition or construction

1 of the facility to such person upon such terms as the
2 port authority may determine or authorize including
3 secured or unsecured loans, and enter into loan
4 agreements and other agreements, accept notes and
5 other forms of obligation to evidence such
6 indebtedness and mortgages, liens, pledges,
7 assignments, or other security interests to secure
8 such indebtedness, which may be prior or subordinate
9 to or on a parity with other indebtedness,
10 obligations, mortgages, pledges, assignments, other
11 security interests, or liens or encumbrances, and take
12 actions considered appropriate to protect such
13 security and safeguard against losses, including,
14 without limitation, foreclosure and the bidding upon
15 and purchase of property upon foreclosure or other
16 sale.

17 b. Sell the facility under terms as the port
18 authority may determine, including sale by conditional
19 sale or installment sale, under which title may pass
20 prior to or after completion of the facility or
21 payment or provisions for payment of all principal of,
22 premium, and interest on the revenue bonds, or at any
23 other time provided in the agreement pertaining to the
24 sale, and including sale under an option to purchase
25 at a price which may be a nominal amount or less than
26 true value at the time of purchase.

27 c. Grant a mortgage, lien, or other encumbrance
28 on, or pledge or assignment of, or other security
29 interest with respect to, all or any part of the
30 facility, revenues, reserve funds, or other funds
31 established in connection with the bonds or with
32 respect to a lease, sublease, sale, conditional sale
33 or installment sale agreement, loan agreement, or
34 other agreement pertaining to the lease, sublease,
35 sale, or other disposition of a facility or pertaining
36 to a loan made for a facility, or a guaranty or
37 insurance agreement made with respect thereto, or an
38 interest of the port authority therein, or any other
39 interest granted, assigned, or released to secure
40 payments of the principal of, premium, or interest on
41 the bonds or to secure any other payments to be made
42 by the port authority, which mortgage, lien,
43 encumbrance, pledge, assignment, or other security
44 interest may be prior or subordinate to or on a parity
45 with any other mortgage, assignment, or other security
46 interest, or lien or encumbrance.

47 d. Contract for the acquisition or construction of
48 the facility or any part thereof and for the leasing,
49 subleasing, sale, or other disposition of the facility
50 in a manner determined by the port authority in its

1 sole discretion, without necessity for competitive
2 bidding or performance bonds.

3 e. Make appropriate provision for adequate
4 maintenance of the facility.

5 2. With respect to a facility referred to in this
6 section, the authority granted by this section is
7 cumulative and supplementary to all other authority
8 granted in this chapter. The authority granted by
9 this section does not alter or impair a similar
10 authority granted elsewhere in this chapter for or
11 with respect to other facilities.

12 Sec. ____ . NEW SECTION. 28J.21 ISSUANCE OF
13 REVENUE AND REFUNDING BONDS.

14 1. A port authority may issue revenue bonds and
15 pledge orders payable solely from the net revenues of
16 the port authority including the revenues generated
17 from a facility pursuant to section 28J.20. The
18 revenue bonds may be issued in such principal amounts
19 as, in the opinion of the port authority, are
20 necessary for the purpose of paying the cost of one or
21 more port authority facilities or parts thereof.

22 2. a. The resolution to issue the bonds must be
23 adopted at a regular or special meeting of the board
24 called for that purpose by a majority of the total
25 number of members of the board. The board shall fix a
26 date, time, and place of meeting at which it proposes
27 to take action, and give notice by publication in the
28 manner directed in section 331.305. The notice must
29 include a statement of the date, time, and place of
30 the meeting, the maximum amount of the proposed
31 revenue bonds, the purpose for which the revenue bonds
32 will be issued, and the net revenues to be used to pay
33 the principal and interest on the revenue bonds.

34 b. At the meeting the board shall receive oral or
35 written objections from any resident or property owner
36 within the jurisdiction of the port authority. After
37 all objections have been received and considered, the
38 board, at the meeting or a date to which it is
39 adjourned, may take additional action for the issuance
40 of the bonds or abandon the proposal to issue bonds.
41 Any resident or property owner within the jurisdiction
42 of the port authority may appeal a decision of the
43 board to take additional action in district court
44 within fifteen days after the additional action is
45 taken, but the additional action of the board is final
46 and conclusive unless the court finds that the board
47 exceeded its authority.

48 3. The board may sell revenue bonds or pledge
49 orders at public or private sale and may deliver
50 revenue bonds and pledge orders to the contractors,

1 sellers, and other persons furnishing materials and
2 services constituting a part of the cost of the port
3 authority facility in payment therefor. The pledge of
4 any net revenues of a port authority is valid and
5 effective as to all persons including but not limited
6 to other governmental bodies when it becomes valid and
7 effective between the port authority and the holders
8 of the revenue bonds or pledge orders.

9 4. A revenue bond is valid and binding for all
10 purposes if it bears the signatures or a facsimile of
11 the signature of the officer designated by the port
12 authority. Port authority revenue bonds may bear
13 dates, bear interest at rates not exceeding those
14 permitted by chapter 74A, bear interest at a variable
15 rate or rates changing from time to time in accordance
16 with a base or formula, mature in one or more
17 installments, be in registered form, carry
18 registration and conversion privileges, be payable as
19 to principal and interest at times and places, be
20 subject to terms of redemption prior to maturity with
21 or without premium, and be in one or more
22 denominations, all as provided by the resolution of
23 the board authorizing their issuance. The resolution
24 may also prescribe additional provisions, terms,
25 conditions, and covenants which the port authority
26 deems advisable, consistent with this chapter,
27 including provisions for creating and maintaining
28 reserve funds, the issuance of additional revenue
29 bonds ranking on a parity with such revenue bonds and
30 additional revenue bonds junior and subordinate to
31 such revenue bonds, and that such revenue bonds shall
32 rank on a parity with or be junior and subordinate to
33 any revenue bonds which may be then outstanding. Port
34 authority revenue bonds are a contract between the
35 port authority and holders and the resolution is a
36 part of the contract.

37 5. The port authority may issue revenue bonds to
38 refund revenue bonds, pledge orders, and other
39 obligations which are by their terms payable from the
40 net revenues of the same port authority, at lower, the
41 same, or higher rates of interest. A port authority
42 may sell refunding revenue bonds at public or private
43 sale and apply the proceeds to the payment of the
44 obligations being refunded, and may exchange refunding
45 revenue bonds in payment and discharge of the
46 obligations being refunded. The principal amount of
47 refunding revenue bonds may exceed the principal
48 amount of the obligations being refunded to the extent
49 necessary to pay any premium due on the call of the
50 obligations being refunded and to fund interest

1 accrued and to accrue on the obligations being
2 refunded.

3 6. The final maturity of any original issue of
4 port authority revenue bonds shall not exceed forty
5 years from the date of issue, and the final maturity
6 of port authority revenue bonds that refund
7 outstanding port authority revenue bonds shall not be
8 later than the later of forty years from the date of
9 issue of the original issue of bonds or the date by
10 which it is expected, at the time of issuance of the
11 refunding bonds, that the useful life of all of the
12 property refinanced with the proceeds of the bonds,
13 other than interests in land, will have expired. Such
14 bonds or notes shall be executed in a manner as the
15 resolution may provide.

16 7. The port authority may contract to pay an
17 amount not to exceed ninety-five percent of the
18 engineer's estimated value of the acceptable work
19 completed during the month to the contractor at the
20 end of each month for work, material, or services.
21 Payment may be made in warrants drawn on any fund from
22 which payment for the work may be made. If such funds
23 are depleted, anticipatory warrants may be issued
24 bearing a rate of interest not exceeding that
25 permitted by chapter 74A even if income from the sale
26 of bonds which have been authorized and are applicable
27 to the public improvement takes place after the fiscal
28 year in which the warrants are issued. If the port
29 authority arranges for the private sale of
30 anticipatory warrants, the warrants may be sold and
31 the proceeds used to pay the contractor. The warrants
32 may also be used to pay other persons furnishing
33 services constituting a part of the cost of the public
34 improvement.

35 8. Port authority revenue bonds, pledge orders,
36 and warrants issued under this section are negotiable
37 instruments.

38 9. The board may issue pledge orders pursuant to a
39 resolution adopted by a majority of the total number
40 of supervisors, at a regular or special meeting,
41 ordering their issuance and delivery in payment for
42 all or part of the cost of a project. Pledge orders
43 may bear interest at rates not exceeding those
44 permitted by chapter 74A.

45 10. Except as provided in section 28J.20, the
46 physical properties of the port authority shall not be
47 pledged or mortgaged to secure the payment of revenue
48 bonds, pledge orders, or refunding bonds, or the
49 interest thereon.

50 11. The members of the board of the port authority

1 and any person executing the bonds or pledge orders
2 shall not be personally liable on the bonds or pledge
3 orders or be subject to any personal liability or
4 accountability by reason of the issuance thereof.

5 Sec. ____ . NEW SECTION. 28J.22 BONDS MAY BE
6 SECURED BY TRUST AGREEMENT.

7 1. In the discretion of the port authority, a port
8 authority revenue bond issued under this chapter may
9 be secured by a trust agreement between the port
10 authority and a corporate trustee that may be any
11 trust company or bank having the powers of a trust
12 company within this or any other state.

13 2. The trust agreement may pledge or assign
14 revenues of the port authority to be received for
15 payment of the revenue bonds. The trust agreement or
16 any resolution providing for the issuance of revenue
17 bonds may contain provisions for protecting and
18 enforcing the rights and remedies of the bondholders
19 as are reasonable and proper and not in violation of
20 law, including covenants setting forth the duties of
21 the port authority in relation to the acquisition of
22 property, the construction, improvement, maintenance,
23 repair, operation, and insurance of the port authority
24 facility in connection with which the bonds are
25 authorized, the rentals or other charges to be imposed
26 for the use or services of any port authority
27 facility, the custody, safeguarding, and application
28 of all moneys, and provisions for the employment of
29 consulting engineers in connection with the
30 construction or operation of any port authority
31 facility.

32 3. A bank or trust company incorporated under the
33 laws of this state, that may act as the depository of
34 the proceeds of bonds or of revenues, shall furnish
35 any indemnifying bonds or may pledge any securities
36 that are required by the port authority. The trust
37 agreement may set forth the rights and remedies of the
38 bondholders and of the trustee, and may restrict the
39 individual right of action by bondholders as is
40 customary in trust agreements or trust indentures
41 securing similar bonds. The trust agreement may
42 contain any other provisions that the port authority
43 determines reasonable and proper for the security of
44 the bondholders. All expenses incurred in carrying
45 out the provisions of the trust agreement may be
46 treated as a part of the cost of the operation of the
47 port authority facility.

48 Sec. ____ . NEW SECTION. 28J.23 REMEDY OF HOLDER
49 OF BOND OR COUPON -- STATUTE OF LIMITATIONS.

50 1. The sole remedy for a breach or default of a

1 term of a port authority revenue bond or pledge order
2 is a proceeding in law or in equity by suit, action,
3 or mandamus to enforce and compel performance of the
4 duties required by this chapter and of the terms of
5 the resolution authorizing the issuance of the revenue
6 bonds or pledge orders, or to obtain the appointment
7 of a receiver to take possession of and operate the
8 port authority, and to perform the duties required by
9 this chapter and the terms of the resolution
10 authorizing the issuance of the port authority revenue
11 bonds or pledge orders.

12 2. An action shall not be brought which questions
13 the legality of port authority revenue bonds or pledge
14 orders, the power of a port authority to issue revenue
15 bonds or pledge orders, or the effectiveness of any
16 proceedings relating to the authorization and issuance
17 of revenue bonds or pledge orders, from and after
18 fifteen days from the time the bonds or pledge orders
19 are ordered issued by the port authority.

20 Sec. ____ . NEW SECTION. 28J.24 BONDS ARE PAYABLE
21 SOLELY FROM REVENUES AND FUNDS PLEDGED FOR PAYMENT.

22 Port authority revenue bonds and pledge orders
23 issued under this chapter do not constitute a debt, or
24 a pledge of the faith and credit, of the state or a
25 political subdivision of the state, and the holders or
26 owners of the bonds or pledge orders shall not have
27 taxes levied by the state or by a taxing authority of
28 a governmental agency of the state for the payment of
29 the principal of or interest on the bonds or pledge
30 orders, but the bonds and pledge orders are payable
31 solely from the revenues and funds pledged for their
32 payment as authorized by this chapter, unless the
33 notes are issued in anticipation of the issuance of
34 bonds or pledge orders or the bonds and pledge orders
35 are refunded by refunding bonds issued under this
36 chapter, which bonds, pledge orders, or refunding
37 bonds shall be payable solely from revenues and funds
38 pledged for their payment as authorized by those
39 sections. All of the bonds or pledge orders shall
40 contain a statement to the effect that the bonds or
41 pledge orders, as to both principal and interest, are
42 not debts of the state or a political subdivision of
43 the state, but are payable solely from revenues and
44 funds pledged for their payment.

45 Sec. ____ . NEW SECTION. 28J.25 FUNDS AND PROPERTY
46 HELD IN TRUST -- USE AND DEPOSIT OF FUNDS.

47 All revenues, funds, properties, and assets
48 acquired by the port authority under this chapter,
49 whether as proceeds from the sale of port authority
50 revenue bonds, pledge orders, or as revenues, shall be

1 held in trust for the purposes of carrying out the
2 port authority's powers and duties, shall be used and
3 reused as provided in this chapter, and shall at no
4 time be part of other public funds. Such funds,
5 except as otherwise provided in a resolution
6 authorizing port authority revenue bonds or in a trust
7 agreement securing the same, or except when invested
8 pursuant to section 28J.26, shall be kept in
9 depositories selected by the port authority in the
10 manner provided in chapter 12C, and the deposits shall
11 be secured as provided in that chapter. The
12 resolution authorizing the issuance of revenue bonds
13 or pledge orders, or the trust agreement securing such
14 bonds or pledge orders shall provide that any officer
15 to whom, or any bank or trust company to which, such
16 moneys are paid shall act as trustee of such moneys
17 and hold and apply them for the purposes hereof,
18 subject to such conditions as this chapter and such
19 resolution or trust agreement provide.

20 Sec. ____ . NEW SECTION. 28J.26 INVESTMENT OF
21 EXCESS FUNDS.

22 1. If a port authority has surplus funds after
23 making all deposits into all funds required by the
24 terms, covenants, conditions, and provisions of
25 outstanding revenue bonds, pledge orders, and
26 refunding bonds which are payable from the revenues of
27 the port authority and after complying with all of the
28 requirements, terms, covenants, conditions, and
29 provisions of the proceedings and resolutions pursuant
30 to which revenue bonds, pledge orders, and refunding
31 bonds are issued, the board may transfer the surplus
32 funds to any other fund of the port authority in
33 accordance with this chapter and chapter 12C, provided
34 that a transfer shall not be made if it conflicts with
35 any of the requirements, terms, covenants, conditions,
36 or provisions of a resolution authorizing the issuance
37 of revenue bonds, pledge orders, or other obligations
38 which are payable from the revenues of the port
39 authority which are then outstanding.

40 2. This section does not prohibit or prevent the
41 board from using funds derived from any other source
42 which may be properly used for such purpose, to pay a
43 part of the cost of a facility.

44 Sec. ____ . NEW SECTION. 28J.27 CHANGE IN LOCATION
45 OF PUBLIC WAY, RAILROAD, OR UTILITY FACILITY --
46 VACATION OF HIGHWAY.

47 1. When a port authority changes the location of
48 any portion of any public road, railroad, or utility
49 facility in connection with the construction of a port
50 authority facility, the port authority shall

1 reconstruct at such location as the governmental
2 agency having jurisdiction over such road, railroad,
3 or utility facility finds most favorable. The
4 construction of such road, railroad, or utility
5 facility shall be of substantially the same type and
6 in as good condition as the original road, railroad,
7 or utility facility. The cost of such reconstruction,
8 relocation, or removal and any damage incurred in
9 changing the location of any such road, railroad, or
10 utility facility shall be paid by the port authority
11 as a part of the cost of the port authority facility.

12 2. When the port authority finds it necessary that
13 a public highway or portion of a public highway be
14 vacated by reason of the acquisition or construction
15 of a port authority facility, the port authority may
16 request the director of the department of
17 transportation to vacate such highway or portion in
18 accordance with chapter 306 if the highway or portion
19 to be vacated is on the state highway system, or, if
20 the highway or portion to be vacated is under the
21 jurisdiction of a county, the port authority shall
22 petition the board of supervisors of that county, in
23 the manner provided in chapter 306, to vacate such
24 highway or portion. The port authority shall pay to
25 the county, as a part of the cost of such port
26 authority facility, any amounts required to be
27 deposited with a court in connection with proceedings
28 for the determination of compensation and damages and
29 all amounts of compensation and damages finally
30 determined to be payable as a result of such vacation.

31 3. The port authority may adopt bylaws for the
32 installation, construction, maintenance, repair,
33 renewal, relocation, and removal of railroad or
34 utility facilities in, on, over, or under any port
35 authority facility. Whenever the port authority
36 determines that it is necessary that any such facility
37 installed or constructed in, on, over, or under
38 property of the port authority pursuant to such bylaws
39 be relocated, the utility company owning or operating
40 such facility shall relocate or remove them in
41 accordance with the order of the port authority. The
42 cost and expenses of such relocation or removal,
43 including the cost of installing such facility in a
44 new location, the cost of any lands, or any rights or
45 interests in lands, and any other rights, acquired to
46 accomplish such relocation or removal, shall be paid
47 by the port authority as a part of the cost of the
48 port authority facility. In case of any such
49 relocation or removal of such facilities, the railroad
50 or utility company owning or operating them, its

1 successors, or assigns may maintain and operate such
2 facilities, with the necessary appurtenances, in the
3 new location in, on, over, or under the property of
4 the port authority for as long a period and upon the
5 same terms as the railroad or utility company had the
6 right to maintain and operate such facilities in their
7 former location.

8 Sec. ____ . NEW SECTION. 28J.28 FINAL ACTIONS TO
9 BE RECORDED -- ANNUAL REPORT -- CONFIDENTIALITY OF
10 INFORMATION.

11 1. All final actions of the port authority shall
12 be recorded and the records of the port authority
13 shall be open to public examination and copying
14 pursuant to chapter 22. Not later than the first day
15 of April every year, a port authority shall submit a
16 report to the director of the department of economic
17 development detailing the projects and activities of
18 the port authority during the previous calendar year.
19 The report shall include, but not be limited to, all
20 aspects of those projects and activities, including
21 the progress and status of the projects and their
22 costs, and any other information the director
23 determines should be included in the report.

24 2. Financial and proprietary information,
25 including trade secrets, submitted to a port authority
26 or the agents of a port authority, in connection with
27 the relocation, location, expansion, improvement, or
28 preservation of a business or nonprofit corporation is
29 not a public record subject to chapter 22. Any other
30 information submitted under those circumstances is not
31 a public record subject to chapter 22 until there is a
32 commitment in writing to proceed with the relocation,
33 location, expansion, improvement, or preservation.

34 3. Notwithstanding chapter 21, the board of
35 directors of a port authority, when considering
36 information that is not a public record under this
37 section, may close a meeting during the consideration
38 of that information pursuant to a vote of the majority
39 of the directors present on a motion stating that such
40 information is to be considered. Other matters shall
41 not be considered during the closed session.

42 Sec. ____ . NEW SECTION. 28J.29 PROVISIONS TO BE
43 LIBERALLY CONSTRUED.

44 This chapter shall be liberally construed to effect
45 the chapter's purposes.

46 Sec. ____ . Section 427.1, Code 2005, is amended by
47 adding the following new subsection:

48 NEW SUBSECTION. 34. PORT AUTHORITY PROPERTY. The
49 property of a port authority created pursuant to
50 section 28J.2, when devoted to public use and not held

1 for pecuniary profit.

2 DIVISION
3 PROPERTY ASSESSMENT

4 Sec. _____. Section 7E.6, subsection 5, Code 2005,
5 is amended to read as follows:

6 5. Any position of membership on the board of
7 parole, the public employment relations board, the
8 utilities board, ~~and~~ the employment appeal board, and
9 the property assessment appeal board shall be
10 compensated as otherwise provided in law.

11 Sec. _____. Section 13.7, Code 2005, is amended to
12 read as follows:

13 13.7 SPECIAL COUNSEL.

14 Compensation shall not be allowed to any person for
15 services as an attorney or counselor to an executive
16 department of the state government, or the head
17 thereof, or to a state board or commission. However,
18 the executive council may employ legal assistance, at
19 a reasonable compensation, in a pending action or
20 proceeding to protect the interests of the state, but
21 only upon a sufficient showing, in writing, made by
22 the attorney general, that the department of justice
23 cannot for reasons stated by the attorney general
24 perform the service, which reasons and action of the
25 council shall be entered upon its records. When the
26 attorney general determines that the department of
27 justice cannot perform legal service in an action or
28 proceeding, the executive council shall request the
29 department involved in the action or proceeding to
30 recommend legal counsel to represent the department.
31 If the attorney general concurs with the department
32 that the person recommended is qualified and suitable
33 to represent the department, the person recommended
34 shall be employed. If the attorney general does not
35 concur in the recommendation, the department shall
36 submit a new recommendation. This section does not
37 affect the general counsel for the utilities board of
38 the department of commerce, ~~or~~ the legal counsel of
39 the department of workforce development, or the
40 general counsel for the property assessment appeal
41 board.

42 Sec. _____. NEW SECTION. 421.1A PROPERTY
43 ASSESSMENT APPEAL BOARD.

44 1. A statewide property assessment appeal board is
45 created for the purpose of establishing a consistent,
46 fair, and equitable property assessment appeal
47 process. The statewide property assessment appeal
48 board is established within the department of revenue
49 for administrative and budgetary purposes. The
50 board's principal office shall be in the office of the

1 department of revenue in the capital of the state.

2 2. a. The property assessment appeal board shall
3 consist of three members appointed to staggered six-
4 year terms, beginning and ending as provided in
5 section 69.19, by the governor and subject to
6 confirmation by the senate. Subject to confirmation
7 by the senate, the governor shall appoint from the
8 members a chairperson of the board to a two-year term.
9 Vacancies on the board shall be filled for the
10 unexpired portion of the term in the same manner as
11 regular appointments are made. The term of office for
12 the initial board shall begin January 1, 2007.

13 b. Each member of the property assessment appeal
14 board shall be qualified by virtue of at least two
15 years' experience in the area of government,
16 corporate, or private practice relating to property
17 appraisal and property tax administration. One member
18 of the board shall be a certified real estate
19 appraiser or hold a professional appraisal
20 designation, one member shall be an attorney
21 practicing in the area of state and local taxation or
22 property tax appraisals, and one member shall be a
23 professional with experience in the field of
24 accounting or finance and with experience in state and
25 local taxation matters. No more than two members of
26 the board may be from the same political party as that
27 term is defined in section 43.2.

28 c. The property assessment appeal board shall
29 organize by appointing a secretary who shall take the
30 same oath of office as the members of the board. The
31 board may employ additional personnel as it finds
32 necessary. All personnel employed by the board shall
33 be considered state employees and are subject to the
34 merit system provisions of chapter 8A, subchapter IV.

35 3. At the election of a property owner or
36 aggrieved taxpayer or an appellant described in
37 section 441.42, the property assessment appeal board
38 shall review any final decision, finding, ruling,
39 determination, or order of a local board of review
40 relating to protests of an assessment, valuation, or
41 application of an equalization order.

42 4. The property assessment appeal board may do all
43 of the following:

44 a. Affirm, reverse, or modify a final decision,
45 finding, ruling, determination, or order of a local
46 board of review.

47 b. Order the payment or refund of property taxes
48 in a matter over which the board has jurisdiction.

49 c. Grant other relief or issue writs, orders, or
50 directives that the board deems necessary or

1 appropriate in the process of disposing of a matter
2 over which the board has jurisdiction.

3 d. Subpoena documents and witnesses and administer
4 oaths.

5 e. Adopt administrative rules pursuant to chapter
6 17A for the administration and implementation of its
7 powers, including rules for practice and procedure for
8 protests filed with the board, the manner in which
9 hearings on appeals of assessments shall be conducted,
10 filing fees to be imposed by the board, and for the
11 determination of the correct assessment of property
12 which is the subject of an appeal.

13 f. Adopt administrative rules pursuant to chapter
14 17A necessary for the preservation of order and the
15 regulation of proceedings before the board, including
16 forms or notice and the service thereof, which rules
17 shall conform as nearly as possible to those in use in
18 the courts of this state.

19 5. The property assessment appeal board shall
20 employ a competent attorney to serve as its general
21 counsel, and assistants to the general counsel as it
22 finds necessary for the full and efficient discharge
23 of its duties. The general counsel is the attorney
24 for, and legal advisor of, the board. The general
25 counsel or an assistant to the general counsel shall
26 provide the necessary legal advice to the board in all
27 matters and shall represent the board in all actions
28 instituted in a court challenging the validity of a
29 rule or order of the board. The general counsel shall
30 devote full time to the duties of the office. During
31 employment as general counsel to the board, the
32 counsel shall not be a member of a political
33 committee, contribute to a political campaign,
34 participate in a political campaign, or be a candidate
35 for partisan political office. The general counsel
36 and assistants to the general counsel shall be
37 considered state employees and are subject to the
38 merit system provisions of chapter 8A, subchapter IV.

39 6. The members of the property assessment appeal
40 board shall receive compensation from the state
41 commensurate with the salary of a district judge. The
42 members of the board shall not be considered state
43 employees for purposes of salary and benefits. The
44 members of the board and any employees of the board,
45 when required to travel in the discharge of official
46 duties, shall be paid their actual and necessary
47 expenses incurred in the performance of duties.

48 7. a. Effective January 1, 2012, a property
49 assessment appeal board review committee is
50 established. Staffing assistance to the committee

1 shall be provided by the department of revenue. The
2 committee shall consist of six members of the general
3 assembly, two appointed by the majority leader of the
4 senate, one appointed by the minority leader of the
5 senate, two appointed by the speaker of the house of
6 representatives, and one appointed by the minority
7 leader of the house of representatives; the director
8 of revenue or the director's designee; a county
9 assessor appointed by the Iowa state association of
10 counties; and a city assessor appointed by the Iowa
11 league of cities.

