

House Study Bill 557

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

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

A BILL FOR

1 An Act relating to certain department of economic development
2 programs including vision Iowa board membership, renewable
3 fuels marketing, film project tax credits, the promotion of
4 Iowa tourism experiences, the consolidation of reporting
5 requirements, and the administration of targeted industries
6 development.

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

8 TLSB 5583HC 82

9 tw/rj/8

PAG LIN

1 1 DIVISION I
1 2 VISION IOWA BOARD MEMBERSHIP
1 3 Section 1. Section 15F.102, subsection 2, paragraph f,
1 4 Code 2007, is amended to read as follows:
1 5 f. The director of the department of economic development
1 6 or the director's designee.

1 7 DIVISION II
1 8 MARKETING OF RENEWABLE FUELS PROGRAMS
1 9 Sec. 2. Section 15G.205, subsection 3, Code 2007, is
1 10 amended to read as follows:
1 11 3. Moneys in the renewable fuel infrastructure fund are
1 12 appropriated to the department exclusively to support and
1 13 market the renewable fuel infrastructure programs as provided
1 14 in sections 15G.203 and 15G.204, and as allocated in financial
1 15 incentives by the renewable fuel infrastructure board ~~as~~
1 16 created in section 15G.202. Up to fifty thousand dollars
1 17 shall be allocated each fiscal year to the department to
1 18 support the administration and marketing of the programs.
1 19 Otherwise the moneys shall not be transferred, used,
1 20 obligated, appropriated, or otherwise encumbered except to
1 21 allocate as financial incentives under the programs.

1 22 DIVISION III
1 23 FILM PROJECT TAX CREDITS
1 24 Sec. 3. Section 15.393, subsection 2, paragraph b,
1 25 subparagraph (1), Code Supplement 2007, is amended to read as
1 26 follows:

1 27 (1) For tax years beginning on or after January 1, 2007,
1 28 an investment tax credit shall be allowed against the taxes
1 29 imposed in chapter 422, divisions II, III, and V, and in
1 30 chapter 432, and against the moneys and credits tax imposed in
1 31 section 533.329, for a portion of a taxpayer's investment in a
1 32 project registered under the program. The tax credit shall
1 33 equal twenty-five percent of the investment in the project,
1 34 except that the tax credit shall not exceed twenty-five
1 35 percent of the qualified expenditures on the project. An

2 1 individual may claim a tax credit under this paragraph of a
2 2 partnership, limited liability company, S corporation, estate,
2 3 or trust electing to have income taxed directly to the
2 4 individual. The amount claimed by the individual shall be
2 5 based upon the pro rata share of the individual's earnings
2 6 from the partnership, limited liability company, S
2 7 corporation, estate, or trust. Any tax credit in excess of
2 8 the taxpayer's liability for the tax year may be credited to
2 9 the tax liability for the following five years or until
2 10 depleted, whichever is earlier. A tax credit shall not be
2 11 carried back to a tax year prior to the tax year in which the
2 12 taxpayer claims the tax credit. A taxpayer shall not claim a
2 13 tax credit under this paragraph "b" for qualified expenditures
2 14 for which a tax credit is claimed under paragraph "a".

DIVISION IV

TOURISM PROGRAM PROMOTING IOWA EXPERIENCES

Sec. 4. Section 15.108, subsection 5, paragraph c, Code

Supplement 2007, is amended to read as follows:

c. Coordinate and develop with the ~~state~~ department of transportation, the ~~state~~ department of natural resources, the ~~state~~ department of cultural affairs, and ~~other state agencies~~ the generation Iowa commission, the vision Iowa board, other state agencies, and local and regional entities public interpretation, marketing, and education programs which that encourage Iowans and out-of-state visitors to participate in the recreation recreational and leisure opportunities available in Iowa. The department shall establish and administer a program that helps connect both Iowa residents and residents of other states to new and existing Iowa experiences as a means to enhance the economic, social, and cultural well-being of the state. The program shall