12 b. The property assessment appeal board review
13 committee shall review the activities of the property
14 assessment appeal board since its inception. The
15 review committee may recommend the revision of any
16 rules, regulations, directives, or forms relating to
17 the activities of the property assessment appeal
18 board.

19 c. The review committee shall report to the
20 general assembly by January 15, 2013. The report
21 shall include any recommended changes in laws relating
22 to the property assessment appeal board, the reasons
23 for the committee's recommendations, and any other
24 information the committee deems advisable.

25 Sec. _____. Section 428.4, unnumbered paragraph 1,
26 Code 2005, is amended to read as follows:

27 Property shall be assessed for taxation each year.
28 Real estate shall be listed and assessed in 1981 and
29 every two years thereafter. The assessment of real
30 estate shall be the value of the real estate as of
31 January 1 of the year of the assessment. The year
32 1981 and each odd-numbered year thereafter shall be a
33 reassessment year. In any year, after the year in
34 which an assessment has been made of all the real
35 estate in an assessing jurisdiction, the assessor
36 shall value and assess or revalue and reassess, as the
37 case may require, any real estate that the assessor
38 finds was incorrectly valued or assessed, or was not
39 listed, valued, and assessed, in the assessment year
40 immediately preceding, also any real estate the
41 assessor finds has changed in value subsequent to
42 January 1 of the preceding real estate assessment
43 year. However, a percentage increase on a class of
44 property shall not be made in a year not subject to an
45 equalization order unless ordered by the department of
46 revenue. The assessor shall determine the actual
47 value and compute the taxable value thereof as of
48 January 1 of the year of the revaluation and
49 reassessment. The assessment shall be completed as
50 specified in section 441.28, but no reduction or

1 increase in actual value shall be made for prior
2 years. If an assessor makes a change in the valuation
3 of the real estate as provided for, sections 441.23,
4 441.37, 441.37A, 441.38 and 441.39 apply.

5 Sec. _____. Section 441.19, subsection 4, Code 2005,
6 is amended to read as follows:

7 4. The supplemental returns ~~herein~~ provided for in
8 this section shall be preserved in the same manner as
9 assessment rolls, but shall be confidential to the
10 assessor, board of review, property assessment appeal
11 board, or director of revenue, and shall not be open
12 to public inspection, but any final assessment roll as
13 made out by the assessor shall be a public record,
14 provided that such supplemental return shall be
15 available to counsel of either the person making the
16 return or of the public, in case any appeal is taken
17 to the board of review, to the property assessment
18 appeal board, or to the court.

19 Sec. _____. Section 441.21, subsection 1, Code 2005,
20 is amended by adding the following new paragraphs:

21 NEW PARAGRAPH. h. The assessor shall determine
22 the value of real property in accordance with rules
23 adopted by the department of revenue and in accordance
24 with forms and guidelines contained in the real
25 property appraisal manual prepared by the department
26 as updated from time to time. Such rules, forms, and
27 guidelines shall not be inconsistent with or change
28 the means, as provided in this section, of determining
29 the actual, market, taxable, and assessed values.

30 NEW PARAGRAPH. i. If the department finds that a
31 city or county assessor is not in compliance with the
32 rules of the department relating to valuation of
33 property or has disregarded the forms and guidelines
34 contained in the real property appraisal manual, the
35 department shall notify the assessor and each member
36 of the conference board for the appropriate assessing
37 jurisdiction. The notice shall be mailed by
38 restricted certified mail. The notice shall specify
39 the areas of noncompliance and the steps necessary to
40 achieve compliance. The notice shall also inform the
41 assessor and conference board that if compliance is
42 not achieved, a penalty may be imposed.

43 The conference board shall respond to the
44 department within thirty days of receipt of the notice
45 of noncompliance. The conference board may respond to
46 the notice by asserting that the assessor is in
47 compliance with the rules, guidelines, and forms of
48 the department or by informing the department that the
49 conference board intends to submit a plan of action to
50 achieve compliance. If the conference board responds

1 to the notification by asserting that the assessor is
2 in compliance, a hearing before the director of
3 revenue shall be scheduled on the matter.

4 A plan of action shall be submitted within sixty
5 days of receipt of the notice of noncompliance. The
6 plan shall contain a time frame under which compliance
7 shall be achieved which shall be no later than January
8 1 of the following assessment year. The plan of
9 action shall contain the signature of the assessor and
10 of the chairperson of the conference board. The
11 department shall review the plan to determine whether
12 the plan is sufficient to achieve compliance. Within
13 thirty days of receipt of the plan, the department
14 shall notify the assessor and the chairperson of the
15 conference board that it has accepted the plan or that
16 it is necessary to submit an amended plan of action.

17 By January 1 of the assessment year following the
18 calendar year in which the plan was submitted to the
19 department, the conference board shall submit a report
20 to the department indicating that the plan of action
21 was followed and compliance has been achieved. The
22 department may conduct a field inspection to ensure
23 that the assessor is in compliance. By January 31,
24 the department shall notify the assessor and the
25 conference board, by restricted certified mail, either
26 that compliance has been achieved or that the assessor
27 remains in noncompliance. If the department
28 determines that the assessor remains in noncompliance,
29 the department shall take steps to withhold up to five
30 percent of the reimbursement payment authorized in
31 section 425.1 until the director of revenue determines
32 that the assessor is in compliance.

33 If the conference board disputes the determination
34 of the department, the chairperson of the conference
35 board may appeal the determination to the state board
36 of tax review.

37 The department shall adopt rules relating to the
38 administration of this paragraph "i".

39 Sec. ____ . Section 441.21, subsection 2, Code 2005,
40 is amended to read as follows:

41 2. In the event market value of the property being
42 assessed cannot be readily established in the
43 foregoing manner, then the assessor may determine the
44 value of the property using the other uniform and
45 recognized appraisal methods including its productive
46 and earning capacity, if any, industrial conditions,
47 its cost, physical and functional depreciation and
48 obsolescence and replacement cost, and all other
49 factors which would assist in determining the fair and
50 reasonable market value of the property but the actual

1 value shall not be determined by use of only one such
2 factor. The following shall not be taken into
3 consideration: Special value or use value of the
4 property to its present owner, and the good will or
5 value of a business which uses the property as
6 distinguished from the value of the property as
7 property. However, in assessing property that is
8 rented or leased to low-income individuals and
9 families as authorized by section 42 of the Internal
10 Revenue Code, as amended, and which section limits the
11 amount that the individual or family pays for the
12 rental or lease of units in the property, the assessor
13 shall use the productive and earning capacity from the
14 actual rents received as a method of appraisal and
15 shall take into account the extent to which that use
16 and limitation reduces the market value of the
17 property. The assessor shall not consider any tax
18 credit equity or other subsidized financing as income
19 provided to the property in determining the assessed
20 value. The property owner shall notify the assessor
21 when property is withdrawn from section 42 eligibility
22 under the Internal Revenue Code. The property shall
23 not be subject to section 42 assessment procedures for
24 the assessment year for which section 42 eligibility
25 is withdrawn. This notification must be provided to
26 the assessor no later than March 1 of the assessment
27 year or the owner will be subject to a penalty of five
28 hundred dollars for that assessment year. The penalty
29 shall be collected at the same time and in the same
30 manner as regular property taxes. Upon adoption of
31 uniform rules by the ~~revenue~~ department of revenue or
32 succeeding authority covering assessments and
33 valuations of such properties, ~~said~~ the valuation on
34 such properties shall be determined in accordance
35 therewith with such rules and in accordance with forms
36 and guidelines contained in the real property
37 appraisal manual prepared by the department as updated
38 from time to time for assessment purposes to assure
39 uniformity, but such rules, forms, and guidelines
40 shall not be inconsistent with or change the foregoing
41 means of determining the actual, market, taxable and
42 assessed values.

43 Sec. ____ . Section 441.28, Code 2005, is amended to
44 read as follows:

45 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO
46 TAXPAYER.

47 The assessment shall be completed not later than
48 April 15 each year. If the assessor makes any change
49 in an assessment after it has been entered on the
50 assessor's rolls, the assessor shall note on ~~said~~ the

1 roll, together with the original assessment, the new
2 assessment and the reason for the change, together
3 with the assessor's signature and the date of the
4 change. Provided, however, in the event the assessor
5 increases any assessment the assessor shall give
6 notice of the increase in writing thereof to the
7 taxpayer by mail ~~prior to the meeting of the board of~~
8 ~~review~~ postmarked no later than April 15. No changes
9 shall be made on the assessment rolls after April 15
10 except by order of the board of review or of the
11 property assessment appeal board, or by decree of
12 court.

13 Sec. _____. Section 441.35, unnumbered paragraph 2,
14 Code 2005, is amended to read as follows:

15 In any year after the year in which an assessment
16 has been made of all of the real estate in any taxing
17 district, ~~it shall be the duty of~~ the board of review
18 ~~to~~ shall meet as provided in section 441.33, and where
19 ~~it~~ the board finds the same has changed in value, ~~to~~
20 the board shall revalue and reassess any part or all
21 of the real estate contained in such taxing district,
22 and in such case, ~~it~~ the board shall determine the
23 actual value as of January 1 of the year of the
24 revaluation and reassessment and compute the taxable
25 value thereof, ~~and any.~~ Any aggrieved taxpayer may
26 petition for a revaluation of the taxpayer's property,
27 but no reduction or increase shall be made for prior
28 years. If the assessment of any such property is
29 raised, or any property is added to the tax list by
30 the board, the clerk shall give notice in the manner
31 provided in section 441.36, ~~provided, however, that.~~
32 However, if the assessment of all property in any
33 taxing district is raised, the board may instruct the
34 clerk to give immediate notice by one publication in
35 one of the official newspapers located in the taxing
36 district, and such published notice shall take the
37 place of the mailed notice provided for in section
38 441.36, but all other provisions of ~~said~~ that section
39 shall apply. The decision of the board as to the
40 foregoing matters shall be subject to appeal to the
41 property assessment appeal board within the same time
42 and in the same manner as provided in section 441.37A
43 and to the district court within the same time and in
44 the same manner as provided in section 441.38.

45 Sec. _____. NEW SECTION. 441.37A APPEAL OF PROTEST
46 TO PROPERTY ASSESSMENT APPEAL BOARD.

47 1. For the assessment year beginning January 1,
48 2007, and all subsequent assessment years, appeals may
49 be taken from the action of the board of review with
50 reference to protests of assessment, valuation, or

1 application of an equalization order to the property
2 assessment appeal board created in section 421.1A.
3 However, a property owner or aggrieved taxpayer or an
4 appellant described in section 441.42 may bypass the
5 property assessment appeal board and appeal the
6 decision of the local board of review to the district
7 court pursuant to section 441.38. For an appeal to
8 the property assessment appeal board to be valid,
9 written notice must be filed by the party appealing
10 the decision with the secretary of the property
11 assessment appeal board within twenty days after the
12 date the board of review's letter of disposition of
13 the appeal is postmarked to the party making the
14 protest. The written notice of appeal shall include a
15 petition setting forth the basis of the appeal and the
16 relief sought. No new grounds in addition to those
17 set out in the protest to the local board of review as
18 provided in section 441.37 can be pleaded, but
19 additional evidence to sustain those grounds may be
20 introduced. The assessor shall have the same right to
21 appeal to the assessment appeal board as an individual
22 taxpayer, public body, or other public officer as
23 provided in section 441.42.

24 Filing of the written notice of appeal and petition
25 with the secretary of the property assessment appeal
26 board shall preserve all rights of appeal of the
27 appellant, except as otherwise provided in subsection
28 2. A copy of the appellant's written notice of appeal
29 and petition shall be mailed by the secretary of the
30 property assessment appeal board to the local board of
31 review whose decision is being appealed. In all cases
32 where a change in assessed valuation of one hundred
33 thousand dollars or more is petitioned for, the local
34 board of review shall mail a copy of the written
35 notice of appeal and petition to all affected taxing
36 districts as shown on the last available tax list.

37 2. A party to the appeal may request a hearing or
38 the appeal may proceed without a hearing. If a
39 hearing is requested, the appellant and the local
40 board of review from which the appeal is taken shall
41 be given at least thirty days' written notice by the
42 property assessment appeal board of the date the
43 appeal shall be heard and the local board of review
44 may be present and participate at such hearing.
45 Notice to all affected taxing districts shall be
46 deemed to have been given when written notice is
47 provided to the local board of review. Failure by the
48 appellant to appear at the property assessment appeal
49 board hearing shall be grounds for dismissal of the
50 appeal unless a continuance is granted to the

1 appellant. If an appeal is dismissed for failure to
2 appear, the property assessment appeal board shall
3 have no jurisdiction to consider any subsequent appeal
4 on the appellant's protest.

5 An appeal may be considered by less than a majority
6 of the members of the board, and the chairperson of
7 the board may assign members to consider appeals. If
8 a hearing is requested, it shall be open to the public
9 and shall be conducted in accordance with the rules of
10 practice and procedure adopted by the board. However,
11 any deliberation of a board member considering the
12 appeal in reaching a decision on any appeal shall be
13 confidential. The property assessment appeal board or
14 any member of the board may require the production of
15 any books, records, papers, or documents as evidence
16 in any matter pending before the board that may be
17 material, relevant, or necessary for the making of a
18 just decision. Any books, records, papers, or
19 documents produced as evidence shall become part of
20 the record of the appeal. Any testimony given
21 relating to the appeal shall be transcribed and made a
22 part of the record of the appeal.

23 3. a. The board member considering the appeal
24 shall determine anew all questions arising before the
25 local board of review which relate to the liability of
26 the property to assessment or the amount thereof. All
27 of the evidence shall be considered and there shall be
28 no presumption as to the correctness of the valuation
29 of assessment appealed from. The property assessment
30 appeal board shall make a decision in each appeal
31 filed with the board. If the appeal is considered by
32 less than a majority of the board, the determination
33 made by that member shall be forwarded to the full
34 board for approval, rejection, or modification. If
35 the initial determination is rejected by the board, it
36 shall be returned for reconsideration to the board
37 member making the initial determination. Any
38 deliberation of the board regarding an initial
39 determination shall be confidential.

40 b. The decision of the board shall be considered
41 the final agency action for purposes of further
42 appeal, except as otherwise provided in section
43 441.49. The decision shall be final unless appealed
44 to district court as provided in section 441.38. The
45 levy of taxes on any assessment appealed to the board
46 shall not be delayed by any proceeding before the
47 board, and if the assessment appealed from is reduced
48 by the decision of the board, any taxes levied upon
49 that portion of the assessment reduced shall be abated
50 or, if already paid, shall be refunded. If the

1 subject of an appeal is the application of an
2 equalization order, the property assessment appeal
3 board shall not order a reduction in assessment
4 greater than the amount that the assessment was
5 increased due to application of the equalization
6 order. Each party to the appeal shall be responsible
7 for the costs of the appeal incurred by that party.
8 Sec. _____. Section 441.38, Code 2005, is amended to
9 read as follows:

10 441.38 APPEAL TO DISTRICT COURT.

11 1. Appeals may be taken from the action of the
12 local board of review with reference to protests of
13 assessment, to the district court of the county in
14 which the board holds its sessions within twenty days
15 after its adjournment or May 31, whichever date is
16 later. Appeals may be taken from the action of the
17 property assessment appeal board to the district court
18 of the county where the property which is the subject
19 of the appeal is located within twenty days after the
20 letter of disposition of the appeal by the property
21 assessment appeal board is postmarked to the
22 appellant. No new grounds in addition to those set
23 out in the protest to the local board of review as
24 provided in section 441.37, or in addition to those
25 set out in the appeal to the property assessment
26 appeal board, if applicable, can be pleaded, but
27 additional evidence to sustain those grounds may be
28 introduced. The assessor shall have the same right to
29 appeal and in the same manner as an individual
30 taxpayer, public body or other public officer as
31 provided in section 441.42. Appeals shall be taken by
32 filing a written notice of appeal with the clerk of
33 district court. Filing of the written notice of
34 appeal shall preserve all rights of appeal of the
35 appellant.

36 2. Notice of appeal shall be served as an original
37 notice on the chairperson, presiding officer, or clerk
38 of the board of review, and on the secretary of the
39 property assessment appeal board, if applicable, after
40 the filing of notice under subsection 1 with the clerk
41 of district court.

42 Sec. _____. Section 441.39, Code 2005, is amended to
43 read as follows:

44 441.39 TRIAL ON APPEAL.

45 The If the appeal is from a decision of the local
46 board of review, the court shall hear the appeal in
47 equity and determine anew all questions arising before
48 the board which relate to the liability of the
49 property to assessment or the amount thereof. The
50 court shall consider all of the evidence and there

1 shall be no presumption as to the correctness of the
2 valuation of assessment appealed from. If the appeal
3 is from a decision of the property assessment appeal
4 board, the court's review shall be limited to the
5 correction of errors at law. Its decision shall be
6 certified by the clerk of the court to the county
7 auditor, and the assessor, who shall correct the
8 assessment books accordingly.

9 Sec. _____. Section 441.43, Code 2005, is amended to
10 read as follows:

11 441.43 POWER OF COURT.

12 Upon trial of any appeal from the action of the
13 board of review or of the property assessment appeal
14 board fixing the amount of assessment upon any
15 property concerning which complaint is made, the court
16 may increase, decrease, or affirm the amount of the
17 assessment appealed from.

18 Sec. _____. Section 441.49, unnumbered paragraph 5,
19 Code 2005, is amended to read as follows:

20 The local board of review shall reconvene in
21 special session from October 15 to November 15 for the
22 purpose of hearing the protests of affected property
23 owners or taxpayers within the jurisdiction of the
24 board whose valuation of property if adjusted pursuant
25 to the equalization order issued by the director of
26 revenue will result in a greater value than permitted
27 under section 441.21. The board of review shall
28 accept protests only during the first ten days
29 following the date the local board of review
30 reconvenes. The board of review shall limit its
31 review to only the timely filed protests. The board
32 of review may adjust all or a part of the percentage
33 increase ordered by the director of revenue by
34 adjusting the actual value of the property under
35 protest to one hundred percent of actual value. Any
36 adjustment so determined by the board of review shall
37 not exceed the percentage increase provided for in the
38 director's equalization order. The determination of
39 the board of review on filed protests is final,
40 subject to appeal to the property assessment appeal
41 board. A final decision by the local board of review,
42 or the property assessment appeal board, if the local
43 board's decision is appealed, is subject to review by
44 the director of revenue for the purpose of determining
45 whether the board's actions substantially altered the
46 equalization order. In making the review, the
47 director has all the powers provided in chapter 421,
48 and in exercising the powers the director is not
49 subject to chapter 17A. Not later than fifteen days
50 following the adjournment of the board, the board of

1 review shall submit to the director of revenue, on
2 forms prescribed by the director, a report of all
3 actions taken by the board of review during this
4 session.

5 Sec. _____. Section 445.60, Code 2005, is amended to
6 read as follows:

7 445.60 REFUNDING ERRONEOUS TAX.

8 The board of supervisors shall direct the county
9 treasurer to refund to the taxpayer any tax or portion
10 of a tax found to have been erroneously or illegally
11 paid, with all interest, fees, and costs actually
12 paid. A refund shall not be ordered or made unless a
13 claim for refund is presented to the board within two
14 years of the date the tax was due, or if appealed to
15 the board of review, the property assessment appeal
16 board, the state board of tax review, or district
17 court, within two years of the final decision.

18 Sec. _____. FUTURE REPEAL.

19 1. The sections of this division of this Act
20 amending sections 7E.6, 13.7, 428.4, 441.19, 441.35,
21 441.38, 441.39, 441.43, 441.49, and 445.60, and
22 enacting sections 421.1A and 441.37A, are repealed
23 effective July 1, 2013.

24 2. The portion of the section of this division of
25 this Act amending section 441.28 relating only to the
26 property assessment appeal board is repealed effective
27 July 1, 2013."

28 6. Page 5, line 6, by striking the word "to" and
29 inserting the following: "property tax assessment,
30 to".

31 7. Page 5, line 7, by inserting after the word
32 "gasoline," the following: "to issuance of revenue
33 bonds,".

34 8. By renumbering as necessary.

RECEIVED FROM THE HOUSE

Hoffman / D. Olson Chr/ Co-Chr.

Jenkins
Soderberg
Thomas
Struyk
Schickel
Wise
Dandekar
Reichert

SUC
SF 868

HSB 137
ECONOMIC GROWTH

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to economic development activities by creating
2 the grow Iowa values fund, increasing the number of members on
3 the Iowa economic development board, allowing the creation of
4 economic development regions, authorizing the certification of
5 and development of cultural districts, requiring coordination
6 of regulatory assistance, providing tax credits, and making
7 appropriations.

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

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DIVISION I

GROW IOWA VALUES FUND

Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

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

DIVISION II

APPROPRIATIONS

Sec. 2. NEW SECTION. 15G.111 APPROPRIATIONS.

1. a. For the fiscal period beginning July 1, 2005, and ending June 30, 2010, there is appropriated each fiscal year from the grow Iowa values fund created in section 15G.108 to the department of economic development sixty million dollars for programs administered by the department of economic development.
- b. Each year that moneys are appropriated under this subsection, the department shall allocate a percentage of the moneys for each of the following types of activities:
- (1) Business start-ups.
 - (2) Business expansion.
 - (3) Business modernization.
 - (4) Business attraction.
 - (5) Business retention.
 - (6) Marketing.
 - (7) Research and development.

1 c. The department shall require an applicant for moneys
2 appropriated under this subsection to include in the
3 application a statement regarding the intended return on
4 investment. A recipient of moneys appropriated under this
5 subsection shall annually submit a statement to the department
6 regarding the progress achieved on the intended return on
7 investment stated in the application. The department, in
8 cooperation with the department of revenue, shall develop a
9 method of identifying and tracking each new job created
10 through financial assistance from moneys appropriated under
11 this subsection. The department of economic development shall
12 identify research and development activities funded through
13 financial assistance from not more than ten percent of the
14 moneys appropriated under this subsection, and, instead of
15 determining return on investment and job creation for the
16 identified funding, determine the potential impact on the
17 state's economy.

18 d. The department may use moneys appropriated under this
19 subsection to procure technical assistance from either the
20 public or private sector, for information technology purposes,
21 and for rail, air, or river port transportation-related
22 purposes. The use of moneys appropriated for rail, air, or
23 river port transportation-related purposes must be directly
24 related to an economic development project and the moneys must
25 be used to leverage other financial assistance moneys.

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

29 f. The Iowa economic development board shall approve or
30 deny applications for financial assistance provided with
31 moneys appropriated under this subsection.

32 g. It is the policy of this state to expand and stimulate
33 the state economy by advancing, promoting, and expanding
34 biotechnology industries in this state. To implement this
35 policy, the Iowa economic development board shall consider

1 providing assistance to projects that increase value-added
2 income to individuals or organizations involved in
3 agricultural business or biotechnology projects. Such a
4 project need not create jobs specific to the project site;
5 however, such a project must foster the knowledge and
6 creativity necessary to promote the state's agricultural
7 economy and to increase employment in urban and rural areas as
8 a result.

9 2. a. For the fiscal period beginning July 1, 2005, and
10 ending June 30, 2010, there is appropriated each fiscal year
11 from the grow Iowa values fund created in section 15G.108 to
12 the department of economic development fourteen million
13 dollars for the financial assistance for the following:

14 (1) Institutions of higher learning under the control of
15 the state board of regents and for accredited private
16 institutions as defined in section 261.9 for multiuse, goods
17 manufacturing processes approved by the food and drug
18 administration of the United States department of health and
19 human services, protein purification facilities for plant,
20 animal, and chemical manufactured proteins.

21 (2) Accelerating new business creation.

22 (3) Innovation accelerators and business parks.

23 (4) Incubator facilities.

24 (5) Upgrading food and drug administration drug approval
25 laboratories in Iowa City to a larger multiclient, goods
26 manufacturing processes facility.

27 (6) Crop and animal livestock facilities for the growing
28 of transgenic crops and livestock, protein extraction
29 facilities, containment facilities, and bioanalytical,
30 biochemical, chemical, and microbiological support facilities.

31 (7) A national center for food safety and security.

32 (8) Advanced laboratory space.

33 b. In the distribution of moneys appropriated pursuant to
34 this subsection, the department shall examine the potential
35 for using moneys appropriated pursuant to this subsection to

1 leverage other moneys for financial assistance to accredited
2 private institutions.

3 c. In awarding moneys appropriated pursuant to this
4 subsection, the department shall consider whether the purchase
5 of suitable existing infrastructure is more cost-efficient
6 than building new infrastructure.

7 d. An institution of higher learning under the control of
8 the state board of regents may apply to use financial
9 assistance moneys under this subsection for purposes of a
10 public and private joint venture to acquire infrastructure
11 assets or research facilities or to leverage moneys.

12 e. Of the moneys appropriated under this subsection over
13 the fiscal period and provided applications are submitted
14 meeting the requirements of the department, not less than
15 twenty-eight million dollars in financial assistance shall be
16 awarded to the university of Iowa, not less than thirty-four
17 million dollars in financial assistance shall be awarded to
18 Iowa state university of science and technology, and not less
19 than eight million dollars in financial assistance shall be
20 awarded to the university of northern Iowa.

21 3. For the fiscal period beginning July 1, 2005, and
22 ending June 30, 2010, there is appropriated each fiscal year
23 from the grow Iowa values fund created in section 15G.108 to
24 the general fund of the state four million dollars for payment
25 of tax credits approved pursuant to section 404A.4 for
26 projects located in certified cultural and entertainment
27 districts.

28 4. For the fiscal period beginning July 1, 2005, and
29 ending June 30, 2010, there is appropriated each fiscal year
30 from the grow Iowa values fund created in section 15G.108 to
31 the department of economic development one million six hundred
32 thousand dollars for purposes of providing financial
33 assistance for projects in targeted state parks and
34 destination parks. The department of natural resources shall
35 submit a plan to the department of economic development for

1 the expenditure of moneys appropriated under this subsection.
2 The plan shall focus on improving state parks and destination
3 parks for economic development purposes. Based on the report
4 submitted, the department of economic development shall
5 provide financial assistance to the department of natural
6 resources for support of state parks and destination parks.

7 5. For the fiscal period beginning July 1, 2005, and
8 ending June 30, 2010, there is appropriated each fiscal year
9 from the grow Iowa values fund created in section 15G.108 to
10 the office of the treasurer of state one million six hundred
11 thousand dollars for deposit in the Iowa cultural trust fund
12 created in section 303A.4.

13 6. For the fiscal period beginning July 1, 2005, and
14 ending June 30, 2010, there is appropriated each fiscal year
15 from the grow Iowa values fund created in section 15G.108 to
16 the department of economic development fourteen million
17 dollars for deposit into the workforce training and economic
18 development funds of the community colleges created pursuant
19 to section 260C.18A.

20 7. For the fiscal period beginning July 1, 2005, and
21 ending June 30, 2010, there is appropriated each fiscal year
22 from the grow Iowa values fund created in section 15G.108 to
23 the department of economic development four hundred thousand
24 dollars for endow Iowa grants to lead philanthropic entities
25 pursuant to section 15E.304.

26 8. For the fiscal period beginning July 1, 2005, and
27 ending June 30, 2010, there is appropriated each fiscal year
28 from the grow Iowa values fund created in section 15G.108 to
29 the general fund of the state four hundred thousand dollars
30 for payment of endow Iowa tax credits approved pursuant to
31 section 15E.305.

32 9. For the fiscal period beginning July 1, 2005, and
33 ending June 30, 2010, there is appropriated each fiscal year
34 from the grow Iowa values fund created in section 15G.108 to
35 the department of economic development two million dollars for

1 providing economic development region financial assistance
2 under section 15E.232, subsections 3, 4, 5, and 6, and under
3 section 15E.233.

4 10. For the fiscal period beginning July 1, 2005, and
5 ending June 30, 2010, there is appropriated each fiscal year
6 from the grow Iowa values fund created in section 15G.108 to
7 the general fund of the state two million dollars for payment
8 of economic development region revolving fund contribution tax
9 credits approved pursuant to section 15E.232.

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

14 DIVISION III

15 IOWA ECONOMIC DEVELOPMENT BOARD

16 Sec. 3. Section 15.103, Code 2005, is amended to read as
17 follows:

18 15.103 ECONOMIC DEVELOPMENT BOARD.

19 1. a. The Iowa economic development board is created,
20 consisting of ~~eleven~~ seventeen voting members appointed by the
21 governor and seven ex officio nonvoting members. The ex
22 officio nonvoting members are four legislative members; one
23 president, or the president's designee, of the university of
24 northern Iowa, the university of Iowa, or Iowa state
25 university of science and technology designated by the state
26 board of regents on a rotating basis; and one president, or
27 the president's designee, of a private college or university
28 appointed by the Iowa association of independent colleges and
29 universities; and one superintendent, or the superintendent's
30 designee, of a community college, appointed by the Iowa
31 association of community college presidents. The legislative
32 members are two state senators, one appointed by the president
33 of the senate, after consultation with the majority leader of
34 the senate, and one appointed by the minority leader of the
35 senate, after consultation with the president of the senate,

1 from their respective parties; and two state representatives,
2 one appointed by the speaker and one appointed by the minority
3 leader of the house of representatives from their respective
4 parties. Not more than ~~six~~ nine of the voting members shall
5 be from the same political party. The secretary of
6 agriculture or the secretary's designee shall be one of the
7 voting members. The governor shall appoint the remaining ~~ten~~
8 sixteen voting members of the board for a term of four years
9 beginning and ending as provided by section 69.19, subject to
10 confirmation by the senate, and the governor's appointments
11 shall include persons knowledgeable of the various elements of
12 the department's responsibilities.

13 b. Each of the following areas of expertise shall be
14 represented by at least one member of the board who has
15 professional experience in that area of expertise:

- 16 (1) Finance and investment banking.
- 17 (2) Advanced manufacturing.
- 18 (3) Statewide agriculture.
- 19 (4) Life sciences.
- 20 (5) Small business development.
- 21 (6) Information technology.
- 22 (7) Economics.
- 23 (8) Labor.
- 24 (9) Marketing.
- 25 (10) Entrepreneurship.

26 c. At least nine voting members of the board shall be
27 actively employed in the private, for-profit sector of the
28 economy.

29 2. A vacancy on the board shall be filled in the same
30 manner as regular appointments are made for the unexpired
31 portion of the regular term.

32 3. The board shall meet in May of each year for the
33 purpose of electing one of its voting members as chairperson
34 and one of its voting members as vice chairperson. However,
35 the chairperson and the vice chairperson shall not be from the

1 same political party. The board shall meet at the call of the
2 chairperson or when any ~~six~~ nine members of the board file a
3 written request with the chairperson for a meeting. Written
4 notice of the time and place of each meeting shall be given to
5 each member of the board. A majority of the voting members
6 constitutes a quorum.

7 4. Members of the board, the director, and other employees
8 of the department shall be allowed their actual and necessary
9 expenses incurred in the performance of their duties. All
10 expenses shall be paid from appropriations for those purposes
11 and the department is subject to the budget requirements of
12 chapter 8. Each member of the board may also be eligible to
13 receive compensation as provided in section 7E.6.

14 5. If a member of the board has an interest, either direct
15 or indirect, in a contract to which the department is or is to
16 be a party, the interest shall be disclosed to the board in
17 writing and shall be set forth in the minutes of a meeting of
18 the board. The member having the interest shall not
19 participate in action by the board with respect to the
20 contract. This paragraph does not limit the right of a member
21 of the board to acquire an interest in bonds, or limit the
22 right of a member to have an interest in a bank or other
23 financial institution in which the funds of the department are
24 deposited or which is acting as trustee or paying agent under
25 a trust indenture to which the department is a party.

26 Sec. 4. Section 15.104, Code 2005, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 9. Prepare an annual report regarding the
29 expenditure of moneys appropriated from the grow Iowa values
30 fund created in section 15G.108. The report shall evaluate
31 the effectiveness of the expenditures for the prior calendar
32 year in stimulating the state economy, increasing the wealth
33 of Iowans, and increasing the population of the state. The
34 report shall also include a listing both by geographic area
35 and by community size of the expenditures of moneys

1 appropriated from the grow Iowa values fund. By February 1 of
2 each year, the report shall be submitted to the governor and
3 the general assembly.

4 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.

5 Appointments of general assembly members of the Iowa economic
6 development board which are to be made by the president of the
7 senate or by the majority or minority leader of the senate
8 during the period that the senate for the Eighty-First General
9 Assembly is composed of an equal number of members of each
10 major political party, shall be made jointly by the co-
11 presidents or co-floor leaders, as appropriate, in accordance
12 with Senate Resolution 1, adopted during the 2005 legislative
13 session.

14 DIVISION IV

15 REGULATORY ASSISTANCE

16 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

17 1. The department of economic development shall coordinate
18 all regulatory assistance for the state of Iowa. Each state
19 agency administering regulatory programs for business shall
20 maintain a coordinator within the office of the director or
21 the administrative division of the state agency. Each
22 coordinator shall do all of the following:

23 a. Serve as the state agency's primary contact for
24 regulatory affairs with the department of economic
25 development.

26 b. Provide information regarding regulatory requirements
27 to businesses and represent the state agency to the private
28 sector.

29 c. Monitor permit applications and provide timely permit
30 status information to the department of economic development.

31 d. Require regulatory staff participation in negotiations
32 and discussions with businesses.

33 e. Notify the department of economic development regarding
34 proposed rulemaking activities that impact a regulatory
35 program and any subsequent changes to a regulatory program.

1 2. The department of economic development shall, in
2 consultation with the coordinators described in this section,
3 examine, and to the extent permissible, assist in the
4 implementation of methods, including the possible
5 establishment of an electronic database, to streamline the
6 process for issuing permits to business.

7 3. By January 15 of each year, the department of economic
8 development shall submit a written report to the general
9 assembly regarding the provision of regulatory assistance by
10 state agencies, including the department's efforts, and its
11 recommendations and proposed solutions, to streamline the
12 process of issuing permits to business.

13 DIVISION V

14 ECONOMIC DEVELOPMENT REGIONS

15 Sec. 7. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
16 REGIONS.

17 1. In order for an economic development region to receive
18 moneys from the grow Iowa values fund created in section
19 15G.108, the organization of an economic development region
20 must be approved by the department. The department shall
21 approve an economic development region that meets the
22 following criteria:

23 a. The region consists of not less than three contiguous
24 counties. Upon the recommendation of the director of the
25 department of economic development, this criterion may be
26 waived by the department.

27 b. The region establishes a single, focused economic
28 development effort, approved by the department, that shall
29 include the development of a regional development plan and
30 regional marketing strategies. Regional marketing strategies
31 must be focused on marketing the region collectively.

32 2. An approved economic development region may create an
33 economic development region revolving fund as provided in
34 section 15E.232.

35 Sec. 8. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION

1 REVOLVING FUNDS -- TAX CREDITS.

2 1. An economic development region approved pursuant to
3 section 15E.231 may create an economic development region
4 revolving fund.

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

25 b. Subject to the provisions of paragraph "c", an
26 organization exempt from federal income tax pursuant to
27 section 501(c) of the Internal Revenue Code making a
28 contribution to an economic development region revolving fund,
29 shall be paid from the general fund of the state an amount
30 equal to twenty percent of such contributed amount within
31 thirty days after the end of the fiscal year during which the
32 contribution was made.

33 c. The total amount of tax credits and payments to
34 contributors, referred to as the credit amount, authorized
35 during a fiscal year shall not exceed two million dollars plus

1 any unused credit amount carried over from previous years.
2 Any credit amount which remains unused for a fiscal year may
3 be carried forward to the succeeding fiscal year. The maximum
4 credit amount that may be authorized in a fiscal year for
5 contributions made to a specific economic development region
6 revolving fund is equal to two million dollars plus any unused
7 credit amount carried over from previous years divided by the
8 number of economic development region revolving funds existing
9 in the state.

10 d. The department of economic development shall administer
11 the authorization of tax credits under this section and
12 payments to contributors described in paragraph "b" and shall,
13 in cooperation with the department of revenue, adopt rules
14 pursuant to chapter 17A necessary for the administration of
15 this section.

16 3. An approved economic development region may apply for
17 financial assistance from the grow Iowa values fund to assist
18 with physical infrastructure needs related to a specific
19 business partner. In order to receive financial assistance
20 pursuant to this subsection, the economic development region
21 must demonstrate all of the following:

22 a. The ability to provide matching moneys on a one to one
23 basis.

24 b. The commitment of the specific business partner.

25 c. That all other funding alternatives have been
26 exhausted.

27 4. An approved economic development region may apply for
28 financial assistance from the grow Iowa values fund to assist
29 an existing business located in the economic development
30 region impacted by business consolidation actions. Business
31 consolidation actions include a substantial or total closure
32 of an existing business due to consolidating the existing
33 business out of state. In order to receive financial
34 assistance pursuant to this subsection, the economic
35 development region must demonstrate the ability to provide

1 matching moneys on a one-to-one basis.

2 5. An approved economic development region may apply for
3 financial assistance from the grow Iowa values fund to
4 implement economic development initiatives unique to the
5 region. In order to receive financial assistance pursuant to
6 this subsection, the economic development region must
7 demonstrate the ability to provide matching moneys on a one-
8 to-one basis.

9 6. An approved economic development region may apply for
10 financial assistance from the grow Iowa values fund to
11 implement innovative initiatives that do not qualify for
12 assistance under subsection 5.

13 7. The department may establish and administer a regional
14 economic development revenue sharing pilot project for one or
15 more regions. The department shall take into consideration
16 the geographical dispossession of the pilot projects. The
17 department shall provide technical assistance to the regions
18 participating in a pilot project.

19 8. Financial assistance under subsections 3, 4, 5, and 6
20 and section 15E.233 shall be limited to a total of two million
21 dollars each fiscal year for the fiscal period beginning July
22 1, 2005, and ending June 30, 2010.

23 Sec. 9. NEW SECTION. 15E.233 **ECONOMICALLY ISOLATED**
24 **AREAS.**

25 1. An approved economic development region may apply to
26 the department for approval to be designated as an
27 economically isolated area based on criteria as determined by
28 the department. An economically isolated area must consist of
29 at least one county meeting the county distress criteria
30 provided in section 15E.194. The department shall approve no
31 more than five regions as economically isolated areas.

32 2. An approved economically isolated area may apply to the
33 department for financial assistance from the grow Iowa values
34 fund of up to seven hundred fifty thousand dollars over a
35 five-year period for purposes of economic development-related

1 marketing assistance for the area. In order to receive
2 financial assistance pursuant to this subsection, the
3 economically isolated area must demonstrate the ability to
4 provide matching moneys on a one-to-one basis.

5 Sec. 10. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
6 REGION REVOLVING FUND TAX CREDIT.

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

11 Sec. 11. Section 422.33, Code 2005, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 17. The taxes imposed under this division
14 shall be reduced by an economic development region revolving
15 fund contribution tax credit authorized pursuant to section
16 15E.232.

17 Sec. 12. Section 422.60, Code 2005, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 9. The taxes imposed under this division
20 shall be reduced by an economic development region revolving
21 fund contribution tax credit authorized pursuant to section
22 15E.232.

23 Sec. 13. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
24 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

25 The tax imposed under this chapter shall be reduced by an
26 economic development region tax credit authorized pursuant to
27 section 15E.232.

28 Sec. 14. Section 533.24, Code 2005, is amended by adding
29 the following new subsection:

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

34 DIVISION VI
35 CULTURAL AND ENTERTAINMENT DISTRICTS

1 period beginning July 1, 2005, and July 1, 2006 and ending
2 June 30, 2010, an additional five-hundred-thousand four
3 million dollars of tax credits may be approved each fiscal
4 year for purposes of projects located in cultural and
5 entertainment districts certified pursuant to section 303.3B.
6 Any of the additional tax credits allocated for projects
7 located in certified cultural and entertainment districts that
8 are not approved during a fiscal year may be carried over to
9 the succeeding fiscal year. The department of cultural
10 affairs shall establish by rule the procedures for the
11 application, review, selection, and awarding of certifications
12 of completion. The departments of economic development,
13 cultural affairs, and revenue shall each adopt rules to
14 jointly administer this subsection and shall provide by rule
15 for the method to be used to determine for which fiscal year
16 the tax credits are available.

17

EXPLANATION

18 This bill relates to economic development activities.

19 DIVISION I -- This division of the bill creates the grow
20 Iowa values fund.21 The division creates the grow Iowa values fund under the
22 control of the department of economic development and
23 consisting of moneys appropriated to the fund.24 DIVISION II -- This division of the bill appropriates
25 moneys from the grow Iowa values fund to various entities.26 For the fiscal period beginning July 1, 2005, and ending
27 June 30, 2010, the division appropriates each fiscal year to
28 the department of economic development \$60 million for
29 programs administered by the department of economic
30 development. The division provides for the allocation of
31 moneys appropriated for programs administered by the
32 department and for the use of 1 and 1/2 percent of the moneys
33 appropriated to be used by the department for administrative
34 purposes.

35 For the fiscal period beginning July 1, 2005, and ending

1 June 30, 2010, the division appropriates each fiscal year to
2 the department of economic development \$14 million for
3 financial assistance for institutions of higher learning under
4 the control of the state board of regents and for accredited
5 private institutions for multiuse, goods manufacturing
6 processes approved by the food and drug administration of the
7 United States department of health and human services, protein
8 purification facilities for plant, animal, and chemical
9 manufactured proteins; accelerating new business creation;
10 innovation accelerators and business parks; incubator
11 facilities; upgrading food and drug administration drug
12 approval laboratories in Iowa City to a larger multiclient,
13 goods manufacturing processes facility; crop and animal
14 livestock facilities for the growing of transgenic crops and
15 livestock, protein extraction facilities, containment
16 facilities, and bioanalytical, biochemical, chemical, and
17 microbiological support facilities; a national center for food
18 safety and security; and advanced laboratory space.

19 For the fiscal period beginning July 1, 2005, and ending
20 June 30, 2010, the division appropriates each fiscal year to
21 the general fund of the state \$4 million for payment of tax
22 credits approved for projects located in certified cultural
23 and entertainment districts.

24 For the fiscal period beginning July 1, 2005, and ending
25 June 30, 2010, the division appropriates each fiscal year to
26 the department of economic development \$1.6 million for
27 purposes of providing financial assistance for projects in
28 targeted state parks and destination parks.

29 For the fiscal period beginning July 1, 2005, and ending
30 June 30, 2010, the division appropriates each fiscal year to
31 the office of the treasurer of state \$1.6 million for deposit
32 in the Iowa cultural trust fund.

33 For the fiscal period beginning July 1, 2005, and ending
34 June 30, 2010, the division appropriates each fiscal year to
35 the department of economic development \$14 million for deposit

1 into the workforce training and economic development funds of
2 the community colleges.

3 For the fiscal period beginning July 1, 2005, and ending
4 June 30, 2010, the division appropriates each fiscal year to
5 the department of economic development \$400,000 for endow Iowa
6 grants to lead philanthropic entities.

7 For the fiscal period beginning July 1, 2005, and ending
8 June 30, 2010, the division appropriates each fiscal year to
9 the general fund of the state \$400,000 for payment of endow
10 Iowa tax credits.

11 For the fiscal period beginning July 1, 2005, and ending
12 June 30, 2010, the division appropriates each fiscal year to
13 the department of economic development \$2 million for
14 providing economic development region financial assistance.

15 For the fiscal period beginning July 1, 2005, and ending
16 June 30, 2010, the division appropriates each fiscal year to
17 the general fund of the state \$2 million for payment of
18 economic development region revolving fund contribution tax
19 credits.

20 The division provides that moneys that remain unexpended at
21 the end of a fiscal year shall not revert to any fund but
22 shall remain available for expenditure for the designated
23 purposes during the succeeding fiscal year.

24 DIVISION III -- This division of the bill amends the Iowa
25 economic development board provisions. The bill changes the
26 number of voting members serving on the board from 11 members
27 to 17 members. The bill also provides areas of expertise that
28 must be represented on the board by at least one member each.

29 DIVISION IV -- This division of the bill requires the
30 department of economic development to coordinate all
31 regulatory assistance for the state of Iowa. Each state
32 agency administering regulatory programs for business shall
33 maintain a coordinator within the agency. The division
34 provides that the department of economic development shall, in
35 consultation with the coordinators, examine, and to the extent

1 permissible, assist in the implementation of methods,
2 including the possible establishment of an electronic
3 database, to streamline the process for issuing permits to
4 business. The division was previously enacted in 2003 and
5 then was stricken pursuant to Rants v. Vilsack, 684 N.W.2d
6 193.

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

9 The division provides for the creation of economic
10 development regions which must be approved by the department
11 of economic development before the region may receive moneys
12 from the grow Iowa values fund. Such regions may create
13 economic development region revolving funds.

14 The division provides that a nongovernmental entity making
15 a contribution to an economic development region revolving
16 fund may claim a tax credit equal to 20 percent of the amount
17 contributed to the revolving fund. The tax credit is allowed
18 against personal and corporate income tax, the franchise tax
19 for financial institutions, the insurance premium tax, and the
20 moneys and credits tax for credit unions. The division allows
21 an organization exempt from federal income tax pursuant to
22 section 501(c) of the Internal Revenue Code making a
23 contribution to an economic development region revolving fund
24 to be paid from the general fund of the state an amount equal
25 to 20 percent of such contributed amount within 30 days after
26 the end of the fiscal year during which the contribution was
27 made. The total amount of tax credits and payments to
28 contributors, referred to as the credit amount, authorized
29 during a fiscal year shall not exceed \$2 million plus any
30 unused credit amount carried over from previous years. The
31 division provides that any credit amount which remains unused
32 for a fiscal year may be carried forward to the succeeding
33 fiscal year. The division provides that the maximum credit
34 amount that may be authorized in a fiscal year for
35 contributions made to a specific economic development region

1 revolving fund is equal to \$2 million plus any unused credit
2 amount carried over from previous years divided by the number
3 of economic development region revolving funds existing in the
4 state.

5 The division provides that an economic development region
6 may apply for financial assistance from the grow Iowa values
7 fund to assist with physical infrastructure needs related to a
8 specific business partner, to assist an existing business
9 located in the region impacted by business consolidation
10 actions, to implement economic development initiatives unique
11 to the region, or to implement innovative initiatives that do
12 not otherwise qualify for financial assistance. The division
13 allows the department to establish and administer a regional
14 economic development revenue sharing pilot project for one or
15 more regions. The division limits financial assistance to
16 economic development regions to a total of \$2 million each
17 fiscal year for the fiscal period beginning July 1, 2005, and
18 ending June 30, 2010.

19 The division allows an approved economic development region
20 to apply to the department for approval to be designated as an
21 economically isolated area based on criteria as determined by
22 the department. An economically isolated area must consist of
23 at least one county meeting the county distress criteria
24 provided under the enterprise zone program. The division
25 limits the number of economically isolated areas to five
26 regions. The division provides that an approved economically
27 isolated area may apply for financial assistance from the grow
28 Iowa values fund of up to \$750,000 over a five-year period for
29 purposes of economic development-related marketing assistance
30 for the area.

31 DIVISION VI -- This division of the bill relates to the
32 establishment of cultural and entertainment districts. The
33 cultural and entertainment district legislation was previously
34 enacted in 2003 and then stricken pursuant to *Rants v.*
35 *Vilsack*, 684 N.W.2d 193. The division allows a city or county

1 to create and designate a district subject to certification by
2 the department of cultural affairs, in consultation with the
3 department of economic development. The division provides
4 that a district shall consist of a geographic area not
5 exceeding one square mile in size.

6 The division provides that district certification is for a
7 period of 10 years and allows for the certification of areas
8 that extend across boundaries of cities and counties. The
9 division provides that the department of cultural affairs
10 shall encourage development projects and activities located in
11 certified cultural and entertainment districts through
12 incentives under cultural grant programs and any other grant
13 programs.

14 DIVISION VII -- This division of the bill relates to
15 rehabilitation project tax credits. The division provides
16 that, for the fiscal period beginning July 1, 2005, and ending
17 June 30, 2010, an additional \$4 million of the rehabilitation
18 tax credits may be approved each fiscal year for purposes of
19 projects located in certified cultural and entertainment
20 districts. The division allows any additional tax credits
21 allocated for projects located in cultural and entertainment
22 districts that are not approved during a fiscal year to be
23 carried over to the succeeding fiscal year.

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HOUSE FILE 868

AN ACT

RELATING TO ECONOMIC DEVELOPMENT, BUSINESS, WORKFORCE, AND REGULATORY ASSISTANCE AND TAX CREDITS, PROPERTY TAX ASSESSMENT, TO EXCISE TAXES ON E-85 GASOLINE, TO ISSUANCE OF REVENUE BONDS, AND TO STATE DEVELOPMENTAL, RESEARCH, AND REGULATORY OVERSIGHT, AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

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

DIVISION I

GROW IOWA VALUES FUND

Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.

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

2. In awarding financial assistance in a fiscal year from moneys appropriated to the grow Iowa values fund, the department shall commit, obligate, or promise not more than fifty percent of the moneys appropriated from the grow Iowa

values fund pursuant to section 15G.111, subsection 1, if enacted, for use during the first fiscal year following the fiscal year in which the financial assistance is awarded and not more than twenty-five percent of the moneys appropriated from the grow Iowa values fund pursuant to section 15G.111, subsection 1, if enacted, for use during the second fiscal year following the fiscal year in which the financial assistance is awarded.

Sec. 2. Section 15G.111, subsection 2, if enacted by 2005 Iowa Acts, House File 809, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 2:

NEW UNNUMBERED PARAGRAPH. The department may expend additional moneys that may become available for purposes of financial assistance to a single bioscience development organization determined by the department to possess expertise in the promotion and commercialization of biotechnology entrepreneurship as described in and for the purposes set forth in unnumbered paragraph 2.

Sec. 3. NEW SECTION. 15G.112 FINANCIAL ASSISTANCE.

1. In order to receive financial assistance from the department from moneys appropriated from the grow Iowa values fund, the average annual wage, including benefits, of new jobs created must be equal to or greater than one hundred thirty percent of the average county wage. For purposes of this section, "average county wage" and "benefits" mean the same as defined in section 15H.1.

2. An applicant may apply to the Iowa economic development board for a waiver of the wage requirements in subsection 1.

3. In awarding moneys appropriated from the grow Iowa values fund, the department shall give special consideration to projects that include significant physical infrastructure components designed to increase property tax revenues to local governments.

DIVISION II

IOWA ECONOMIC DEVELOPMENT BOARD

Sec. 4. Section 15.103, Code 2005, is amended to read as follows:

15.103 ECONOMIC DEVELOPMENT BOARD.

1. a. The Iowa economic development board is created, consisting of ~~eleven~~ fifteen voting members appointed by the governor and seven ex officio nonvoting members. The ex officio nonvoting members are four legislative members; one president, or the president's designee, of the university of northern Iowa, the university of Iowa, or Iowa state university of science and technology designated by the state board of regents on a rotating basis; and one president, or the president's designee, of a private college or university appointed by the Iowa association of independent colleges and universities; and one superintendent, or the superintendent's designee, of a community college, appointed by the Iowa association of community college presidents. The legislative members are two state senators, one appointed by the president of the senate, after consultation with the majority leader of the senate, and one appointed by the minority leader of the senate, after consultation with the president of the senate, from their respective parties; and two state representatives, one appointed by the speaker and one appointed by the minority leader of the house of representatives from their respective parties. Not more than ~~six~~ eight of the voting members shall be from the same political party. Beginning with the first appointment to the board made after the effective date of this Act, at least one voting member shall have been less than thirty years of age at the time of appointment. ~~The secretary of agriculture or the secretary's designee shall be one of the voting members.~~ The governor shall appoint the remaining ~~ten~~ voting members of the board for a term of four years beginning and ending as provided by section 69.19, subject to confirmation by the senate, and the governor's appointments shall include persons knowledgeable of the various elements of the department's responsibilities.

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

- (1) Finance, insurance, or investment banking.
- (2) Advanced manufacturing.
- (3) Statewide agriculture.
- (4) Life sciences.
- (5) Small business development.
- (6) Information technology.
- (7) Economics.
- (8) Labor.
- (9) Marketing.
- (10) Entrepreneurship.

c. At least nine members of the board shall be actively employed in the private, for-profit sector of the economy.

2. A vacancy on the board shall be filled in the same manner as regular appointments are made for the unexpired portion of the regular term.

3. The board shall meet in May of each year for the purpose of electing one of its voting members as chairperson and one of its voting members as vice chairperson. However, the chairperson and the vice chairperson shall not be from the same political party. The board shall meet at the call of the chairperson or when any ~~six~~ eight members of the board file a written request with the chairperson for a meeting. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the voting members constitutes a quorum.

4. Members of the board, the director, and other employees of the department shall be allowed their actual and necessary expenses incurred in the performance of their duties. All expenses shall be paid from appropriations for those purposes and the department is subject to the budget requirements of chapter 8. Each member of the board may also be eligible to receive compensation as provided in section 7E.6.

5. If a member of the board has an interest, either direct or indirect, in a contract to which the department is or is to be a party, the interest shall be disclosed to the board in writing and shall be set forth in the minutes of a meeting of the board. The member having the interest shall not participate in action by the board with respect to the contract. ~~This paragraph does not limit the right of a member of the board to acquire an interest in bonds, or limit the right of a member to have an interest in a bank or other financial institution in which the funds of the department are deposited or which is acting as trustee or paying agent under a trust indenture to which the department is a party.~~

6. As part of the organizational structure of the department, the board shall establish a due diligence committee and a loan and credit guarantee committee composed of members of the board. The committees shall serve in an advisory capacity to the board and shall carry out any duties assigned by the board in relation to programs administered by the department.

7. For the transitional period beginning July 1, 2005, and ending June 30, 2006, the composition of the voting members of the board shall be determined by the governor and shall be composed of members of the Iowa economic development board in existence on June 30, 2005, and members of the grow Iowa values board as it existed on June 15, 2004. During the transitional period stated in this subsection, the requirements of subsection 1, paragraphs "a" and "b", shall not apply. This subsection is repealed June 30, 2006.

Sec. 5. Section 15.104, Code 2005, is amended by adding the following new subsections:

NEW SUBSECTION. 9. By January 15 of each year, submit a report to the general assembly and the governor that delineates expenditures made under each component of the grow Iowa values fund. In addition, the department shall provide in the report the following information regarding each

business finance project and in the aggregate for projects funded during the previous fiscal year:

- a. The number of net new jobs created as of the time of reporting. For purposes of this paragraph, "net new jobs" means the number of jobs that have been created pursuant to the new or retained positions identified in the contract.
- b. The average wage of the jobs created as of the time of reporting.
- c. The amount of capital investment invested as of the time of reporting.
- d. The location.
- e. The amount, if any, of private and local government moneys expended as of the time of reporting.
- f. The amount of moneys expended on research and development activities that were not included in the jobs created and wages paid criteria.
- g. The number of jobs retained as of the time of reporting.

NEW SUBSECTION. 10. By January 15 of each year, submit a report to the general assembly and the governor identifying the number of minority-owned businesses that received financial assistance from moneys appropriated from the grow Iowa values fund during the previous calendar year. The report shall provide an analysis as to the reasons why more minority-owned businesses have not applied for assistance and include recommendations regarding how to encourage the creation of more minority-owned businesses. This subsection is repealed June 30, 2007.

NEW SUBSECTION. 11. By January 15 of each year, submit a report to the general assembly and the governor identifying the number of woman-owned businesses that received financial assistance from moneys appropriated from the grow Iowa values fund during the previous calendar year. The report shall provide an analysis as to the reasons why more woman-owned businesses have not applied for assistance and include

recommendations regarding how to encourage the creation of more woman-owned businesses. This subsection is repealed June 30, 2007.

Sec. 6. APPOINTMENTS DURING BIPARTISAN CONTROL.

Appointments of general assembly members to the Iowa economic development board, which are to be made by the president of the senate or by the majority or minority leader of the senate during the period that the senate for the Eighty-first General Assembly is composed of an equal number of members of each major political party, shall be made jointly by the co-presidents or co-floor leaders, as appropriate, in accordance with Senate Resolution 1, adopted during the 2005 legislative session.

**DIVISION III
REGULATORY ASSISTANCE**

Sec. 7. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

1. The department of economic development shall coordinate all regulatory assistance for the state of Iowa. Each state agency administering regulatory programs for business shall maintain a coordinator within the office of the director or the administrative division of the state agency. Each coordinator shall do all of the following:

- a. Serve as the state agency's primary contact for regulatory affairs with the department of economic development.
- b. Provide information regarding regulatory requirements to businesses and represent the state agency to the private sector.
- c. Monitor permit applications and provide timely permit status information to the department of economic development.
- d. Require regulatory staff participation in negotiations and discussions with businesses.
- e. Notify the department of economic development regarding proposed rulemaking activities that impact a regulatory program and any subsequent changes to a regulatory program.

2. The department of economic development shall, in consultation with the coordinators described in this section, examine, and to the extent permissible, assist in the implementation of methods, including the possible establishment of an electronic database, to streamline the process for issuing permits to business.

3. By January 15 of each year, the department of economic development shall submit a written report to the general assembly regarding the provision of regulatory assistance by state agencies, including the department's efforts, and its recommendations and proposed solutions, to streamline the process of issuing permits to business.

**DIVISION IV
ECONOMIC DEVELOPMENT REGIONS**

Sec. 8. NEW SECTION. 15E.21 IOWA BUSINESS RESOURCE CENTERS.

The department shall establish an Iowa business resource center program for purposes of locating Iowa business resource centers in the state. The department shall partner with another entity wanting to assist with economic growth and establish an Iowa business resource center. Operational duties of a center shall focus on providing information and referrals to entrepreneurs and businesses. Operational duties of a center shall be determined pursuant to a memorandum of agreement between the department and the other entity.

Sec. 9. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT REGIONS.

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

region shall establish a focused economic development effort that shall include a regional development plan relating to one or more of the following areas:

- a. Regional marketing strategies.
- b. Development of the information solutions sector.
- c. Development of the advanced manufacturing sector.
- d. Development of the life sciences and biotechnology sector.
- e. Development of the insurance or financial services sector.
- f. Physical infrastructure including, but not limited to, horizontal infrastructure, water and sewer infrastructure, and telecommunications infrastructure.
- g. Entrepreneurship.

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

Sec. 10. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION REVOLVING FUNDS -- TAX CREDITS.

1. An economic development region may create an economic development region revolving fund.
2. a. A nongovernmental entity making a contribution to an economic development region revolving fund, except those described in paragraph "b", may claim a tax credit equal to twenty percent of the amount contributed to the revolving fund. The tax credit shall be allowed against taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24. An individual may claim under this subsection the tax credit of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. Any tax credit in

excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following ten years or until depleted, whichever occurs first. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit under this section is not transferable.

b. Subject to the provisions of paragraph "c", an organization exempt from federal income tax pursuant to section 501(c) of the Internal Revenue Code making a contribution to an economic development region revolving fund, shall be paid from the general fund of the state an amount equal to twenty percent of such contributed amount within thirty days after the end of the fiscal year during which the contribution was made.

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

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

3. An economic development region may apply for financial assistance from the grow Iowa values fund to assist with the installation of physical infrastructure needs including, but

not limited to, horizontal infrastructure, water and sewer infrastructure, and telecommunications infrastructure, related to the development of fully served business and industrial sites by one or more of the region's economic development partners or for the installation of infrastructure related to a new business location or expansion. In order to receive financial assistance pursuant to this subsection, the economic development region must demonstrate all of the following:

a. The ability to provide matching moneys on a basis of a one dollar contribution of local matching moneys for every two dollars received from the grow Iowa values fund.

b. The commitment of the specific business partner including, but not limited to, a letter of intent defining a capital commitment or a percentage of equity.

c. That all other funding alternatives have been exhausted.

4. The department may establish and administer a regional economic development revenue sharing pilot project for one or more regions. The department shall take into consideration the geographical dispersion of the pilot projects. The department shall provide technical assistance to the regions participating in a pilot project.

5. An economic development region may apply for financial assistance from the grow Iowa values fund to assist an existing business threatened with closure due to a potential consolidation to an out-of-state location. The economic development region may apply for financial assistance from the grow Iowa values fund for the purchase, rehabilitation, or marketing of a building that has become available due to the closing of an existing business due to a consolidation to an out-of-state location. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every three dollars received from the grow Iowa values fund.

6. An economic development region may apply for financial assistance from the grow Iowa values fund to establish and operate an entrepreneurial initiative. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every two dollars received from the grow Iowa values fund.

7. a. An economic development region may apply for financial assistance from the grow Iowa values fund to establish and operate a business succession assistance program for the region.

b. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every two dollars received from the grow Iowa values fund.

8. An economic development region may apply for financial assistance from the grow Iowa values fund to implement economic development initiatives that are either unique to the region or innovative in design and implementation. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a one-to-one basis.

9. Financial assistance under subsections 3, 5, 6, 7, and 8, and section 15E.233 shall be limited to a total of one million dollars each fiscal year for the fiscal period beginning July 1, 2005, and ending June 30, 2015, and shall not be provided to assist in the establishment, operation, or installation of a project, initiative, or activity that may result in the provision, lease, or sale of goods or services by a government body that competes with private enterprise.

Sec. 11. NEW SECTION. 15E.233 ECONOMIC ENTERPRISE AREAS.

1. An economic development region may apply to the department for approval to be designated as an economic

enterprise area based on criteria provided in subsection 3. The department shall approve no more than ten regions as economic enterprise areas.

2. a. An approved economic enterprise area may apply to the department for financial assistance from the grow Iowa values fund for up to seventy-five thousand dollars each fiscal year during the fiscal period beginning July 1, 2005, and ending June 30, 2015, for any of the following purposes:

- (1) Economic development-related strategic planning and marketing for the region as a whole.
- (2) Economic development of fully-served business sites.
- (3) The construction of speculative buildings on a fully served lot.
- (4) The rehabilitation of an existing building to marketable standards.

b. In order to receive financial assistance under this subsection, an economic enterprise area must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every three dollars received from the grow Iowa values fund.

3. An economic enterprise area shall consist of at least one county containing no city with a population of more than twenty-three thousand five hundred and shall meet at least three of the following criteria:

- a. A per capita income of eighty percent or less than the national average.
- b. A household median income of eighty percent or less than the national average.
- c. Twenty-five percent or more of the population of the economic enterprise area with an income level of one hundred fifty percent or less of the United States poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

d. A population density in the economic enterprise area of less than ten people per square mile.

e. A loss of population as shown by the 2000 certified federal census when compared with the 1990 certified federal census.

f. An unemployment rate greater than the national rate of unemployment.

g. More than twenty percent of the population of the economic enterprise area consisting of people over the age of sixty-five.

Sec. 12. NEW SECTION. 15E.351 BUSINESS ACCELERATORS.

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

2. In determining whether a business accelerator qualifies for financial assistance, the department must find that a business accelerator meets all of the following criteria:

- a. The business accelerator must be a not-for-profit organization affiliated with an area chamber of commerce, a community or county organization, or economic development region.
- b. The geographic area served by a business accelerator must include more than one county.
- c. The business accelerator must possess the ability to provide service to a specific type of business as well as to

meet the broad-based needs of other types of start-up entrepreneurs.

d. The business accelerator must possess the ability to market business accelerator services in the region and the state.

e. The business accelerator must possess the ability to communicate with and cooperate with other business accelerators and similar service providers in the state.

f. The business accelerator must possess the ability to engage various funding sources for start-up entrepreneurs.

g. The business accelerator must possess the ability to communicate with and cooperate with various entities for purposes of locating suitable facilities for clients of the business accelerator.

h. The business accelerator must possess the willingness to accept referrals from the department of economic development.

3. In determining whether a business accelerator qualifies for financial assistance, the department may consider any of the following:

a. The business experience of the business accelerator's professional staff.

b. The business plan review capacity of the business accelerator's professional staff.

c. The business accelerator's professional staff with demonstrated disciplines in all aspects of business experience.

d. The business accelerator's professional staff with access to external service providers including legal, accounting, marketing, and financial services.

4. In order to receive financial assistance under this section, the financial assistance recipient must demonstrate the ability to provide matching moneys on a basis of a two dollar contribution of recipient moneys for every one dollar received in financial assistance.

Sec. 13. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT REGION REVOLVING FUND TAX CREDIT.

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

Sec. 14. Section 422.33, Code 2005, is amended by adding the following new subsection:

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

Sec. 15. Section 422.60, Code 2005, is amended by adding the following new subsection:

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

Sec. 16. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

The tax imposed under this chapter shall be reduced by an economic development region tax credit authorized pursuant to section 15E.232.

Sec. 17. Section 533.24, Code 2005, is amended by adding the following new subsection:

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

Sec. 18. BUSINESS SUCCESSION -- SMALL BUSINESS DEVELOPMENT CENTERS. As the loss of a community's small businesses is a major concern for communities around the state, small business development centers shall design a plan which includes all of the following:

1. The pursuit of public and private partnerships with family business consultants, experts in the area of employee stock ownership plans, attorneys, certified public accountants, the department of economic development, and other service providers to assist communities with issues related to business succession.

2. The development of a comprehensive internet website with resources related to business succession including a listing of family business consultants and service providers by area of expertise, appropriate articles, links to related resources, and a listing of businesses for sale. The internet website should also be designed to promote the state and to encourage former Iowa residents and others to locate in Iowa.

3. Basic training on business succession issues for all small business development center directors and staff counselors.

4. Courses on business succession issues available in person in communities and on the internet.

5. Small business development centers in the state shall develop and administer programs to assist small businesses to plan for the transfer of ownership of the business, including the transfer of all or a part of the ownership of a business to an employee stock ownership plan.

DIVISION V

CULTURAL AND ENTERTAINMENT DISTRICTS

Sec. 19. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT DISTRICTS.

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

2. A city or county may create and designate a cultural and entertainment district subject to certification by the

department of cultural affairs, in consultation with the department of economic development. A cultural and entertainment district is encouraged to include a unique form of transportation within the district and for transportation between the district and recreational trails. A cultural and entertainment district certification shall remain in effect for ten years following the date of certification. Two or more cities or counties may apply jointly for certification of a district that extends across a common boundary. Through the adoption of administrative rules, the department of cultural affairs shall develop a certification application for use in the certification process. The provisions of this subsection relating to the adoption of administrative rules shall be construed narrowly.

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

DIVISION VI

HISTORIC PRESERVATION AND CULTURAL
AND ENTERTAINMENT DISTRICT TAX CREDITS

Sec. 20. Section 404A.1, subsection 1, Code 2005, is amended to read as follows:

1. A property-rehabilitation historic preservation and cultural and entertainment district tax credit, subject to the availability of the credit, is granted against the tax imposed under chapter 422, division II, III, or V, or chapter 432, for the rehabilitation of eligible property located in this state as provided in this chapter. Tax credits in excess of tax liabilities shall be refunded as provided in section 404A.4, subsection 3.

Sec. 21. Section 404A.1, subsection 2, unnumbered paragraph 1, Code 2005, is amended to read as follows:

Eligible property for which a taxpayer may receive the property-rehabilitation historic preservation and cultural and entertainment district tax credit computed under this chapter includes all of the following:

Sec. 22. Section 404A.3, subsection 2, unnumbered paragraph 2, Code 2005, is amended to read as follows:

The selection standards shall provide that a person who qualifies for the rehabilitation tax credit under section 47 of the Internal Revenue Code shall automatically qualify for the state property-rehabilitation historic preservation and cultural and entertainment district tax credit under this chapter.

Sec. 23. Section 404A.4, subsection 2, Code 2005, is amended to read as follows:

2. After verifying the eligibility for the tax credit, the state historic preservation office, in consultation with the department of economic development, shall issue a property rehabilitation historic preservation and cultural and entertainment district tax credit certificate to be attached to the person's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project completion, the amount of credit, other information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred.

Sec. 24. Section 404A.4, subsection 3, Code 2005, is amended to read as follows:

3. A person receiving a property-rehabilitation historic preservation and cultural and entertainment district tax credit under this chapter which is in excess of the person's tax liability for the tax year is entitled to a refund of the excess at a discounted value. The discounted value of the tax credit refund, as calculated by the department of economic development, in consultation with the department of revenue, shall be determined based on the discounted value of the tax

credit five years after the tax year of the project completion at an interest rate equivalent to the prime rate plus two percent. The refunded tax credit shall not exceed seventy-five percent of the allowable tax credit.

Sec. 25. 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 year period beginning July 1, 2005, and July 1, 2006 and ending June 30, 2015, an additional five-hundred-thousand four million 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 shall be applied to reserved tax credits issued in accordance with section 404A.3 in order of original reservation. 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. With the exception of tax credits issued pursuant to contracts entered into prior to July 1, 2005, tax credits shall not be reserved for more than five years.

Sec. 26. Section 404A.5, Code 2005, is amended to read as follows:

404A.5 ECONOMIC IMPACT -- RECOMMENDATIONS.

The department of cultural affairs, in consultation with the department of economic development, shall be responsible

for keeping the general assembly and the legislative services agency informed on the overall economic impact to the state of the rehabilitation of eligible properties. An annual report shall be filed which shall include, but is not limited to, data on the number and potential value of rehabilitation projects begun during the latest twelve-month period, the total property-rehabilitation historic preservation and cultural and entertainment district tax credits originally granted during that period, the potential reduction in state tax revenues as a result of all tax credits still unused and eligible for refund, and the potential increase in local property tax revenues as a result of the rehabilitated projects. The department, to the extent it is able, shall provide recommendations on whether a limit on tax credits should be established, the need for a broader or more restrictive definition of eligible property, and other adjustments to the tax credits under this chapter.

DIVISION VII

COMMERCIALIZATION

Sec. 27. NEW SECTION. 15.115 TECHNOLOGY
COMMERCIALIZATION SPECIALIST.

The department shall ensure that businesses in the state are well informed about the technology patents, licenses, and options available to them from colleges and universities in the state and to ensure the department's business development and marketing efforts are conducted in a way that maximizes the advantage to the state of research and technology commercialization efforts at colleges and universities in the state. The department shall establish a technology commercialization specialist position which shall be responsible for the obligations imposed by this section and for performance of all of the following activities:

1. Establishing and maintaining communication with personnel in charge of intellectual property management and technology at colleges and universities in the state.

2. Meeting at least quarterly with personnel in charge of intellectual property management and technology commercialization regarding new technology disclosures and technology patents, licenses, or options available to Iowa businesses at colleges and universities in the state.

3. Being knowledgeable regarding intellectual property, patent, license, and option policies of colleges and universities in the state as well as applicable federal law.

4. Establishing and maintaining an internet website to link other internet websites which provide electronic access to information regarding available patents, licenses, or options for technology at colleges and universities in the state.

5. Establishing and maintaining communications with business and development organizations in the state regarding available technology patents, licenses, and options.

6. Cooperating with colleges and universities in the state in establishing technology fairs or other public events designed to make businesses in the state aware of available technology patents, licenses, or options available to businesses in the state.

Sec. 28. NEW SECTION. 15.115A TECHNOLOGY
COMMERCIALIZATION COMMITTEE.

To evaluate and approve funding for projects and programs under section 15G.111, subsection 2, if enacted, the economic development board shall create a technology commercialization committee composed of members with expertise in the areas of biosciences, engineering, manufacturing, pharmaceuticals, materials, information solutions, software, and energy. At least one member of the technology commercialization committee shall be a member of the economic development board. An organization designated by the department, composed of members from both the public and private sectors and composed of subunits or subcommittees in the areas of already identified bioscience platforms, education and workforce development,

commercialization, communication, policy and governance, and finance, shall provide funding recommendations to the technology commercialization committee.

Sec. 29. NEW SECTION. 15.116 CHIEF TECHNOLOGY OFFICER.

The governor shall appoint a chief technology officer for the state. The chief technology officer shall serve a four-year term and shall have national or international stature. The chief technology officer shall coordinate the activities of the technology commercialization specialist employed pursuant to section 15.115. The chief technology officer shall serve as a spokesperson for the department for purposes of promoting to private sector businesses the technology commercialization efforts of the department and the research and technology capabilities of institutions of higher learning in the state.

Sec. 30. Section 262B.1, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

262B.1 TITLE.

This chapter shall be known and may be cited as the "Commercialization of Research for Iowa Act".

Sec. 31. Section 262B.2, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

262B.2 LEGISLATIVE INTENT.

It is the intent of the general assembly that the three universities under the control of the state board of regents have as part of their missions the use of their universities' expertise to expand and stimulate economic growth across the state. This activity may be accomplished through a wide variety of partnerships, public and private joint ventures, and cooperative endeavors, primarily, but not exclusively, in the area of high technology, and may result in investments by the private sector for commercialization of the technology and job creation. It is imperative that whenever possible, the investments and job creation be in Iowa but need not be in the proximity of the universities. The purpose of the investments

and job creation shall be to expand and stimulate Iowa's economy, increase the wealth of Iowans, and increase the population of Iowa, which may be accomplished through research conducted within the state that will competitively position Iowa on an economic basis with other states and create high-wage, high-growth employers and jobs. Accredited private universities located in the state are encouraged to incorporate the intent of this section into the mission of their universities.

Sec. 32. Section 262B.3, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

262B.3 DUTIES AND RESPONSIBILITIES.

1. The state board of regents, as part of its mission and strategic plan, shall establish mechanisms for the purpose of carrying out the intent of this chapter. In addition to other board initiatives, the board shall work with the department of economic development, other state agencies, and the private sector to facilitate the commercialization of research.

2. The state board of regents, in cooperation with the department of economic development, shall implement this chapter through any of the following activities:

- a. Developing strategies to market and disseminate information on university research for commercialization in Iowa.
- b. Evaluating university research for commercialization potential, where relevant.
- c. Developing a plan to improve private sector access to the university licenses and patent information and the transfer of technology from the university to the private sector.
- d. Identifying research and technical assistance needs of existing Iowa businesses and start-up companies and recommending ways in which the universities can meet these needs.

e. Linking research and instruction activities to economic development.

f. Reviewing and monitoring activities related to technology transfer.

g. Coordinating activities to facilitate a focus on research in the state's targeted industry clusters.

h. Surveying similar activities in other states and at other universities.

i. Establishing a single point of contact to facilitate commercialization of research.

j. Sustaining faculty and staff resources needed to implement commercialization.

k. Implementing programs to provide public recognition of university faculty and staff who demonstrate success in technology transfer and commercialization.

l. Implementing rural entrepreneurial and regional development assistance programs.

m. Providing market research ranging from early stage feasibility to extensive market research.

n. Creating real or virtual research parks that may or may not be located near universities, but with the goal of providing economic stimulus to the entire state.

o. Capacity building in key biosciences platform areas.

p. Encouraging biosciences entrepreneurship by faculty.

q. Providing matching grants for joint biosciences projects involving public and private entities.

r. Encouraging biosciences entrepreneurship by faculty using faculty research and entrepreneurship grants.

s. Pursuing bioeconomy initiatives in key platform areas as recommended by a consultant report on bioeconomy issues contracted for by the department of economic development.

3. Each January 15, the state board of regents shall submit a written report to the general assembly detailing the patents and licenses held by each institution of higher learning under the control of the state board of regents and

by nonprofit foundations acting solely for the support of institutions governed by the state board of regents.

Sec. 33. Sections 262B.4, 262B.5, and 262B.12, Code 2005, are repealed.

Sec. 34. STUDIES.

1. The state board of regents shall conduct a study to determine the feasibility of establishing a graduate school in western Iowa in cooperation with other public or private institutions of higher learning. By December 15, 2005, the board shall submit a report to the general assembly and the governor regarding the findings and recommendations of the study.

2. The state board of regents shall conduct a study relating to cost-effective methods of recognizing the efforts of faculty to achieve commercialization. By December 15, 2005, the board shall submit a report to the general assembly and the governor regarding the findings and recommendations of the study.

DIVISION VIII

WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

Sec. 35. Section 260C.18A, subsection 2, paragraph b, Code 2005, is amended to read as follows:

b. Projects in which an agreement between a community college and a business meet all the requirements of the Iowa jobs training Act under chapter 260F. However, projects funded by moneys provided by a local workforce training and economic development fund of a community college are not subject to the maximum advance or award limitations contained in section 260F.6, subsection 2, or the allocation limitations contained in section 260F.8, subsection 1.

Sec. 36. Section 260C.18A, subsection 2, Code 2005, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. Training and retraining programs for targeted industries as authorized in section 15.343, subsection 2, paragraph "a".

Sec. 37. Section 260C.18A, subsection 5, Code 2005, is amended by striking the subsection.

Sec. 38. OPERATIONAL EXPENSES. Moneys that are appropriated to the department of economic development pursuant to section 15G.111, if enacted, for deposit in workforce training and economic development funds of community colleges may be used by community colleges for operational expenses associated with vocational technical training.

DIVISION IX

LOAN AND CREDIT GUARANTEE PROGRAM

Sec. 39. Section 15E.224, subsections 1, 5, and 7, Code 2005, are amended to read as follows:

1. The department shall establish and administer a loan and credit guarantee program. The department, pursuant to agreements with financial institutions, shall provide loan and credit guarantees, or other forms of credit guarantees for qualified businesses and targeted industry businesses for eligible project costs. The department may invest up to ten percent of the assets of the loan and credit guarantee fund, or five hundred thousand dollars, whichever is greater, to provide loan and credit guarantees or other forms of credit guarantees for eligible project costs to microenterprises located in a municipality with a population under fifty thousand that is not contiguous to a municipality with a population of fifty thousand or more. For purposes of this division, "microenterprise" means a business providing services with five or fewer full-time equivalent employee positions. A loan or credit guarantee provided under the program may stand alone or may be used in conjunction with or to enhance other loans or credit guarantees offered by private, state, or federal entities. The department may purchase insurance to cover defaulted loans meeting the requirements of the program. However, the department shall not in any manner directly or indirectly pledge the credit of the state. Eligible project costs include expenditures for

productive equipment and machinery, working capital for operations and export transactions, research and development, marketing, and such other costs as the department may so designate.

5. The department shall adopt a loan or credit guarantee application procedure for a financial institution on behalf of a qualified business, microenterprise, or targeted industry business.

7. The department may adopt loan and credit guarantee application procedures that allow a qualified business, microenterprise, or targeted industry business to apply directly to the department for a preliminary guarantee commitment. A preliminary guarantee commitment may be issued by the department subject to the qualified business, microenterprise, or targeted industry business securing a commitment for financing from a financial institution. The application procedures shall specify the process by which a financial institution may obtain a final loan and credit guarantee.

Sec. 40. Section 15E.225, subsection 3, Code 2005, is amended to read as follows:

3. For a preliminary guarantee commitment, the department may charge a qualified business, microenterprise, or targeted industry business a preliminary guarantee commitment fee. The application fee shall be in addition to any other fees charged by the department under this section and shall not exceed one thousand dollars for an application.

DIVISION X

ECONOMIC DEVELOPMENT TAX INCENTIVES

Sec. 41. Section 15.113, Code 2005, is amended to read as follows:

15.113 ECONOMIC DEVELOPMENT ASSISTANCE -- REPORT.

In order for the general assembly to have accurate and complete information regarding expenditures for economic development and job training incentives and to respond to the

job training needs of Iowa workers, the department shall provide to the legislative services agency by January 15 of each year data on all assistance or benefits provided under the community economic betterment program, the ~~new-jobs-and-income-program~~ high quality job creation program, and the Iowa industrial new jobs training Act during the previous calendar year. The department shall meet with the legislative services agency prior to submitting the data to assure that its form and specificity are sufficient to provide accurate and complete information to the general assembly. The department shall also contact other state agencies providing financial assistance to Iowa businesses and, to the extent practical, coordinate the submission of the data to the legislative services agency.

Sec. 42. Section 15.326, Code 2005, is amended to read as follows:

15.326 SHORT TITLE.

This part shall be known and may be cited as the ~~"New-jobs and-income~~ "High Quality Job Creation Act".

Sec. 43. Section 15.327, Code 2005, is amended to read as follows:

15.327 DEFINITIONS.

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

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

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

3. "Department" means the Iowa department of economic development.

~~4. "Director" means the director of the department or the director's designee.~~

~~5. "Economic development area" means a site or sites designated by the department of economic development for the purpose of attracting an eligible business and supporting businesses to locate facilities within the state.~~

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

7. 5. "Program" means the new-jobs-and-income high quality job creation program.

8. 6. "Project completion" means the first date upon which the average annualized production of finished product for the preceding ninety-day period at the manufacturing facility operated by the eligible business ~~within the economic development area~~ is at least fifty percent of the initial design capacity of the facility. The eligible business shall inform the department of revenue in writing within two weeks of project completion.

~~9. "Supporting business" means a business under contract with the eligible business to provide property, materials, or services which are a necessary component of the operation of the manufacturing facility. To qualify as a supporting business, the business shall have a permanent facility or operations located within the economic development area and the revenue from fulfilling the contract with the eligible business shall constitute at least seventy-five percent of the revenue generated by the business from all activities undertaken from the facility within the economic development area.~~

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

Sec. 44. Section 15.329, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

15.329 ELIGIBLE BUSINESS.

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

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

b. The business has not closed or substantially reduced its operation in one area of the state and relocated substantially the same operation in the community. This subsection does not prohibit a business from expanding its operation in the community if existing operations of a similar nature in the state are not closed or substantially reduced.

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

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

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

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

- (1) Value-added agricultural products.
- (2) Insurance and financial services.
- (3) Plastics.
- (4) Metals.
- (5) Printing paper or packaging products.
- (6) Drugs and pharmaceuticals.
- (7) Software development.
- (8) Instruments and measuring devices and medical instruments.
- (9) Recycling and waste management.
- (10) Telecommunications.

(11) Trucking and warehousing.

Retail and service businesses shall not be eligible for benefits under this part.

c. Provide and pay at least eighty percent of the cost of a standard medical and dental insurance plan for all full-time employees working at the facility in which the new investment occurred.

d. Make child care services available to its employees.

e. Invest annually no less than one percent of pretax profits, from the facility located to Iowa or expanded under the program, in research and development in Iowa.

f. Invest annually no less than one percent of pretax profits, from the facility located to Iowa or expanded under the program, in worker training and skills enhancement.

g. Have an active productivity and safety improvement program involving management and worker participation and cooperation with benchmarks for gauging compliance.

h. Occupy an existing facility, at least one of the buildings of which shall be vacant and shall contain at least twenty thousand square feet.

3. Any business located in a quality jobs enterprise zone is ineligible to receive the economic development incentives under the program.

4. If the department finds that a business has a record of violations of the law, including but not limited to environmental and worker safety statutes, rules, and regulations, over a period of time that tends to show a consistent pattern, the business shall not qualify for economic development assistance under this part, unless the department finds that the violations did not seriously affect public health or safety, or the environment, or if it did, that there were mitigating circumstances. In making the findings and determinations regarding violations, mitigating circumstances, and whether the business is disqualified for economic development assistance under this part, the department shall be exempt from chapter 17A.

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

a. The quality of the jobs to be created. In rating the quality of the jobs, the department shall place greater emphasis on those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. Businesses that have wage scales substantially below that of existing Iowa businesses in that area should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.

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

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

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

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

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

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

(5) A potential for future job growth.

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

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

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

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

6. The department may waive any of the requirements of this section for good cause shown.

7. An application to receive incentives under this part may be submitted to the department at any time within one year from the time the job for which benefits are sought commences.

Sec. 45. Section 15.330, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

15.330 AGREEMENT.

A business shall enter into an agreement with the department specifying the requirements that must be met to confirm eligibility pursuant to this part. The department shall consult with the community during negotiations relating to the agreement. The agreement shall contain, at a minimum, the following provisions:

1. A business that is approved to receive incentives shall, for the length of the agreement, certify annually to the department the compliance of the business with the requirements of the agreement. If the business receives a local property tax exemption, the business shall also certify

annually to the community the compliance of the business with the requirements of the agreement.

2. The repayment of incentives by the business if the business does not meet any of the requirements of this part or the resulting agreement.

3. If a business that is approved to receive incentives under this part experiences a layoff within the state or closes any of its facilities within the state, the department shall have the discretion to reduce or eliminate some or all of the incentives. If a business has received incentives under this part and experiences a layoff within the state or closes any of its facilities within the state, the business may be subject to repayment of all or a portion of the incentives that it has received.

4. A business creating fifteen or fewer new high quality jobs shall have up to three years to complete a project and shall be required to maintain the jobs for an additional two years. A business creating sixteen or more new high quality jobs shall have up to five years to complete a project and shall be required to maintain the jobs for an additional two years.

Sec. 46. Section 15.331A, Code 2005, is amended to read as follows:

15.331A SALES AND USE TAX REFUND ---~~CONTRACTOR-OR~~
~~SUBCONTRACTOR.~~

The eligible business ~~or-a-supporting-business~~ shall be entitled to a refund of the sales and use taxes paid under chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility ~~within-the-economic-development-area~~ of the eligible business ~~or-a-supporting-business~~. Taxes attributable to intangible property and furniture and furnishings shall not be

refunded. However, an eligible business shall be entitled to a refund for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center subject to section 15.331C.

To receive the refund a claim shall be filed by the eligible business ~~or-a-supporting-business~~ with the department of revenue as follows:

1. The contractor or subcontractor shall state under oath, on forms provided by the department, the amount of the sales of goods, wares, or merchandise or services rendered, furnished, or performed including water, sewer, gas, and electric utility services ~~for-use-in-the-economic-development area~~ upon which sales or use tax has been paid prior to the project completion, and shall file the forms with the eligible business ~~or-supporting-business~~ before final settlement is made.

2. The eligible business ~~or-a-supporting-business~~ shall, not more than one year after project completion, make application to the department for any refund of the amount of the sales and use taxes paid pursuant to chapter 423 upon any goods, wares, or merchandise, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services. The application shall be made in the manner and upon forms to be provided by the department, and the department shall audit the claim and, if approved, issue a warrant to the eligible business ~~or-supporting-business~~ in the amount of the sales or use tax which has been paid to the state of Iowa under a contract. A claim filed by the eligible business ~~or-a-supporting-business~~ in accordance with this section shall not be denied by reason of a limitation provision set forth in chapter 421 or 423.

3. A contractor or subcontractor who willfully makes a false report of tax paid under the provisions of this section is guilty of a simple misdemeanor and in addition is liable for the payment of the tax and any applicable penalty and interest.

Sec. 47. Section 15.331C, Code 2005, is amended to read as follows:

15.331C CORPORATE TAX CREDIT FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY DEVELOPER.

1. An eligible business ~~or-a-supporting-business~~ may claim a corporate tax credit in an amount equal to the taxes paid by a third-party developer under chapters 422 and 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility ~~within-the-economic development-area~~ of the eligible business ~~or-supporting business~~. Taxes attributable to intangible property and furniture and furnishings shall not be included, but taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall be included. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. An eligible business may elect to receive a refund of all or a portion of an unused tax credit.

2. A third-party developer shall state under oath, on forms provided by the department of economic development, the amount of taxes paid as described in subsection 1 and shall submit such forms to the department. The taxes paid shall be itemized to allow identification of the taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. After receiving the form from the third-party developer, the department shall issue a tax credit certificate to the eligible business ~~or-supporting business~~ equal to the taxes paid by a third-party developer under chapters 422 and 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a

contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility. The department shall also issue a tax credit certificate to the eligible business ~~or-supporting-business~~ equal to the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. The aggregate combined total amount of tax refunds under section 15.331A for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center and of tax credit certificates issued by the department for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall not exceed five hundred thousand dollars in a fiscal year. If an applicant for a tax credit certificate does not receive a certificate for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center, the application shall be considered in succeeding fiscal years. The eligible business ~~or-supporting business~~ shall not claim a tax credit under this section unless a tax credit certificate issued by the department of economic development is attached to the taxpayer's tax return for the tax year for which the tax credit is claimed. A tax credit certificate shall contain the eligible business's ~~or supporting-business's~~ name, address, tax identification number, the amount of the tax credit, and other information required by the department of revenue.

Sec. 48. Section 15.333, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

15.333 INVESTMENT TAX CREDIT.

1. An eligible business may claim a tax credit equal to a percentage of the new investment directly related to new jobs created by the location or expansion of an eligible business under the program. The tax credit shall be amortized equally over five calendar years. The tax credit shall be allowed

against taxes imposed under chapter 422, division II, III, or V, and against the moneys and credits tax imposed in section 533.24. If the business is a partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust. The percentage shall be determined as provided in section 15.335A. Any tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs first.

Subject to prior approval by the department of economic development, in consultation with the department of revenue, an eligible business whose project primarily involves the production of value-added agricultural products or uses biotechnology-related processes may elect to receive a refund of all or a portion of an unused tax credit. For purposes of this subsection, such an eligible business includes a cooperative described in section 521 of the Internal Revenue Code which is not required to file an Iowa corporate income tax return, and whose project primarily involves the production of ethanol. The refund may be applied against a tax liability imposed under chapter 422, division II, III, or V, and against the moneys and credits tax imposed in section 533.24. If the business is a partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based

upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust.

2. For purposes of this subsection, "new investment directly related to new jobs created by the location or expansion of an eligible business under the program" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, the purchase price of real property and any buildings and structures located on the real property, and the cost of improvements made to real property which is used in the operation of the eligible business. "New investment directly related to new jobs created by the location or expansion of an eligible business under the program" also means the annual base rent paid to a third-party developer by an eligible business for a period not to exceed ten years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third-party developer's costs to build or renovate the building for the eligible business. The eligible business shall enter into a lease agreement with the third-party developer for a minimum of five years. If, however, within five years of purchase, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other existing structures for which tax credit was claimed under this section, the tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

a. One hundred percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within one full year after being placed in service.

b. Eighty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within two full years after being placed in service.

c. Sixty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within three full years after being placed in service.

d. Forty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within four full years after being placed in service.

e. Twenty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within five full years after being placed in service.

3. a. An eligible business whose project primarily involves the production of value-added agricultural products or uses biotechnology-related processes, which elects to receive a refund of all or a portion of an unused tax credit, shall apply to the department of economic development for tax credit certificates. Such an eligible business shall not claim a tax credit refund under this subsection unless a tax credit certificate issued by the department of economic development is attached to the taxpayer's tax return for the tax year for which the tax credit refund is claimed. For purposes of this subsection, an eligible business includes a cooperative described in section 521 of the Internal Revenue Code which is not required to file an Iowa corporate income tax return, and whose project primarily involves the production of ethanol. For purposes of this subsection, an eligible business also includes a cooperative described in section 521 of the Internal Revenue Code which is required to file an Iowa corporate income tax return and whose project primarily involves the production of ethanol. Such cooperative may elect to transfer all or a portion of its tax credit to its members. The amount of tax credit transferred and claimed by a member shall be based upon the pro rata share of the member's earnings of the cooperative.

b. A tax credit certificate issued under this subsection shall not be valid until the tax year following the date of the capital investment project completion. A tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project completion, the amount of the tax credit, and other information required by the department of revenue. The department of economic development shall not issue tax credit certificates under this subsection which total more than four million dollars during a fiscal year. If the department receives and approves applications for tax credit certificates under this subsection in excess of four million dollars, the applicants shall receive certificates for a prorated amount. The tax credit certificates shall not be transferred except as provided in this subsection for a cooperative described in section 521 of the Internal Revenue Code which is required to file an Iowa corporate income tax return and whose project primarily involves the production of ethanol. For a cooperative described in section 521 of the Internal Revenue Code, the department of economic development shall require that the cooperative submit a list of its members and the share of each member's interest in the cooperative. The department shall issue a tax credit certificate to each member contained on the submitted list.

Sec. 49. Section 15.333A, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

15.333A INSURANCE PREMIUM TAX CREDITS.

1. An eligible business may claim an insurance premium tax credit equal to a percentage of the new investment directly related to new jobs created by the location or expansion of an eligible business under the program. The tax credit shall be amortized equally over a five-year period. The tax credit shall be allowed against taxes imposed in chapter 432. A tax credit in excess of the tax liability for the tax year may be

credited to the tax liability for the following seven years or until depleted, whichever occurs first. The percentage shall be determined as provided in section 15.335A.

2. For purposes of this section, "new investment directly related to new jobs created by the location or expansion of an eligible business under the program" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, the purchase price of real property and any buildings and structures located on the real property, and the cost of improvements made to real property which is used in the operation of the eligible business. "New investment directly related to new jobs created by the location or expansion of an eligible business under the program" also means the annual base rent paid to a third-party developer by an eligible business for a period not to exceed ten years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third-party developer's costs to build or renovate the building for the eligible business. The eligible business shall enter into a lease agreement with the third-party developer for a minimum of five years. If, however, within five years of purchase, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other existing structures for which tax credit was claimed under this section, the tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

a. One hundred percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within one full year after being placed in service.

- b. Eighty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within two full years after being placed in service.
- c. Sixty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within three full years after being placed in service.
- d. Forty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within four full years after being placed in service.
- e. Twenty percent of the tax credit claimed under this section if the property ceases to be eligible for the tax credit within five full years after being placed in service.

Sec. 50. NEW SECTION. 15.335A TAX INCENTIVES.

1. Tax incentives are available to eligible businesses as provided in this section. The incentives are based upon the number of new high quality jobs created and the amount of the qualifying investment made according to the following schedule:

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

(1) The number of jobs is zero and economic activity is furthered by the qualifying investment and the amount of the qualifying investment is one of the following:

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

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

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

(2) The number of jobs is one but not more than five and the amount of the qualifying investment is one of the following:

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

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

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

(3) The number of jobs is six but not more than ten and the amount of the qualifying investment is one of the following:

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

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

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

(4) The number of jobs is eleven but not more than fifteen and the amount of the qualifying investment is one of the following:

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

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

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

(5) The number of jobs is sixteen or more and the amount of the qualifying investment is one of the following:

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

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

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

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

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

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

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

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

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

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

2. For purposes of this section:

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

b. "Average county wage" means the same as defined in section 15H.1.

c. "Benefits" means the same as defined in section 15H.1.

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

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

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

3. A community may apply to the Iowa economic development board for a project-specific waiver from the average county wage calculations provided in subsection 1 in order for an eligible business to receive tax incentives. The board may

grant a project-specific waiver from the average county wage calculations in subsection 1 for the remainder of the calendar year, based on average county or regional wage calculations brought forth by the applicant county including, but not limited to, any of the following:

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

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

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

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

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

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

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

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

6. The department shall negotiate the amount of tax incentives provided to an applicant under the program in accordance with this section.

Sec. 51. Section 15.336, Code 2005, is amended to read as follows:

15.336 OTHER INCENTIVES.

An eligible business may receive other applicable federal, state, and local incentives and credits in addition to those provided in this part. However, a business which participates in the program under this part shall not receive any funds ~~from the community-economic-development-account-under-the community-economic-betterment-program wage-benefits tax credits under chapter 15H.~~

Sec. 52. Section 15E.196, subsection 1, paragraph a, Code 2005, is amended to read as follows:

a. New jobs credit from withholding, as provided in section ~~15-333~~ 15E.197.

Sec. 53. Section 15E.196, subsections 3 and 6, Code 2005, are amended to read as follows:

3. Investment tax credit of up to ten percent, as provided in section 15.333.

6. Insurance premium tax credit of up to ten percent, as provided in section 15.333A.

Sec. 54. NEW SECTION. 15E.197 NEW JOBS CREDIT FROM WITHHOLDING.

An eligible business may enter into an agreement with the department of revenue and a community college for a supplemental new jobs credit from withholding from jobs created under the program. The agreement shall be for program services for an additional job training project, as defined in chapter 260E. The agreement shall provide for the following:

1. That the project shall be administered in the same manner as a project under chapter 260E and that a supplemental new jobs credit from withholding in an amount equal to one and one-half percent of the gross wages paid by the eligible business pursuant to section 422.16 is authorized to fund the program services for the additional project.

2. That the supplemental new jobs credit from withholding shall be collected, accounted for, and may be pledged by the community college in the same manner as described in section 260E.5.

3. That the auditor of state shall perform an annual audit regarding how the training funds are being used.

To provide funds for the payment of the costs of the additional project, a community college may borrow money, issue and sell certificates, and secure the payment of the certificates in the same manner as described in section 260E.6, including but not limited to providing the assessment of an annual levy as described in section 260E.6, subsection 4. The program and credit authorized by this section is in addition to, and not in lieu of, the program and credit authorized in chapter 260E.

4. For purposes of this section, "eligible business" means a business which has been approved to receive incentives and assistance by the department of economic development pursuant to application as provided in section 15E.195.

Sec. 55. NEW SECTION. 15H.1 DEFINITIONS.

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

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

2. "Benefits" means all of the following:

- a. Medical and dental insurance plans.
- b. Pension and profit sharing plans.
- c. Child care services.
- d. Life insurance coverage.
- e. Other benefits identified by rule of the department.

3. "Department" means the department of revenue.

4. a. "Qualified new job" means a job that meets all of the following:

(1) Is a new full-time job that has not existed in the business within the previous twelve months in the state.

(2) Is filled by a new employee for at least twelve months.

- (3) Is filled by a resident of the state.
- (4) Is not created as a result of a change in ownership.
- b. "Qualified new job" does not include any of the following:
 - (1) A job previously filled by the same employee in the state.
 - (2) A job that was relocated from another location in the state.
 - (3) A job that is created as a result of a consolidation, merger, or restructuring of a business entity if the job does not represent a new job in the state.

5. "Retained qualified new job" means the continued employment for another twelve months of the same employee in a qualified new job.

Sec. 56. NEW SECTION. 15H.2 WAGE-BENEFITS TAX CREDIT.

1. a. Any nonretail, nonservice business may claim a tax credit equal to a percentage of the annual wages and benefits paid for a qualified new job created by the location or expansion of the business in the state. The tax credit shall be allowed against taxes imposed under chapter 422, division II, III, or V, and chapter 432 and against the moneys and credits tax imposed in section 533.24. The percentage shall be equal to the amount provided in subsection 2.

Any credit in excess of the tax liability shall be refunded. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following taxable year.

b. If the business is a partnership, S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust.

2. The percentage of the annual wages and benefits paid for a qualified new job is determined as follows:
 - a. If the annual wage and benefits for the qualified new job equals less than one hundred thirty percent of the average county wage, zero percent.
 - b. If the annual wage and benefits for the qualified new job equals at least one hundred thirty percent but less than one hundred sixty percent of the average county wage, five percent.
 - c. If the annual wage and benefits for the qualified new job equals at least one hundred sixty percent of the average county wage, ten percent.

3. A qualified new job is entitled to the tax credit upon the end of the twelfth month of the job having been filled. Once a qualified new job is approved for a tax credit, tax credits for the next four subsequent tax years may be approved if the job continues to be filled and application is made as provided in section 15H.3. The percentage determined under subsection 2 for the first tax year shall continue to apply to subsequent tax credits as the credits relate to that qualified new job.

Sec. 57. NEW SECTION. 15H.3 TAX CREDIT CERTIFICATION -- CREDIT LIMITATION.

1. In order for a wage-benefit tax credit to be claimed, the business shall submit an application to the department along with information on the qualified new job or retained qualified new job and any other information required. Applications for approval of the tax credit shall be on forms approved by the department. Within forty-five days of receipt of the application, the department shall either approve or disapprove the application. After the forty-five-day limit, the application is deemed approved.

2. Upon approval of the tax credit and subject to subsection 4, a tax credit certificate shall be issued by the department. A tax credit certificate shall identify the

business claiming the tax credit under this chapter and the wage and benefit costs incurred during the previous twelve months.

3. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of the qualified new job, the amount of credit, and other information required by the department.

4. The total amount of tax credit certificates that may be issued for a fiscal year under this chapter shall not exceed ten million dollars. The department shall establish by rule the procedures for the application, review, selection, awarding of certificates, and the method to be used to determine for which fiscal year the tax credits are available. If the approved tax credits exceed the maximum amount for a fiscal year, tax credit certificates shall be issued on an earliest date applied basis.

5. a. A nonretail, nonservice business that has created a qualified new job for which a tax credit certificate under this chapter is issued is eligible to receive a tax credit certificate for each of the four subsequent tax years if the business retains the qualified new job during each of the twelve months ending in each of the tax years by applying for the credit under this section. Preference in issuing these tax credit certificates shall be given to businesses applying for the credit for retained qualified new jobs.

b. A nonretail, nonservice business that created a qualified new job but failed to receive all or part of the tax credit because of the limitation in subsection 4 is eligible to reapply for the tax credit for the retained qualified new job.

6. a. A business whose application has been disapproved by the department may appeal the decision to the Iowa economic development board within thirty days of notice of disapproval. If the board subsequently approves the application, the business shall receive the tax credit certificates subject to

the availability of the amount of credits that may be issued as provided in subsection 4.

b. A nonretail, nonservice business may apply to the Iowa economic development board for a waiver of any provision of this chapter as it relates to the requirements for qualifying for the wage-benefits tax credit. The Iowa economic development board shall establish by rule the conditions under which a waiver of such requirements will be granted. A waiver from average county wage calculations shall be applied for and considered by the board according to the procedures provided in section 15.335A.

Sec. 58. NEW SECTION. 15H.4 MONITORING OF JOB CREATION.

The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the number of permanent, full-time positions which businesses actually create and retain and which can be documented by comparison of the payroll reports during the twenty-four-month period before and after tax credits are earned.

Sec. 59. NEW SECTION. 15H.5 OTHER INCENTIVES.

A nonretail, nonservice business may receive other applicable federal, state, and local incentives and tax credits in addition to those provided in this chapter. However, a business which has received a tax credit under this chapter shall not receive tax incentives under the high quality job creation program in chapter 15, subchapter II, part 13 or moneys from the grow Iowa values fund.

Sec. 60. NEW SECTION. 422.11L WAGE-BENEFITS TAX CREDIT.

The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by a wage-benefits tax credit authorized pursuant to section 15H.2.

Sec. 61. Section 422.16A, Code 2005, is amended to read as follows:

422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND TRANSFER.

Upon the completion by a business of its repayment obligation for a training project funded under chapter 260E, including a job training project funded under section 15A.8 or repaid in whole or in part by the supplemental new jobs credit from withholding under section 15A.7 or section ~~15.331~~ 15E.197, the sponsoring community college shall report to the department of economic development the amount of withholding paid by the business to the community college during the final twelve months of withholding payments. The department of economic development shall notify the department of revenue of that amount. The department shall credit to the workforce development fund account established in section 15.342A twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department shall prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is four million dollars.

Sec. 62. Section 422.33, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 18. The taxes imposed under this division shall be reduced by a wage-benefits tax credit authorized pursuant to section 15H.2.

Sec. 63. Section 422.60, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 10. The taxes imposed under this division shall be reduced by a wage-benefits tax credit authorized pursuant to section 15H.2.

Sec. 64. Section 427B.17, subsection 5, unnumbered paragraph 2, Code 2005, is amended to read as follows:

Any electric power generating plant which operated during the preceding assessment year at a net capacity factor of more than twenty percent, shall not receive the benefits of this section or of sections section 15.332 and ~~15.334~~. For

purposes of this section, "electric power generating plant" means any nameplate rated electric power generating plant, in which electric energy is produced from other forms of energy, including all taxable land, buildings, and equipment used in the production of such energy. "Net capacity factor" means net actual generation divided by the product of net maximum capacity times the number of hours the unit was in the active state during the assessment year. Upon commissioning, a unit is in the active state until it is decommissioned. "Net actual generation" means net electrical megawatt hours produced by the unit during the preceding assessment year. "Net maximum capacity" means the capacity the unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.

Sec. 65. NEW SECTION. 432.12G WAGE-BENEFITS TAX CREDIT.

The taxes imposed under this chapter shall be reduced by a wage-benefits tax credit authorized pursuant to section 15H.2.

Sec. 66. Section 533.24, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The moneys and credits tax imposed under this section shall be reduced by a wage-benefits tax credit authorized pursuant to section 15H.2.

Sec. 67. Sections 15.331, 15.331B, 15.334, 15.334A, 15.337, and 15.381 through 15.387, Code 2005, are repealed.

Sec. 68. CONTRACT VALIDITY -- NEW JOBS AND INCOME PROGRAM -- NEW CAPITAL INVESTMENT PROGRAM. Any contract entered into for a project or activity approved by the department of economic development under the new jobs and income program and the new capital investment program remains valid. The elimination of the new jobs and income program and the new capital investment program under this Act shall not constitute grounds for rescission or modification of contracts entered into with the department under the programs.

Sec. 69. EFFECTIVE AND APPLICABILITY DATE. The provisions of this division of this Act relating to Code chapter 15E, being deemed of immediate importance, take effect upon enactment and apply to qualified new jobs created on or after the effective date of this division of this Act. This division of this Act applies to tax years ending on or after the effective date of this division of this Act.

DIVISION XI
RESEARCH AND DEVELOPMENT
TAX CREDIT

Sec. 70. Section 15.335, subsection 1, unnumbered paragraph 1, Code 2005, is amended to read as follows:

An eligible business may claim a corporate tax credit for increasing research activities in this state during the period the eligible business is participating in the program. For purposes of this section, "research activities" includes the development and deployment of innovative renewable energy generation components manufactured or assembled in this state. For purposes of this section, "innovative renewable energy generation components" does not include a component with more than two hundred megawatts of installed effective nameplate capacity. The tax credits for innovative renewable energy generation components shall not exceed one million dollars.

DIVISION XII
ENDOW IOWA

Sec. 71. Section 15E.303, subsections 4 and 6, Code 2005, are amended to read as follows:

4. "Endowment gift" means an irrevocable contribution to a permanent endowment held by a an endow Iowa qualified community foundation.

6. "Qualified "Endow Iowa qualified community foundation" means a community foundation organized or operating in this state that meets-or-exceeds substantially complies with the national standards established by the national council on foundations as determined by the department in collaboration with the Iowa council of foundations.

Sec. 72. Section 15E.304, subsection 2, paragraphs c and d, Code 2005, are amended to read as follows:

c. Identify a an endow Iowa qualified community foundation to hold all funds. A An endow Iowa qualified community foundation shall not be required to meet this requirement.

d. Provide a plan to the board demonstrating the method for distributing grant moneys received from the board to organizations within the community or geographic area as defined by the endow Iowa qualified community foundation or the community affiliate organization.

Sec. 73. Section 15E.304, subsection 3, Code 2005, is amended to read as follows:

3. Endow Iowa grants awarded to new and existing endow Iowa qualified community foundations and to community affiliate organizations shall not exceed twenty-five thousand dollars per foundation or organization unless a foundation or organization demonstrates a multiple county or regional approach. Endow Iowa grants may be awarded on an annual basis with not more than three grants going to one county in a fiscal year.

Sec. 74. Section 15E.305, subsection 1, Code 2005, is amended to read as follows:

1. For tax years beginning on or after January 1, 2003, a tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24 equal to twenty percent of a taxpayer's endowment gift to a an endow Iowa qualified community foundation. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. A tax credit shall be allowed only for an endowment gift made to

a an endow Iowa qualified community foundation for a permanent endowment fund established to benefit a charitable cause in this state. Any tax credit in excess of the taxpayer's tax liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever occurs first. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

Sec. 75. Section 15E.305, subsection 2, Code 2005, is amended to read as follows:

2. The aggregate amount of tax credits authorized pursuant to this section shall not exceed a total of two million dollars annually. The maximum amount of tax credits granted to a taxpayer shall not exceed five percent of the aggregate amount of tax credits authorized.

Sec. 76. Section 15E.305, subsection 2, Code 2005, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Ten percent of the aggregate amount of tax credits authorized in a calendar year shall be reserved for those endowment gifts in amounts of thirty thousand dollars or less. If by September 1 of a calendar year the entire ten percent of the reserved tax credits is not distributed, the remaining tax credits shall be available to any other eligible applicants.

Sec. 77. Section 15E.305, subsection 4, Code 2005, is amended to read as follows:

4. A tax credit shall not be authorized pursuant to this section after December 31, 2005 2008.

Sec. 78. Section 15E.311, subsection 3, paragraphs a and c, Code 2005, are amended to read as follows:

a. At the end of each fiscal year, moneys in the fund shall be transferred into separate accounts within the fund and designated for use by each county in which no licensee authorized to conduct gambling games under chapter 99F was located during that fiscal year. Moneys transferred to county

accounts shall be divided equally among the counties. Moneys transferred into an account for a county shall be transferred by the department to an eligible county recipient for that county. Of the moneys transferred, an eligible county recipient shall distribute seventy-five percent of the moneys as grants to charitable organizations for ~~educational-civic, public, charitable, patriotic-or-religious-uses-as-defined-in-section-99B-77-subsection-37-paragraph-b~~, charitable purposes in that county and shall retain twenty-five percent of the moneys for use in establishing a permanent endowment fund for the benefit of charitable organizations for ~~educational-civic, public, charitable, patriotic-or-religious-uses-as-defined-in-section-99B-77-subsection-37-paragraph-b~~ charitable purposes.

~~c. For purposes of~~

3A. As used in this subsection ~~section~~, an ~~eligible~~ unless the context otherwise requires:

a. "Charitable organization" means an organization that is described in section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code or an organization that is established for a charitable purpose.

b. "Charitable purpose" means a purpose described in section 501(c)(3) of the Internal Revenue Code, or a benevolent, educational, philanthropic, humane, scientific, patriotic, social welfare or advocacy, public health, environmental conservation, civic, or other eleemosynary objective.

c. "Eligible county recipient" means a an endow Iowa qualified community foundation or community affiliate organization, as defined in section 15E.303, that is selected, in accordance with the procedures described in section 15E.304, to receive moneys from an account created in this section for a particular county. To be selected as an eligible county recipient, a community affiliate organization

shall establish a county affiliate fund to receive moneys as provided by this section.

Sec. 79. Section 15E.311, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Three percent of the moneys deposited in the county endowment fund shall be used by the lead philanthropic organization identified by the department pursuant to section 15E.304 for purposes of administering and marketing the county endowment fund.

Sec. 80. LEGISLATIVE INTENT. It is the intent of the general assembly that the entire two million dollars worth of tax credits allowed under section 15E.305, subsection 2, shall be issued each calendar year.

Sec. 81. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. This division of this Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2005.

DIVISION XIII

E-85 BLENDED GASOLINE

Sec. 82. NEW SECTION. 15.401 E-85 BLENDED GASOLINE.

The department shall provide a cost-share program for financial incentives for the installation or conversion of infrastructure used by service stations to sell and dispense E-85 blended gasoline and for the installation or conversion of infrastructure required to establish on-site and off-site terminal facilities that store biodiesel for distribution to service stations. The department shall provide for an addition of at least thirty new or converted E-85 retail outlets and four new or converted on-site or off-site terminal facilities with a maximum expenditure of three hundred twenty-five thousand dollars per year for the fiscal period beginning July 1, 2005, and ending June 30, 2008. The department may provide for the marketing of these products in conjunction with this infrastructure program.

Sec. 83. Section 452A.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 1B. An excise tax of seventeen cents is imposed on each gallon of E-85 gasoline, which contains at least eighty-five percent denatured alcohol by volume from the first day of April until the last day of October or seventy percent denatured alcohol from the first day of November until the last day of March, used for the privilege of operating motor vehicles in this state.

Sec. 84. Section 452A.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 1C. The rate of the excise tax on E-85 gasoline imposed in subsection 1B shall be determined based on the number of gallons of E-85 gasoline that is distributed in this state during the previous calendar year. The department shall determine the actual tax paid for E-85 gasoline for each period beginning January 1 and ending December 31. The amount of the tax paid on E-85 gasoline during the past calendar year shall be compared to the amount of tax on E-85 gasoline that would have been paid using the tax rate for gasoline imposed in subsection 1 or 1A and a difference shall be established. If this difference is equal to or greater than twenty-five thousand dollars, the tax rate for E-85 gasoline for the period beginning July 1 following the end of the determination period shall be the rate in effect as stated in subsection 1 or 1A.

Sec. 85. STUDY. The state department of transportation shall review the current revenue levels of the road use tax fund and its sufficiency for the projected construction and maintenance needs of city, county, and state governments in the future. The department shall submit a written report to the general assembly regarding its findings on or before December 31, 2006. The report may include recommendations concerning funding levels needed to support the future mobility and accessibility for users of Iowa's public road system.

Sec. 86. **EFFECTIVE DATE.** The sections of this division of this Act amending chapter 452A take effect January 1, 2006.

DIVISION XIV

IOWA GREAT PLACES

Sec. 87. **NEW SECTION.** 303.3C IOWA GREAT PLACES PROGRAM.

1. a. The department of cultural affairs shall establish and administer an Iowa great places program for purposes of combining resources of state government in an effort to showcase the unique and authentic qualities of communities, regions, neighborhoods, and districts that make such places exceptional places to work and live. The department of cultural affairs shall provide administrative assistance to the Iowa great places board. The department of cultural affairs shall coordinate the efforts of the Iowa great places board with the efforts of state agencies participating in the program which shall include, but not be limited to, the department of economic development, the Iowa finance authority, the department of human rights, the department of natural resources, the department of transportation, and the department of workforce development.

b. The program shall combine resources from state government to capitalize on all of the following aspects of the chosen Iowa great places:

- (1) Arts and culture.
- (2) Historic fabric.
- (3) Architecture.
- (4) Natural environment.
- (5) Housing options.
- (6) Amenities.
- (7) Entrepreneurial incentive for business development.
- (8) Diversity.

c. Initially, three Iowa great places projects shall be identified by the Iowa great places board. Two years after the third project is identified by the board, the board may identify additional Iowa great places for participation under the program.

2. a. The Iowa great places board is established consisting of twelve members. The board shall be located for administrative purposes within the department of cultural affairs and the director shall provide office space, staff assistance, and necessary supplies and equipment for the board. The director shall budget moneys to pay the compensation and expenses of the board. In performing its functions, the board is performing a public function on behalf of the state and is a public instrumentality of the state.

b. The members of the board shall be appointed by the governor, subject to confirmation by the senate. At least one member shall be less than thirty years old on the date the member is appointed by the governor. The board shall include representatives of cities and counties, local government officials, cultural leaders, housing developers, business owners, and parks officials.

c. The chairperson and vice chairperson shall be elected by the board members from the membership of the board. In the case of the absence or disability of the chairperson and vice chairperson, the members of the board shall elect a temporary chairperson by a majority vote of those members who are present and voting, provided a quorum is present.

d. Members of the board shall be appointed to three-year staggered terms and the terms shall commence and end as provided in section 69.19. If a vacancy occurs, a successor shall be appointed in the same manner and subject to the same qualifications as the original appointment to serve the unexpired term.

e. A majority of the members of the board constitutes a quorum.

f. A member of the board shall abstain from voting on the provision of financial assistance to a project which is located in the county in which the member of the board resides.

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

3. The board shall do all of the following:

- a. Organize.
- b. Identify three Iowa great places for purposes of receiving a package of resources under the program.
- c. Identify a combination of state resources which can be provided to Iowa great places.

DIVISION XV
PORT AUTHORITIES

Sec. 88. Section 12.30, subsection 1, paragraph a, Code 2005, is amended to read as follows:

a. "Authority" means a department, or public or quasi-public instrumentality of the state including, but not limited to, the authority created under chapter 12E, 16, 16A, 175, 257C, 261A, or 327I, which has the power to issue obligations, except that "authority" does not include the state board of regents or the Iowa finance authority to the extent it acts pursuant to chapter 260C. "Authority" also includes a port authority created under chapter 28J.

Sec. 89. NEW SECTION. 28J.1 DEFINITIONS.

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

1. "Authorized purposes" means an activity that enhances, fosters, aids, provides, or promotes transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of a port authority.
2. "Board" means the board of directors of a port authority established pursuant to section 28J.2.
3. "City" means the same as defined in section 362.2.

4. "Construction" means alteration, creation, development, enlargement, erection, improvement, installation, reconstruction, remodeling, and renovation.

5. "Contracting governmental agency" means any governmental agency or taxing district of the state that, by action of its legislative authority, enters into an agreement with a port authority pursuant to section 28J.17.

6. "Cost" as applied to a port authority facility means any of the following:

- a. The cost of construction contracts, land, rights-of-way, property rights, easements, franchise rights, and interests required for acquisition or construction.
- b. The cost of demolishing or removing any buildings or structures on land, including the cost of acquiring any lands to which those buildings or structures may be moved.
- c. The cost of diverting a highway, interchange of a highway, and access roads to private property, including the cost of land or easements, and relocation of a facility of a utility company or common carrier.
- d. The cost of machinery, furnishings, equipment, financing charges, interest prior to and during construction and for no more than twelve months after completion of construction, engineering, and expenses of research and development with respect to a facility.
- e. Legal and administrative expenses, plans, specifications, surveys, studies, estimates of cost and revenues, engineering services, and other expenses necessary or incident to determining the feasibility or practicability of acquiring or constructing a facility.
- f. The interest upon the revenue bonds and pledge orders during the period or estimated period of construction and for twelve months thereafter, or for twelve months after the acquisition date, reserve funds as the port authority deems advisable in connection with a facility and the issuance of port authority revenue bonds and pledge orders.

g. The costs of issuance of port authority revenue bonds and pledge orders.

h. The cost of diverting a rail line, rail spur track, or rail spur track switch, including the cost of land or easements, and relocation of a facility of a utility company or common carrier.

i. The cost of relocating an airport's runways, terminals, and related facilities including the cost of land or easements, and relocation of a facility of a utility company or common carrier.

7. "Facility" or "port authority facility" means real or personal property owned, leased, or otherwise controlled or financed by a port authority and related to or in furtherance of one or more authorized purposes.

8. "Governmental agency" means a department, division, or other unit of state government of this state or any other state, city, county, township, or other governmental subdivision, or any other public corporation or agency created under the laws of this state, any other state, the United States, or any department or agency thereof, or any agency, commission, or authority established pursuant to an interstate compact or agreement or combination thereof.

9. "Person" means the same as defined in section 4.1.

10. "Pledge order" means a promise to pay out of the net revenues of a port authority, which is delivered to a contractor or other person in payment of all or part of the cost of a facility.

11. "Political subdivision" means a city, county, city-county consolidation, or multicounty consolidation, or combination thereof.

12. "Political subdivisions comprising the port authority" means the political subdivisions which created or participated in the creation of the port authority under section 28J.2, or which joined an existing port authority under section 28J.4.

13. "Port authority" means an entity created pursuant to section 28J.2.

14. "Port authority revenue bonds" means revenue bonds and revenue refunding bonds issued pursuant to section 28J.21.

15. "Public roads" means all public highways, roads, and streets in this state, whether maintained by the state or by a county or city.

16. "Revenues" means rental fees and other charges received by a port authority for the use or services of a facility, a gift or grant received with respect to a facility, moneys received with respect to the lease, sublease, sale, including installment sale or conditional sale, or other disposition of a facility, moneys received in repayment of and for interest on any loans made by the port authority to a person or governmental agency, proceeds of port authority revenue bonds for payment of principal, premium, or interest on the bonds authorized by the port authority, proceeds from any insurance, condemnation, or guarantee pertaining to the financing of the facility, and income and profit from the investment of the proceeds of port authority revenue bonds or of any revenues.

Sec. 90. NEW SECTION. 28J.2 CREATION AND POWERS OF PORT AUTHORITY.

1. Two or more political subdivisions may create a port authority under this chapter by resolution. If a proposal to create a port authority receives a favorable majority of the members of the elected legislative body of the political subdivision, the port authority is created at the time provided in the resolution. The jurisdiction of a port authority includes the territory described in section 28J.8.

2. A port authority created pursuant to this section may sue and be sued, complain, and defend in its name and has the powers and jurisdiction enumerated in this chapter.

3. At the time a port authority is created pursuant to this section, the political subdivisions comprising the port

authority may restrict the powers granted the port authority pursuant to this chapter by specifically adopting such restrictions in the resolution creating the port authority.

4. The political subdivisions comprising the port authority whose powers have been restricted pursuant to subsection 3 may at any time adopt a resolution to grant additional powers to the port authority, so long as the additional powers do not exceed the powers permitted under this chapter.

Sec. 91. NEW SECTION. 28J.3 APPROPRIATION AND EXPENDITURE OF PUBLIC FUNDS -- DISSOLUTION.

1. The political subdivisions comprising a port authority may appropriate and expend public funds to finance or subsidize the operation and authorized purposes of the port authority. A port authority shall control tax revenues allocated to the facilities the port authority administers and all revenues derived from the operation of the port authority, the sale of its property, interest on investments, or from any other source related to the port authority.

2. All revenues received by the port authority shall be held in a separate fund in a manner agreed to by the political subdivisions comprising the port authority. Revenues may be paid out only at the direction of the board of directors of the port authority.

3. A port authority shall comply with section 331.341, subsections 1, 2, 4, and 5, and section 331.342, when contracting for public improvements.

4. Subject to making due provisions for payment and performance of any outstanding obligations, the political subdivisions comprising the port authority may dissolve the port authority, and transfer the property of the port authority to the political subdivisions comprising the port authority in a manner agreed upon between the political subdivisions comprising the port authority prior to the dissolution of the port authority.

Sec. 92. NEW SECTION. 28J.4 JOINING AN EXISTING PORT AUTHORITY.

1. A political subdivision which is contiguous to either a political subdivision which participated in the creation of the port authority or a political subdivision which proposes to join the port authority at the same time which is contiguous to a political subdivision which participated in the creation of the port authority may join the port authority by resolution.

2. If more than one such political subdivision proposes to join the port authority at the same time, the resolution of each such political subdivision shall designate the political subdivisions which are to be so joined.

3. Any territory or city not included in a port authority which is annexed to a city included within the jurisdiction of a port authority shall, on such annexation and without further proceedings, be annexed to and be included in the jurisdiction of the port authority.

4. Before a political subdivision is joined to a port authority, other than by annexation to a city, the political subdivisions comprising the port authority shall agree upon the terms and conditions pursuant to which such political subdivision is to be joined.

5. For the purpose of this chapter, such political subdivision shall be considered to have participated in the creation of the port authority, except that the initial term of any director of the port authority appointed by a joining political subdivision shall be four years.

6. After each resolution proposing a political subdivision to join a port authority has become effective and the terms and conditions of joining the port authority have been agreed to, the board of directors of the port authority shall by resolution either accept or reject the proposal. Such proposal to join a port authority shall be effective upon adoption of the resolution by the board of directors of the

port authority and thereupon the jurisdiction of the port authority includes the joining political subdivision.

Sec. 93. NEW SECTION. 28J.5 MEMBERSHIP OF BOARD OF DIRECTORS.

1. A port authority created pursuant to section 28J.2 shall be governed by a board of directors. Members of a board of directors of a port authority shall be divided among the political subdivisions comprising the port authority in such proportions as the political subdivisions may agree and shall be appointed by the respective political subdivision's elected legislative body.

2. The number of directors comprising the board shall be determined by agreement between the political subdivisions comprising the port authority, and which number may be changed by resolution of the political subdivisions comprising the port authority.

3. A majority of the directors shall have been qualified electors of, or owned a business or been employed in, one or more political subdivisions within the area of the jurisdiction of the port authority for a period of at least three years preceding appointment.

4. The directors of a port authority first appointed shall serve staggered terms. Thereafter each successor director shall serve for a term of four years, except that any person appointed to fill a vacancy shall be appointed to only the unexpired term. A director is eligible for reappointment.

5. The board may provide procedures for the removal of a director who fails to attend three consecutive regular meetings of the board. If a director is so removed, a successor shall be appointed for the remaining term of the removed director in the same manner provided for the original appointment. The appointing body may at any time remove a director appointed by it for misfeasance, nonfeasance, or malfeasance in office.

6. The board may adopt bylaws and shall elect one director as chairperson and one director as vice chairperson, designate terms of office, and appoint a secretary who need not be a director.

7. A majority of the board of directors shall constitute a quorum for the purpose of holding a meeting of the board. The affirmative vote of a majority of a quorum shall be necessary for any action taken by the port authority unless the board determines that a greater number of affirmative votes is necessary for particular actions to be taken by the port authority. A vacancy in the membership of the board shall not impair the rights of a quorum to exercise all the rights and perform all the duties of the port authority.

8. Each director shall be entitled to receive from the port authority such sum of money as the board may determine as compensation for services as a director and reimbursement for reasonable expenses in the performance of official duties.

Sec. 94. NEW SECTION. 28J.6 CIVIL IMMUNITY OF DIRECTORS.

A director of a port authority shall not be personally liable for any monetary damages that arise from actions taken in the performance of the director's official duties, except for acts or omissions that are not in good faith or that involve intentional misconduct, a knowing violation of law, or any transaction from which the director derived an improper personal benefit.

Sec. 95. NEW SECTION. 28J.7 EMPLOYEES, ADVISORY BOARD, PEACE OFFICERS.

1. A port authority shall employ and fix the qualifications, duties, and compensation of any employees and enter into contracts for any services that may be required to conduct the business of the port authority, and may appoint an advisory board, which shall serve without compensation.

2. An employee of a port authority is a public employee for the purposes of collective bargaining under chapter 20.

3. a. A port authority may provide for the administration and enforcement of the laws of the state by employing peace officers who shall have all the powers conferred by law on peace officers of this state with regard to the apprehension of violators upon all property under its control within and without the port authority. The peace officers may seek the assistance of other appropriate law enforcement officers to enforce its rules and maintain order.

b. Peace officers employed by a port authority shall meet all requirements as police officers appointed under the civil service law of chapter 400 and shall participate in the retirement system established by chapter 411.

c. Peace officers employed by a port authority shall serve as a peace officer force with respect to the property, grounds, buildings, equipment, and facilities under the control of the port authority, to prevent hijacking of aircraft or watercraft, protect the property of the authority and the property of others located thereon, suppress nuisances and disturbances and breaches of the peace, and enforce laws and the rules of the port authority for the preservation of good order. Peace officers are vested with the same powers of arrest as peace officers under section 804.7.

4. If an employee of a political subdivision comprising the port authority is transferred to a comparable position with the port authority, the employee is entitled to suffer no loss in pay, pension, fringe benefits, or other benefits and shall be entitled to a comparable rank and grade as the employee's prior position. Sick leave, longevity, and vacation time accrued to such employees shall be credited to them as employees of the port authority. All rights and accruals of such employees as members of the Iowa public employees' retirement system pursuant to chapter 97B and the retirement system for police officers pursuant to chapter 411 shall remain in force and shall be automatically transferred to the port authority.

Sec. 96. NEW SECTION. 28J.8 AREA OF JURISDICTION.

1. The area of jurisdiction of a port authority shall include all of the territory of the political subdivisions comprising the port authority and, if the port authority owns or leases a railroad line or airport, the territory on which the railroad's line, terminals, and related facilities or the airport's runways, terminals, and related facilities are located, regardless of whether the territory is located in the political subdivisions comprising the port authority.

2. A political subdivision that has created a port authority or joined an existing port authority shall not be included in any other port authority.

Sec. 97. NEW SECTION. 28J.9 POWERS OF PORT AUTHORITY.

A port authority may exercise all of the following powers:

1. Adopt bylaws for the regulation of the port authority's affairs and the conduct of the port authority's business.
2. Adopt an official seal.
3. Maintain a principal office and branch offices within the port authority's jurisdiction.
4. Acquire, construct, furnish, equip, maintain, repair, sell, exchange, lease, lease with an option to purchase, convey interests in real or personal property, and operate any property of the port authority in connection with transportation, recreational, governmental operations, or cultural activities in furtherance of an authorized purpose.
5. Straighten, deepen, and improve any channel, river, stream, or other watercourse or way which may be necessary or proper in the development of the facilities of the port authority.
6. Make available the use or services of any facility of the port authority to any person or governmental agency.
7. Issue bonds or pledge orders pursuant to the requirements and limitations in section 28J.21.
8. Issue port authority revenue bonds beyond the limit of bonded indebtedness provided by law, payable solely from

revenues as provided in section 28J.21, for the purpose of providing funds to pay the costs of any facility or facilities of the port authority or parts thereof.

9. Apply to the proper authorities of the United States for the right to establish, operate, and maintain foreign trade zones and establish, operate, and maintain foreign trade zones and to acquire, exchange, sell, lease to or from, lease with an option to purchase, or operate facilities, land, or property in accordance with the federal Foreign Trade Zones Act, 19 U.S.C. § 81a-81u.

10. Enjoy and possess the same legislative and executive rights, privileges, and powers granted cities under chapter 364 and counties under chapter 331, including the exercise of police power but excluding the power to levy taxes.

11. Maintain such funds as it considers necessary and adhere to the public funds investment standards of chapter 12B, as applicable.

12. Direct port authority agents or employees, after at least five days' written notice, to enter upon lands within the port authority's jurisdiction to make surveys and examinations preliminary to location and construction of works for the port authority, without liability of the port authority or its agents or employees except for actual damages.

13. Promote, advertise, and publicize the port authority and its facilities, and provide information to shippers and other commercial interests.

14. Adopt bylaws, not in conflict with state or federal law, necessary or incidental to the performance of the duties of and the execution of the powers of the port authority under this chapter.

15. Do any of the following in regard to interests in real or personal property, including machinery, equipment, plants, factories, offices, and other structures and facilities related to or in furtherance of any authorized purpose as the board in its sole discretion may determine:

a. Loan money to any person or governmental agency for the acquisition, construction, furnishing, or equipping of the property.

b. Acquire, construct, maintain, repair, furnish, or equip the property.

c. Sell to, exchange with, lease, convey other interests in, or lease with an option to purchase the same or any lesser interest in the property to the same or any other person or governmental agency.

d. Guarantee the obligations of any person or governmental agency.

e. Accept and hold as consideration for the conveyance of property or any interest therein such property or interests therein as the board may determine, notwithstanding any restrictions that apply to the investment of funds by a port authority.

16. Sell, lease, or convey other interests in real and personal property, and grant easements or rights-of-way over property of the port authority. The board shall specify the consideration and terms for the sale, lease, or conveyance of other interests in real and personal property. A determination made by the board under this subsection shall be conclusive. The sale, lease, or conveyance may be made without advertising and the receipt of bids.

17. Enter into an agreement with a political subdivision comprising the port authority for the political subdivision to exercise its right of eminent domain pursuant to chapters 6A and 6B on behalf of the port authority. However, a condemnation exercised on behalf of a port authority pursuant to this subsection shall not take or disturb property or a facility belonging to a governmental agency, utility company, or common carrier, which property or facility is necessary and convenient in the operation of the governmental agency, utility company, or common carrier, unless provision is made for the restoration, relocation, or duplication of such

property or facility, or upon the election of the governmental agency, utility company, or common carrier, for the payment of compensation, if any, at the sole cost of the port authority, provided that both of the following apply:

a. If a restoration or duplication proposed to be made under this subsection involves a relocation of the property or facility, the new facility and location shall be of at least comparable utilitarian value and effectiveness and shall not impair the ability of the utility company or common carrier to compete in its original area of operation.

b. If a restoration or duplication made under this subsection involves a relocation of the property or facility, the port authority shall acquire no interest or right in or to the appropriated property or facility, until the relocated property or facility is available for use and until marketable title thereto has been transferred to the utility company or common carrier.

18. a. Make and enter into all contracts and agreements and execute all instruments necessary or incidental to the performance of the duties of and the execution of powers of the port authority under this chapter.

b. Except as provided in paragraph "c", when the cost of a contract for the construction of a building, structure, or other improvement undertaken by a port authority involves an expenditure exceeding twenty-five thousand dollars, and the port authority is the contracting entity, the port authority shall make a written contract after notice calling for bids for the award of the contract has been given by publication twice, with at least seven days between publications, in a newspaper of general circulation in the area of the port authority. Each such contract shall be let to the lowest responsive and responsible bidder. Every contract shall be accompanied by or shall refer to plans and specifications for the work to be done, prepared for and approved by the port authority, and signed by an authorized officer of the port authority and by the contractor.

c. The board of directors may provide criteria for the negotiation and award without competitive bidding of any contract as to which the port authority is the contracting entity for the construction of any building or structure or other improvement under any of the following circumstances:

(1) A real and present emergency exists that threatens damage or injury to persons or property of the port authority or other persons, provided that a statement specifying the nature of the emergency that is the basis for the negotiation and award of a contract without competitive bidding shall be signed by the officer of the port authority that executes that contract at the time of the contract's execution and shall be attached to the contract.

(2) A commonly recognized industry or other standard or specification does not exist and cannot objectively be articulated for the improvement.

(3) The contract is for any energy conservation measure as defined in section 7D.34.

(4) With respect to material to be incorporated into the improvement, only a single source or supplier exists for the material.

(5) A single bid is received by the port authority after complying with the provisions of paragraph "b".

d. (1) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in paragraph "c", subparagraph (2), the port authority shall publish a notice calling for technical proposals at least twice, with at least seven days between publications, in a newspaper of general circulation in the area of the port authority. After receipt of the technical proposals, the port authority may negotiate with and award a contract for the improvement to the person making the proposal considered to be the most advantageous to the port authority.

(2) If a contract is to be negotiated and awarded without competitive bidding for the reason set forth in paragraph "c",

subparagraph (4), construction activities related to the incorporation of the material into the improvement also may be provided without competitive bidding by the source or supplier of that material.

e. A purchase, exchange, sale, lease, lease with an option to purchase, conveyance of other interests in, or other contract with a person or governmental agency that pertains to the acquisition, construction, maintenance, repair, furnishing, equipping, or operation of any real or personal property, related to or in furtherance of economic development and the provision of adequate housing, shall be made in such manner and subject to such terms and conditions as may be determined in the board's discretion. This paragraph applies to all contracts that are subject to this section, notwithstanding any other provision of law that might otherwise apply, including a requirement of notice, competitive bidding or selection, or for the provision of security. However, this paragraph shall not apply to a contract secured exclusively by or to be paid exclusively from the general revenues of the port authority. For the purposes of this paragraph, any revenues derived by the port authority under a lease or other agreement that, by its terms, contemplates the use of amounts payable under the agreement either to pay the costs of the improvement that is the subject of the contract or to secure obligations of the port authority issued to finance costs of such improvement, are excluded from general revenues.

19. Employ managers, superintendents, and other employees and retain or contract with consulting engineers, financial consultants, accounting experts, architects, attorneys, and any other consultants and independent contractors as are necessary in the port authority's judgment to carry out this chapter, and fix the compensation thereof. All expenses thereof shall be payable from any available funds of the port authority or from funds appropriated for that purpose by the political subdivisions comprising the port authority.

20. Receive and accept from a governmental agency grants and loans for the construction of a port authority facility, for research and development with respect to a port authority facility, or any other authorized purpose, and receive and accept aid or contributions from any source of moneys, property, labor, or other things of value, to be held, used, and applied only for the purposes for which the grants, loans, aid, or contributions are made.

21. Engage in research and development with respect to a port authority facility.

22. Purchase fire and extended coverage and liability insurance for a port authority facility and for the principal office and branch offices of the port authority, insurance protecting the port authority and its officers and employees against liability for damage to property or injury to or death of persons arising from its operations, and any other insurance the port authority may agree to provide under a resolution authorizing port authority revenue bonds, pledge orders, or in any trust agreement securing the same.

23. Charge, alter, and collect rental fees and other charges for the use or services of a port authority facility as provided in section 28J.16.

24. Perform all acts necessary or proper to carry out the powers expressly granted in this chapter.

Sec. 98. NEW SECTION. 28J.10 PARTICIPATION OF PRIVATE ENTERPRISE.

The port authority shall foster and encourage the participation of private enterprise in the development of the port authority facilities to the fullest extent practicable in the interest of limiting the necessity of construction and operation of the facilities by the port authority.

Sec. 99. NEW SECTION. 28J.11 PROVISIONS DO NOT AFFECT OTHER LAWS OR POWERS.

This chapter shall not do any of the following:

1. Impair a provision of law directing the payment of revenues derived from public property into sinking funds or dedicating those revenues to specific purposes.

2. Impair the powers of a political subdivision to develop or improve a port and terminal facility except as restricted by section 28J.15.

3. Enlarge, alter, diminish, or affect in any way, a lease or conveyance made, or action taken prior to the creation of a port authority under section 28J.2 by a city or a county.

4. Impair or interfere with the exercise of a permit for the removal of sand or gravel, or other similar permits issued by a governmental agency.

5. Impair or contravene applicable federal regulations.

Sec. 100. NEW SECTION. 28J.12 CONVEYANCE, LEASE, OR EXCHANGE OF PUBLIC PROPERTY.

A port authority may convey or lease, lease with an option to purchase, or exchange with any governmental agency or other port authority without competitive bidding and on mutually agreeable terms, any personal or real property, or any interest therein.

Sec. 101. NEW SECTION. 28J.13 ANNUAL BUDGET -- USE OF RENTS AND CHARGES.

The board shall annually prepare a budget for the port authority. Revenues received by the port authority shall be used for the general expenses of the port authority and to pay interest, amortization, and retirement charges on money borrowed. Except as provided in section 28J.26, if there remains, at the end of any fiscal year, a surplus of such funds after providing for the above uses, the board shall pay such surplus into the general funds of the political subdivisions comprising the port authority as agreed to by the subdivisions.

Sec. 102. NEW SECTION. 28J.14 SECRETARY TO FURNISH BOND -- DEPOSIT AND DISBURSEMENT OF FUNDS.

Before receiving any revenues, the secretary of a port authority shall furnish a bond in such amount as shall be determined by the port authority with sureties satisfactory to the port authority, and all funds coming into the hands of the secretary shall be deposited by the secretary to the account of the port authority in one or more such depositories as shall be qualified to receive deposits of county funds, which deposits shall be secured in the same manner as county funds are required to be secured. A disbursement shall not be made from such funds except in accordance with policies and procedures adopted by the port authority.

Sec. 103. NEW SECTION. 28J.15 LIMITATION ON CERTAIN POWERS OF POLITICAL SUBDIVISIONS.

A political subdivision creating or participating in the creation of a port authority in accordance with section 28J.2 shall not, during the time the port authority is in existence, exercise the rights and powers provided in chapters 28A, 28K, and 384 relating to the political subdivision's authority over a port, wharf, dock, harbor or other facility substantially similar to that political subdivision's authority under a port authority granted under this chapter.

Sec. 104. NEW SECTION. 28J.16 RENTALS OR CHARGES FOR USE OR SERVICES OF FACILITIES -- AGREEMENTS WITH GOVERNMENTAL AGENCIES.

1. a. A port authority may charge, alter, and collect rental fees or other charges for the use or services of any port authority facility and contract for the use or services of a facility, and fix the terms, conditions, rental fees, or other charges for the use or services.

b. If the services are furnished in the jurisdiction of the port authority by a utility company or a common carrier, the port authority's charges for the services shall not be less than the charges established for the same services furnished by a utility company or common carrier in the port authority jurisdiction.

c. The rental fees or other charges shall not be subject to supervision or regulation by any other authority, commission, board, bureau, or governmental agency of the state and the contract may provide for acquisition of all or any part of the port authority facility for such consideration payable over the period of the contract or otherwise as the port authority determines to be appropriate, but subject to the provisions of any resolution authorizing the issuance of port authority revenue bonds or any trust agreement securing the bonds.

d. A governmental agency that has power to construct, operate, and maintain a port authority facility may enter into a contract or lease with a port authority for the use or services of a port authority facility as may be agreed to by the port authority and the governmental agency.

2. a. A governmental agency may cooperate with the port authority in the acquisition or construction of a port authority facility and shall enter into such agreements with the port authority as may be appropriate, which shall provide for contributions by the parties in a proportion as may be agreed upon and other terms as may be mutually satisfactory to the parties including the authorization of the construction of the facility by one of the parties acting as agent for all of the parties and the ownership and control of the facility by the port authority to the extent necessary or appropriate.

b. A governmental agency may provide funds for the payment of any contribution required under such agreements by the levy of taxes or assessments if otherwise authorized by the laws governing the governmental agency in the construction of the type of port authority facility provided for in the agreements, and may pay the proceeds from the collection of the taxes or assessments; or the governmental agency may issue bonds or notes, if authorized by law, in anticipation of the collection of the taxes or assessments, and may pay the proceeds of the bonds or notes to the port authority pursuant to such agreements.

c. A governmental agency may provide the funds for the payment of a contribution by the appropriation of moneys or, if otherwise authorized by law, by the issuance of bonds or notes and may pay the appropriated moneys or the proceeds of the bonds or notes to the port authority pursuant to such agreements.

3. When the contribution of any governmental agency is to be made over a period of time from the proceeds of the collection of special assessments, the interest accrued and to accrue before the first installment of the assessments is collected, which is payable by the governmental agency on the contribution under the terms and provisions of the agreements, shall be treated as part of the cost of the improvement for which the assessments are levied, and that portion of the assessments that is collected in installments shall bear interest at the same rate as the governmental agency is obligated to pay on the contribution under the terms and provisions of the agreements and for the same period of time as the contribution is to be made under the agreements. If the assessment or any installment thereof is not paid when due, it shall bear interest until the payment thereof at the same rate as the contribution and the county auditor shall annually place on the tax list and duplicate the interest applicable to the assessment and the penalty thereon as otherwise authorized by law.

4. A governmental agency, pursuant to a favorable vote in an election regarding issuing bonds to provide funds to acquire, construct, or equip, or provide real estate and interests in real estate for a port authority facility, whether or not the governmental agency at the time of the election had the authority to pay the proceeds from the bonds or notes issued in anticipation of the bonds to the port authority as provided in this section, may issue such bonds or notes in anticipation of the issuance of the bonds and pay the proceeds of the bonds or notes to the port authority in

accordance with an agreement with the port authority; provided, that the legislative authority of the governmental agency finds and determines that the port authority facility to be acquired or constructed in cooperation with the governmental agency will serve the same public purpose and meet substantially the same public need as the facility otherwise proposed to be acquired or constructed by the governmental agency with the proceeds of the bonds and notes.

Sec. 105. NEW SECTION. 28J.17 CONTRACTS, ARRANGEMENTS, AND AGREEMENTS.

1. a. A port authority may enter into a contract or other arrangement with a person, railroad, utility company, corporation, governmental agency including sewerage, drainage, conservation, conservancy, or other improvement districts in this or other states, or the governments or agencies of foreign countries as may be necessary or convenient for the exercise of the powers granted by this chapter. The port authority may purchase, lease, or acquire land or other property in any county of this state and in adjoining states for the accomplishment of authorized purposes of the port authority, or for the improvement of the harbor and port facilities over which the port authority may have jurisdiction including development of port facilities in adjoining states. The authority granted in this section to enter into contracts or other arrangements with the federal government includes the power to enter into any contracts, arrangements, or agreements that may be necessary to hold and save harmless the United States from damages due to the construction and maintenance by the United States of work the United States undertakes.

b. A political subdivision that has participated in the creation of a port authority, or is within, or adjacent to a political subdivision that is within the jurisdiction of a port authority, may enter into an agreement with the port authority to accomplish any of the authorized purposes of the port authority. The agreement may set forth the extent to

which the port authority shall act as the agent of the political subdivision.

2. A port authority may enter into an agreement with a contracting governmental agency, whereby the port authority or the contracting governmental agency undertakes, and is authorized by the port authority or a contracting governmental agency, to exercise any power, perform any function, or render any service, on behalf of the port authority or a contracting governmental agency, which the port authority or the contracting governmental agency is authorized to exercise, perform, or render.

Sec. 106. NEW SECTION. 28J.18 REVENUE BONDS ARE LAWFUL INVESTMENTS.

Port authority revenue bonds issued pursuant to this chapter are lawful investments of banks, credit unions, trust companies, savings and loan associations, deposit guaranty associations, insurance companies, trustees, fiduciaries, trustees or other officers having charge of the bond retirement funds or sinking funds of port authorities and governmental agencies, and taxing districts of this state, the pension and annuity retirement system, the Iowa public employees' retirement system, the police and fire retirement systems under chapters 410 and 411, a revolving fund of a governmental agency of this state, and are acceptable as security for the deposit of public funds under chapter 12C.

Sec. 107. NEW SECTION. 28J.19 PROPERTY TAX EXEMPTION.

A port authority shall be exempt from and shall not be required to pay taxes on real property belonging to a port authority that is used exclusively for an authorized purpose as provided in section 427.1, subsection 34.

Sec. 108. NEW SECTION. 28J.20 LOANS FOR ACQUISITION OR CONSTRUCTION OF FACILITY -- SALE OF FACILITY -- POWER TO ENCUMBER PROPERTY.

1. With respect to the financing of a facility for an authorized purpose, under an agreement whereby the person to

whom the facility is to be leased, subleased, or sold, or to whom a loan is to be made for the facility, is to make payments sufficient to pay all of the principal of, premium, and interest on the port authority revenue bonds issued for the facility, the port authority, in addition to other powers under this chapter, may do any of the following:

a. Make loans for the acquisition or construction of the facility to such person upon such terms as the port authority may determine or authorize including secured or unsecured loans, and enter into loan agreements and other agreements, accept notes and other forms of obligation to evidence such indebtedness and mortgages, liens, pledges, assignments, or other security interests to secure such indebtedness, which may be prior or subordinate to or on a parity with other indebtedness, obligations, mortgages, pledges, assignments, other security interests, or liens or encumbrances, and take actions considered appropriate to protect such security and safeguard against losses, including, without limitation, foreclosure and the bidding upon and purchase of property upon foreclosure or other sale.

b. Sell the facility under terms as the port authority may determine, including sale by conditional sale or installment sale, under which title may pass prior to or after completion of the facility or payment or provisions for payment of all principal of, premium, and interest on the revenue bonds, or at any other time provided in the agreement pertaining to the sale, and including sale under an option to purchase at a price which may be a nominal amount or less than true value at the time of purchase.

c. Grant a mortgage, lien, or other encumbrance on, or pledge or assignment of, or other security interest with respect to, all or any part of the facility, revenues, reserve funds, or other funds established in connection with the bonds or with respect to a lease, sublease, sale, conditional sale or installment sale agreement, loan agreement, or other

agreement pertaining to the lease, sublease, sale, or other disposition of a facility or pertaining to a loan made for a facility, or a guaranty or insurance agreement made with respect thereto, or an interest of the port authority therein, or any other interest granted, assigned, or released to secure payments of the principal of, premium, or interest on the bonds or to secure any other payments to be made by the port authority, which mortgage, lien, encumbrance, pledge, assignment, or other security interest may be prior or subordinate to or on a parity with any other mortgage, assignment, or other security interest, or lien or encumbrance.

d. Contract for the acquisition or construction of the facility or any part thereof and for the leasing, subleasing, sale, or other disposition of the facility in a manner determined by the port authority in its sole discretion, without necessity for competitive bidding or performance bonds.

e. Make appropriate provision for adequate maintenance of the facility.

2. With respect to a facility referred to in this section, the authority granted by this section is cumulative and supplementary to all other authority granted in this chapter. The authority granted by this section does not alter or impair a similar authority granted elsewhere in this chapter for or with respect to other facilities.

Sec. 109. NEW SECTION. 28J.21 ISSUANCE OF REVENUE AND REFUNDING BONDS.

1. A port authority may issue revenue bonds and pledge orders payable solely from the net revenues of the port authority including the revenues generated from a facility pursuant to section 28J.20. The revenue bonds may be issued in such principal amounts as, in the opinion of the port authority, are necessary for the purpose of paying the cost of one or more port authority facilities or parts thereof.

2. a. The resolution to issue the bonds must be adopted at a regular or special meeting of the board called for that purpose by a majority of the total number of members of the board. The board shall fix a date, time, and place of meeting at which it proposes to take action, and give notice by publication in the manner directed in section 331.305. The notice must include a statement of the date, time, and place of the meeting, the maximum amount of the proposed revenue bonds, the purpose for which the revenue bonds will be issued, and the net revenues to be used to pay the principal and interest on the revenue bonds.

b. At the meeting the board shall receive oral or written objections from any resident or property owner within the jurisdiction of the port authority. After all objections have been received and considered, the board, at the meeting or a date to which it is adjourned, may take additional action for the issuance of the bonds or abandon the proposal to issue bonds. Any resident or property owner within the jurisdiction of the port authority may appeal a decision of the board to take additional action in district court within fifteen days after the additional action is taken, but the additional action of the board is final and conclusive unless the court finds that the board exceeded its authority.

3. The board may sell revenue bonds or pledge orders at public or private sale and may deliver revenue bonds and pledge orders to the contractors, sellers, and other persons furnishing materials and services constituting a part of the cost of the port authority facility in payment therefor. The pledge of any net revenues of a port authority is valid and effective as to all persons including but not limited to other governmental bodies when it becomes valid and effective between the port authority and the holders of the revenue bonds or pledge orders.

4. A revenue bond is valid and binding for all purposes if it bears the signatures or a facsimile of the signature of the

officer designated by the port authority. Port authority revenue bonds may bear dates, bear interest at rates not exceeding those permitted by chapter 74A, bear interest at a variable rate or rates changing from time to time in accordance with a base or formula, mature in one or more installments, be in registered form, carry registration and conversion privileges, be payable as to principal and interest at times and places, be subject to terms of redemption prior to maturity with or without premium, and be in one or more denominations, all as provided by the resolution of the board authorizing their issuance. The resolution may also prescribe additional provisions, terms, conditions, and covenants which the port authority deems advisable, consistent with this chapter, including provisions for creating and maintaining reserve funds, the issuance of additional revenue bonds ranking on a parity with such revenue bonds and additional revenue bonds junior and subordinate to such revenue bonds, and that such revenue bonds shall rank on a parity with or be junior and subordinate to any revenue bonds which may be then outstanding. Port authority revenue bonds are a contract between the port authority and holders and the resolution is a part of the contract.

5. The port authority may issue revenue bonds to refund revenue bonds, pledge orders, and other obligations which are by their terms payable from the net revenues of the same port authority, at lower, the same, or higher rates of interest. A port authority may sell refunding revenue bonds at public or private sale and apply the proceeds to the payment of the obligations being refunded, and may exchange refunding revenue bonds in payment and discharge of the obligations being refunded. The principal amount of refunding revenue bonds may exceed the principal amount of the obligations being refunded to the extent necessary to pay any premium due on the call of the obligations being refunded and to fund interest accrued and to accrue on the obligations being refunded.

6. The final maturity of any original issue of port authority revenue bonds shall not exceed forty years from the date of issue, and the final maturity of port authority revenue bonds that refund outstanding port authority revenue bonds shall not be later than the later of forty years from the date of issue of the original issue of bonds or the date by which it is expected, at the time of issuance of the refunding bonds, that the useful life of all of the property refinanced with the proceeds of the bonds, other than interests in land, will have expired. Such bonds or notes shall be executed in a manner as the resolution may provide.

7. The port authority may contract to pay an amount not to exceed ninety-five percent of the engineer's estimated value of the acceptable work completed during the month to the contractor at the end of each month for work, material, or services. Payment may be made in warrants drawn on any fund from which payment for the work may be made. If such funds are depleted, anticipatory warrants may be issued bearing a rate of interest not exceeding that permitted by chapter 74A even if income from the sale of bonds which have been authorized and are applicable to the public improvement takes place after the fiscal year in which the warrants are issued. If the port authority arranges for the private sale of anticipatory warrants, the warrants may be sold and the proceeds used to pay the contractor. The warrants may also be used to pay other persons furnishing services constituting a part of the cost of the public improvement.

8. Port authority revenue bonds, pledge orders, and warrants issued under this section are negotiable instruments.

9. The board may issue pledge orders pursuant to a resolution adopted by a majority of the total number of supervisors, at a regular or special meeting, ordering their issuance and delivery in payment for all or part of the cost of a project. Pledge orders may bear interest at rates not exceeding those permitted by chapter 74A.

10. Except as provided in section 28J.20, the physical properties of the port authority shall not be pledged or mortgaged to secure the payment of revenue bonds, pledge orders, or refunding bonds, or the interest thereon.

11. The members of the board of the port authority and any person executing the bonds or pledge orders shall not be personally liable on the bonds or pledge orders or be subject to any personal liability or accountability by reason of the issuance thereof.

Sec. 110. NEW SECTION. 28J.22 BONDS MAY BE SECURED BY TRUST AGREEMENT.

1. In the discretion of the port authority, a port authority revenue bond issued under this chapter may be secured by a trust agreement between the port authority and a corporate trustee that may be any trust company or bank having the powers of a trust company within this or any other state.

2. The trust agreement may pledge or assign revenues of the port authority to be received for payment of the revenue bonds. The trust agreement or any resolution providing for the issuance of revenue bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law, including covenants setting forth the duties of the port authority in relation to the acquisition of property, the construction, improvement, maintenance, repair, operation, and insurance of the port authority facility in connection with which the bonds are authorized, the rentals or other charges to be imposed for the use or services of any port authority facility, the custody, safeguarding, and application of all moneys, and provisions for the employment of consulting engineers in connection with the construction or operation of any port authority facility.

3. A bank or trust company incorporated under the laws of this state, that may act as the depository of the proceeds of bonds or of revenues, shall furnish any indemnifying bonds or

may pledge any securities that are required by the port authority. The trust agreement may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders as is customary in trust agreements or trust indentures securing similar bonds. The trust agreement may contain any other provisions that the port authority determines reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of the trust agreement may be treated as a part of the cost of the operation of the port authority facility.

Sec. 111. NEW SECTION. 28J.23 REMEDY OF HOLDER OF BOND OR COUPON -- STATUTE OF LIMITATIONS.

1. The sole remedy for a breach or default of a term of a port authority revenue bond or pledge order is a proceeding in law or in equity by suit, action, or mandamus to enforce and compel performance of the duties required by this chapter and of the terms of the resolution authorizing the issuance of the revenue bonds or pledge orders, or to obtain the appointment of a receiver to take possession of and operate the port authority, and to perform the duties required by this chapter and the terms of the resolution authorizing the issuance of the port authority revenue bonds or pledge orders.

2. An action shall not be brought which questions the legality of port authority revenue bonds or pledge orders, the power of a port authority to issue revenue bonds or pledge orders, or the effectiveness of any proceedings relating to the authorization and issuance of revenue bonds or pledge orders, from and after fifteen days from the time the bonds or pledge orders are ordered issued by the port authority.

Sec. 112. NEW SECTION. 28J.24 BONDS ARE PAYABLE SOLELY FROM REVENUES AND FUNDS PLEDGED FOR PAYMENT.

Port authority revenue bonds and pledge orders issued under this chapter do not constitute a debt, or a pledge of the faith and credit, of the state or a political subdivision of

the state, and the holders or owners of the bonds or pledge orders shall not have taxes levied by the state or by a taxing authority of a governmental agency of the state for the payment of the principal of or interest on the bonds or pledge orders, but the bonds and pledge orders are payable solely from the revenues and funds pledged for their payment as authorized by this chapter, unless the notes are issued in anticipation of the issuance of bonds or pledge orders or the bonds and pledge orders are refunded by refunding bonds issued under this chapter, which bonds, pledge orders, or refunding bonds shall be payable solely from revenues and funds pledged for their payment as authorized by those sections. All of the bonds or pledge orders shall contain a statement to the effect that the bonds or pledge orders, as to both principal and interest, are not debts of the state or a political subdivision of the state, but are payable solely from revenues and funds pledged for their payment.

Sec. 113. NEW SECTION. 28J.25 FUNDS AND PROPERTY HELD IN TRUST -- USE AND DEPOSIT OF FUNDS.

All revenues, funds, properties, and assets acquired by the port authority under this chapter, whether as proceeds from the sale of port authority revenue bonds, pledge orders, or as revenues, shall be held in trust for the purposes of carrying out the port authority's powers and duties, shall be used and reused as provided in this chapter, and shall at no time be part of other public funds. Such funds, except as otherwise provided in a resolution authorizing port authority revenue bonds or in a trust agreement securing the same, or except when invested pursuant to section 28J.26, shall be kept in depositories selected by the port authority in the manner provided in chapter 12C, and the deposits shall be secured as provided in that chapter. The resolution authorizing the issuance of revenue bonds or pledge orders, or the trust agreement securing such bonds or pledge orders shall provide that any officer to whom, or any bank or trust company to

which, such moneys are paid shall act as trustee of such moneys and hold and apply them for the purposes hereof, subject to such conditions as this chapter and such resolution or trust agreement provide.

Sec. 114. NEW SECTION. 28J.26 INVESTMENT OF EXCESS FUNDS.

1. If a port authority has surplus funds after making all deposits into all funds required by the terms, covenants, conditions, and provisions of outstanding revenue bonds, pledge orders, and refunding bonds which are payable from the revenues of the port authority and after complying with all of the requirements, terms, covenants, conditions, and provisions of the proceedings and resolutions pursuant to which revenue bonds, pledge orders, and refunding bonds are issued, the board may transfer the surplus funds to any other fund of the port authority in accordance with this chapter and chapter 12C, provided that a transfer shall not be made if it conflicts with any of the requirements, terms, covenants, conditions, or provisions of a resolution authorizing the issuance of revenue bonds, pledge orders, or other obligations which are payable from the revenues of the port authority which are then outstanding.

2. This section does not prohibit or prevent the board from using funds derived from any other source which may be properly used for such purpose, to pay a part of the cost of a facility.

Sec. 115. NEW SECTION. 28J.27 CHANGE IN LOCATION OF PUBLIC WAY, RAILROAD, OR UTILITY FACILITY -- VACATION OF HIGHWAY.

1. When a port authority changes the location of any portion of any public road, railroad, or utility facility in connection with the construction of a port authority facility, the port authority shall reconstruct at such location as the governmental agency having jurisdiction over such road, railroad, or utility facility finds most favorable. The

construction of such road, railroad, or utility facility shall be of substantially the same type and in as good condition as the original road, railroad, or utility facility. The cost of such reconstruction, relocation, or removal and any damage incurred in changing the location of any such road, railroad, or utility facility shall be paid by the port authority as a part of the cost of the port authority facility.

2. When the port authority finds it necessary that a public highway or portion of a public highway be vacated by reason of the acquisition or construction of a port authority facility, the port authority may request the director of the department of transportation to vacate such highway or portion in accordance with chapter 306 if the highway or portion to be vacated is on the state highway system, or, if the highway or portion to be vacated is under the jurisdiction of a county, the port authority shall petition the board of supervisors of that county, in the manner provided in chapter 306, to vacate such highway or portion. The port authority shall pay to the county, as a part of the cost of such port authority facility, any amounts required to be deposited with a court in connection with proceedings for the determination of compensation and damages and all amounts of compensation and damages finally determined to be payable as a result of such vacation.

3. The port authority may adopt bylaws for the installation, construction, maintenance, repair, renewal, relocation, and removal of railroad or utility facilities in, on, over, or under any port authority facility. Whenever the port authority determines that it is necessary that any such facility installed or constructed in, on, over, or under property of the port authority pursuant to such bylaws be relocated, the utility company owning or operating such facility shall relocate or remove them in accordance with the order of the port authority. The cost and expenses of such relocation or removal, including the cost of installing such

facility in a new location, the cost of any lands, or any rights or interests in lands, and any other rights, acquired to accomplish such relocation or removal, shall be paid by the port authority as a part of the cost of the port authority facility. In case of any such relocation or removal of such facilities, the railroad or utility company owning or operating them, its successors, or assigns may maintain and operate such facilities, with the necessary appurtenances, in the new location in, on, over, or under the property of the port authority for as long a period and upon the same terms as the railroad or utility company had the right to maintain and operate such facilities in their former location.

Sec. 116. NEW SECTION. 28J.28 FINAL ACTIONS TO BE RECORDED -- ANNUAL REPORT -- CONFIDENTIALITY OF INFORMATION.

1. All final actions of the port authority shall be recorded and the records of the port authority shall be open to public examination and copying pursuant to chapter 22. Not later than the first day of April every year, a port authority shall submit a report to the director of the department of economic development detailing the projects and activities of the port authority during the previous calendar year. The report shall include, but not be limited to, all aspects of those projects and activities, including the progress and status of the projects and their costs, and any other information the director determines should be included in the report.

2. Financial and proprietary information, including trade secrets, submitted to a port authority or the agents of a port authority, in connection with the relocation, location, expansion, improvement, or preservation of a business or nonprofit corporation is not a public record subject to chapter 22. Any other information submitted under those circumstances is not a public record subject to chapter 22 until there is a commitment in writing to proceed with the relocation, location, expansion, improvement, or preservation.

3. Notwithstanding chapter 21, the board of directors of a port authority, when considering information that is not a public record under this section, may close a meeting during the consideration of that information pursuant to a vote of the majority of the directors present on a motion stating that such information is to be considered. Other matters shall not be considered during the closed session.

Sec. 117. NEW SECTION. 28J.29 PROVISIONS TO BE LIBERALLY CONSTRUED.

This chapter shall be liberally construed to effect the chapter's purposes.

Sec. 118. Section 427.1, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 34. PORT AUTHORITY PROPERTY. The property of a port authority created pursuant to section 28J.2, when devoted to public use and not held for pecuniary profit.

DIVISION XVI
PROPERTY ASSESSMENT

Sec. 119. Section 7E.6, subsection 5, Code 2005, is amended to read as follows:

5. Any position of membership on the board of parole, the public employment relations board, the utilities board, and the employment appeal board, and the property assessment appeal board shall be compensated as otherwise provided in law.

Sec. 120. Section 13.7, Code 2005, is amended to read as follows:

13.7 SPECIAL COUNSEL.

Compensation shall not be allowed to any person for services as an attorney or counselor to an executive department of the state government, or the head thereof, or to a state board or commission. However, the executive council may employ legal assistance, at a reasonable compensation, in a pending action or proceeding to protect the interests of the

state, but only upon a sufficient showing, in writing, made by the attorney general, that the department of justice cannot for reasons stated by the attorney general perform the service, which reasons and action of the council shall be entered upon its records. When the attorney general determines that the department of justice cannot perform legal service in an action or proceeding, the executive council shall request the department involved in the action or proceeding to recommend legal counsel to represent the department. If the attorney general concurs with the department that the person recommended is qualified and suitable to represent the department, the person recommended shall be employed. If the attorney general does not concur in the recommendation, the department shall submit a new recommendation. This section does not affect the general counsel for the utilities board of the department of commerce, or the legal counsel of the department of workforce development, or the general counsel for the property assessment appeal board.

Sec. 121. NEW SECTION. 421.1A PROPERTY ASSESSMENT APPEAL BOARD.

1. A statewide property assessment appeal board is created for the purpose of establishing a consistent, fair, and equitable property assessment appeal process. The statewide property assessment appeal board is established within the department of revenue for administrative and budgetary purposes. The board's principal office shall be in the office of the department of revenue in the capital of the state.

2. a. The property assessment appeal board shall consist of three members appointed to staggered six-year terms, beginning and ending as provided in section 69.19, by the governor and subject to confirmation by the senate. Subject to confirmation by the senate, the governor shall appoint from the members a chairperson of the board to a two-year term. Vacancies on the board shall be filled for the unexpired

portion of the term in the same manner as regular appointments are made. The term of office for the initial board shall begin January 1, 2007.

b. Each member of the property assessment appeal board shall be qualified by virtue of at least two years' experience in the area of government, corporate, or private practice relating to property appraisal and property tax administration. One member of the board shall be a certified real estate appraiser or hold a professional appraisal designation, one member shall be an attorney practicing in the area of state and local taxation or property tax appraisals, and one member shall be a professional with experience in the field of accounting or finance and with experience in state and local taxation matters. No more than two members of the board may be from the same political party as that term is defined in section 43.2.

c. The property assessment appeal board shall organize by appointing a secretary who shall take the same oath of office as the members of the board. The board may employ additional personnel as it finds necessary. All personnel employed by the board shall be considered state employees and are subject to the merit system provisions of chapter 8A, subchapter IV.

3. At the election of a property owner or aggrieved taxpayer or an appellant described in section 441.42, the property assessment appeal board shall review any final decision, finding, ruling, determination, or order of a local board of review relating to protests of an assessment, valuation, or application of an equalization order.

4. The property assessment appeal board may do all of the following:

a. Affirm, reverse, or modify a final decision, finding, ruling, determination, or order of a local board of review.

b. Order the payment or refund of property taxes in a matter over which the board has jurisdiction.

c. Grant other relief or issue writs, orders, or directives that the board deems necessary or appropriate in the process of disposing of a matter over which the board has jurisdiction.

d. Subpoena documents and witnesses and administer oaths.

e. Adopt administrative rules pursuant to chapter 17A for the administration and implementation of its powers, including rules for practice and procedure for protests filed with the board, the manner in which hearings on appeals of assessments shall be conducted, filing fees to be imposed by the board, and for the determination of the correct assessment of property which is the subject of an appeal.

f. Adopt administrative rules pursuant to chapter 17A necessary for the preservation of order and the regulation of proceedings before the board, including forms or notice and the service thereof, which rules shall conform as nearly as possible to those in use in the courts of this state.

5. The property assessment appeal board shall employ a competent attorney to serve as its general counsel, and assistants to the general counsel as it finds necessary for the full and efficient discharge of its duties. The general counsel is the attorney for, and legal advisor of, the board. The general counsel or an assistant to the general counsel shall provide the necessary legal advice to the board in all matters and shall represent the board in all actions instituted in a court challenging the validity of a rule or order of the board. The general counsel shall devote full time to the duties of the office. During employment as general counsel to the board, the counsel shall not be a member of a political committee, contribute to a political campaign, participate in a political campaign, or be a candidate for partisan political office. The general counsel and assistants to the general counsel shall be considered state employees and are subject to the merit system provisions of chapter 8A, subchapter IV.

6. The members of the property assessment appeal board shall receive compensation from the state commensurate with the salary of a district judge. The members of the board shall not be considered state employees for purposes of salary and benefits. The members of the board and any employees of the board, when required to travel in the discharge of official duties, shall be paid their actual and necessary expenses incurred in the performance of duties.

7. a. Effective January 1, 2012, a property assessment appeal board review committee is established. Staffing assistance to the committee shall be provided by the department of revenue. The committee shall consist of six members of the general assembly, two appointed by the majority leader of the senate, one appointed by the minority leader of the senate, two appointed by the speaker of the house of representatives, and one appointed by the minority leader of the house of representatives; the director of revenue or the director's designee; a county assessor appointed by the Iowa state association of counties; and a city assessor appointed by the Iowa league of cities.

b. The property assessment appeal board review committee shall review the activities of the property assessment appeal board since its inception. The review committee may recommend the revision of any rules, regulations, directives, or forms relating to the activities of the property assessment appeal board.

c. The review committee shall report to the general assembly by January 15, 2013. The report shall include any recommended changes in laws relating to the property assessment appeal board, the reasons for the committee's recommendations, and any other information the committee deems advisable.

Sec. 122. Section 428.4, unnumbered paragraph 1, Code 2005, is amended to read as follows:

Property shall be assessed for taxation each year. Real estate shall be listed and assessed in 1981 and every two years thereafter. The assessment of real estate shall be the value of the real estate as of January 1 of the year of the assessment. The year 1981 and each odd-numbered year thereafter shall be a reassessment year. In any year, after the year in which an assessment has been made of all the real estate in an assessing jurisdiction, the assessor shall value and assess or revalue and reassess, as the case may require, any real estate that the assessor finds was incorrectly valued or assessed, or was not listed, valued, and assessed, in the assessment year immediately preceding, also any real estate the assessor finds has changed in value subsequent to January 1 of the preceding real estate assessment year. However, a percentage increase on a class of property shall not be made in a year not subject to an equalization order unless ordered by the department of revenue. The assessor shall determine the actual value and compute the taxable value thereof as of January 1 of the year of the revaluation and reassessment. The assessment shall be completed as specified in section 441.28, but no reduction or increase in actual value shall be made for prior years. If an assessor makes a change in the valuation of the real estate as provided for, sections 441.23, 441.37, 441.37A, 441.38 and 441.39 apply.

Sec. 123. Section 441.19, subsection 4, Code 2005, is amended to read as follows:

4. The supplemental returns herein provided for in this section shall be preserved in the same manner as assessment rolls, but shall be confidential to the assessor, board of review, property assessment appeal board, or director of revenue, and shall not be open to public inspection, but any final assessment roll as made out by the assessor shall be a public record, provided that such supplemental return shall be available to counsel of either the person making the return or of the public, in case any appeal is taken to the board of

review, to the property assessment appeal board, or to the court.

Sec. 124. Section 441.21, subsection 1, Code 2005, is amended by adding the following new paragraphs:

NEW PARAGRAPH. h. The assessor shall determine the value of real property in accordance with rules adopted by the department of revenue and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time. Such rules, forms, and guidelines shall not be inconsistent with or change the means, as provided in this section, of determining the actual, market, taxable, and assessed values.

NEW PARAGRAPH. i. If the department finds that a city or county assessor is not in compliance with the rules of the department relating to valuation of property or has disregarded the forms and guidelines contained in the real property appraisal manual, the department shall notify the assessor and each member of the conference board for the appropriate assessing jurisdiction. The notice shall be mailed by restricted certified mail. The notice shall specify the areas of noncompliance and the steps necessary to achieve compliance. The notice shall also inform the assessor and conference board that if compliance is not achieved, a penalty may be imposed.

The conference board shall respond to the department within thirty days of receipt of the notice of noncompliance. The conference board may respond to the notice by asserting that the assessor is in compliance with the rules, guidelines, and forms of the department or by informing the department that the conference board intends to submit a plan of action to achieve compliance. If the conference board responds to the notification by asserting that the assessor is in compliance, a hearing before the director of revenue shall be scheduled on the matter.

A plan of action shall be submitted within sixty days of receipt of the notice of noncompliance. The plan shall contain a time frame under which compliance shall be achieved which shall be no later than January 1 of the following assessment year. The plan of action shall contain the signature of the assessor and of the chairperson of the conference board. The department shall review the plan to determine whether the plan is sufficient to achieve compliance. Within thirty days of receipt of the plan, the department shall notify the assessor and the chairperson of the conference board that it has accepted the plan or that it is necessary to submit an amended plan of action.

By January 1 of the assessment year following the calendar year in which the plan was submitted to the department, the conference board shall submit a report to the department indicating that the plan of action was followed and compliance has been achieved. The department may conduct a field inspection to ensure that the assessor is in compliance. By January 31, the department shall notify the assessor and the conference board, by restricted certified mail, either that compliance has been achieved or that the assessor remains in noncompliance. If the department determines that the assessor remains in noncompliance, the department shall take steps to withhold up to five percent of the reimbursement payment authorized in section 425.1 until the director of revenue determines that the assessor is in compliance.

If the conference board disputes the determination of the department, the chairperson of the conference board may appeal the determination to the state board of tax review.

The department shall adopt rules relating to the administration of this paragraph "1".

Sec. 125. Section 441.21, subsection 2, Code 2005, is amended to read as follows:

2. In the event market value of the property being assessed cannot be readily established in the foregoing

manner, then the assessor may determine the value of the property using the other uniform and recognized appraisal methods including its productive and earning capacity, if any, industrial conditions, its cost, physical and functional depreciation and obsolescence and replacement cost, and all other factors which would assist in determining the fair and reasonable market value of the property but the actual value shall not be determined by use of only one such factor. The following shall not be taken into consideration: Special value or use value of the property to its present owner, and the good will or value of a business which uses the property as distinguished from the value of the property as property. However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value. The property owner shall notify the assessor when property is withdrawn from section 42 eligibility under the Internal Revenue Code. The property shall not be subject to section 42 assessment procedures for the assessment year for which section 42 eligibility is withdrawn. This notification must be provided to the assessor no later than March 1 of the assessment year or the owner will be subject to a penalty of five hundred dollars for that assessment year. The penalty shall be collected at the same time and in the same manner as regular property taxes. Upon adoption of uniform rules by the revenue department of revenue or succeeding authority covering assessments and valuations of such properties, said the

valuation on such properties shall be determined in accordance therewith with such rules and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time for assessment purposes to assure uniformity, but such rules, forms, and guidelines shall not be inconsistent with or change the foregoing means of determining the actual, market, taxable and assessed values.

Sec. 126. Section 441.28, Code 2005, is amended to read as follows:

441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO TAXPAYER.

The assessment shall be completed not later than April 15 each year. If the assessor makes any change in an assessment after it has been entered on the assessor's rolls, the assessor shall note on said the roll, together with the original assessment, the new assessment and the reason for the change, together with the assessor's signature and the date of the change. Provided, however, in the event the assessor increases any assessment the assessor shall give notice of the increase in writing thereof to the taxpayer by mail prior to the meeting of the board of review postmarked no later than April 15. No changes shall be made on the assessment rolls after April 15 except by order of the board of review or of the property assessment appeal board, or by decree of court.

Sec. 127. Section 441.35, unnumbered paragraph 2, Code 2005, is amended to read as follows:

In any year after the year in which an assessment has been made of all of the real estate in any taxing district, ~~it shall be the duty of~~ the board of review to shall meet as provided in section 441.33, and where ~~it the board~~ finds the same has changed in value, to the board shall revalue and reassess any part or all of the real estate contained in such taxing district, and in such case, ~~it the board~~ shall determine the actual value as of January 1 of the year of the revaluation and reassessment and compute the taxable value

~~thereof and any.~~ Any aggrieved taxpayer may petition for a revaluation of the taxpayer's property, but no reduction or increase shall be made for prior years. If the assessment of any such property is raised, or any property is added to the tax list by the board, the clerk shall give notice in the manner provided in section 441.36, ~~provided, however, that,~~ However, if the assessment of all property in any taxing district is raised, the board may instruct the clerk to give immediate notice by one publication in one of the official newspapers located in the taxing district, and such published notice shall take the place of the mailed notice provided for in section 441.36, but all other provisions of said that section shall apply. The decision of the board as to the foregoing matters shall be subject to appeal to the property assessment appeal board within the same time and in the same manner as provided in section 441.37A and to the district court within the same time and in the same manner as provided in section 441.38.

Sec. 128. NEW SECTION. 441.37A APPEAL OF PROTEST TO PROPERTY ASSESSMENT APPEAL BOARD.

1. For the assessment year beginning January 1, 2007, and all subsequent assessment years, appeals may be taken from the action of the board of review with reference to protests of assessment, valuation, or application of an equalization order to the property assessment appeal board created in section 421.1A. However, a property owner or aggrieved taxpayer or an appellant described in section 441.42 may bypass the property assessment appeal board and appeal the decision of the local board of review to the district court pursuant to section 441.38. For an appeal to the property assessment appeal board to be valid, written notice must be filed by the party appealing the decision with the secretary of the property assessment appeal board within twenty days after the date the board of review's letter of disposition of the appeal is postmarked to the party making the protest. The written

notice of appeal shall include a petition setting forth the basis of the appeal and the relief sought. No new grounds in addition to those set out in the protest to the local board of review as provided in section 441.37 can be pleaded, but additional evidence to sustain those grounds may be introduced. The assessor shall have the same right to appeal to the assessment appeal board as an individual taxpayer, public body, or other public officer as provided in section 441.42.

Filing of the written notice of appeal and petition with the secretary of the property assessment appeal board shall preserve all rights of appeal of the appellant, except as otherwise provided in subsection 2. A copy of the appellant's written notice of appeal and petition shall be mailed by the secretary of the property assessment appeal board to the local board of review whose decision is being appealed. In all cases where a change in assessed valuation of one hundred thousand dollars or more is petitioned for, the local board of review shall mail a copy of the written notice of appeal and petition to all affected taxing districts as shown on the last available tax list.

2. A party to the appeal may request a hearing or the appeal may proceed without a hearing. If a hearing is requested, the appellant and the local board of review from which the appeal is taken shall be given at least thirty days' written notice by the property assessment appeal board of the date the appeal shall be heard and the local board of review may be present and participate at such hearing. Notice to all affected taxing districts shall be deemed to have been given when written notice is provided to the local board of review. Failure by the appellant to appear at the property assessment appeal board hearing shall be grounds for dismissal of the appeal unless a continuance is granted to the appellant. If an appeal is dismissed for failure to appear, the property assessment appeal board shall have no jurisdiction to consider any subsequent appeal on the appellant's protest.

An appeal may be considered by less than a majority of the members of the board, and the chairperson of the board may assign members to consider appeals. If a hearing is requested, it shall be open to the public and shall be conducted in accordance with the rules of practice and procedure adopted by the board. However, any deliberation of a board member considering the appeal in reaching a decision on any appeal shall be confidential. The property assessment appeal board or any member of the board may require the production of any books, records, papers, or documents as evidence in any matter pending before the board that may be material, relevant, or necessary for the making of a just decision. Any books, records, papers, or documents produced as evidence shall become part of the record of the appeal. Any testimony given relating to the appeal shall be transcribed and made a part of the record of the appeal.

3. a. The board member considering the appeal shall determine anew all questions arising before the local board of review which relate to the liability of the property to assessment or the amount thereof. All of the evidence shall be considered and there shall be no presumption as to the correctness of the valuation of assessment appealed from. The property assessment appeal board shall make a decision in each appeal filed with the board. If the appeal is considered by less than a majority of the board, the determination made by that member shall be forwarded to the full board for approval, rejection, or modification. If the initial determination is rejected by the board, it shall be returned for reconsideration to the board member making the initial determination. Any deliberation of the board regarding an initial determination shall be confidential.

b. The decision of the board shall be considered the final agency action for purposes of further appeal, except as otherwise provided in section 441.49. The decision shall be final unless appealed to district court as provided in section

441.38. The levy of taxes on any assessment appealed to the board shall not be delayed by any proceeding before the board, and if the assessment appealed from is reduced by the decision of the board, any taxes levied upon that portion of the assessment reduced shall be abated or, if already paid, shall be refunded. If the subject of an appeal is the application of an equalization order, the property assessment appeal board shall not order a reduction in assessment greater than the amount that the assessment was increased due to application of the equalization order. Each party to the appeal shall be responsible for the costs of the appeal incurred by that party.

Sec. 129. Section 441.38, Code 2005, is amended to read as follows:

441.38 APPEAL TO DISTRICT COURT.

1. Appeals may be taken from the action of the local board of review with reference to protests of assessment, to the district court of the county in which the board holds its sessions within twenty days after its adjournment or May 31, whichever date is later. Appeals may be taken from the action of the property assessment appeal board to the district court of the county where the property which is the subject of the appeal is located within twenty days after the letter of disposition of the appeal by the property assessment appeal board is postmarked to the appellant. No new grounds in addition to those set out in the protest to the local board of review as provided in section 441.37, or in addition to those set out in the appeal to the property assessment appeal board, if applicable, can be pleaded, but additional evidence to sustain those grounds may be introduced. The assessor shall have the same right to appeal and in the same manner as an individual taxpayer, public body or other public officer as provided in section 441.42. Appeals shall be taken by filing a written notice of appeal with the clerk of district court. Filing of the written notice of appeal shall preserve all rights of appeal of the appellant.

2. Notice of appeal shall be served as an original notice on the chairperson, presiding officer, or clerk of the board of review, and on the secretary of the property assessment appeal board, if applicable, after the filing of notice under subsection 1 with the clerk of district court.

Sec. 130. Section 441.39, Code 2005, is amended to read as follows:

441.39 TRIAL ON APPEAL.

The If the appeal is from a decision of the local board of review, the court shall hear the appeal in equity and determine anew all questions arising before the board which relate to the liability of the property to assessment or the amount thereof. The court shall consider all of the evidence and there shall be no presumption as to the correctness of the valuation of assessment appealed from. If the appeal is from a decision of the property assessment appeal board, the court's review shall be limited to the correction of errors at law. Its decision shall be certified by the clerk of the court to the county auditor, and the assessor, who shall correct the assessment books accordingly.

Sec. 131. Section 441.43, Code 2005, is amended to read as follows:

441.43 POWER OF COURT.

Upon trial of any appeal from the action of the board of review or of the property assessment appeal board fixing the amount of assessment upon any property concerning which complaint is made, the court may increase, decrease, or affirm the amount of the assessment appealed from.

Sec. 132. Section 441.49, unnumbered paragraph 5, Code 2005, is amended to read as follows:

The local board of review shall reconvene in special session from October 15 to November 15 for the purpose of hearing the protests of affected property owners or taxpayers within the jurisdiction of the board whose valuation of property if adjusted pursuant to the equalization order issued

by the director of revenue will result in a greater value than permitted under section 441.21. The board of review shall accept protests only during the first ten days following the date the local board of review reconvenes. The board of review shall limit its review to only the timely filed protests. The board of review may adjust all or a part of the percentage increase ordered by the director of revenue by adjusting the actual value of the property under protest to one hundred percent of actual value. Any adjustment so determined by the board of review shall not exceed the percentage increase provided for in the director's equalization order. The determination of the board of review on filed protests is final, subject to appeal to the property assessment appeal board. A final decision by the local board of review, or the property assessment appeal board, if the local board's decision is appealed, is subject to review by the director of revenue for the purpose of determining whether the board's actions substantially altered the equalization order. In making the review, the director has all the powers provided in chapter 421, and in exercising the powers the director is not subject to chapter 17A. Not later than fifteen days following the adjournment of the board, the board of review shall submit to the director of revenue, on forms prescribed by the director, a report of all actions taken by the board of review during this session.

Sec. 133. Section 445.60, Code 2005, is amended to read as follows:

445.60 REFUNDING ERRONEOUS TAX.

The board of supervisors shall direct the county treasurer to refund to the taxpayer any tax or portion of a tax found to have been erroneously or illegally paid, with all interest, fees, and costs actually paid. A refund shall not be ordered or made unless a claim for refund is presented to the board within two years of the date the tax was due, or if appealed to the board of review, the property assessment appeal board,

the state board of tax review, or district court, within two years of the final decision.

Sec. 134. FUTURE REPEAL.

1. The sections of this division of this Act amending sections 7E.6, 13.7, 428.4, 441.19, 441.35, 441.38, 441.39, 441.43, 441.49, and 445.60, and enacting sections 421.1A and 441.37A, are repealed effective July 1, 2013.

2. The portion of the section of this division of this Act amending section 441.28 relating only to the property assessment appeal board is repealed effective July 1, 2013.

CHRISTOPHER C. RANTS
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 868, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2005

THOMAS J. VILSACK
Governor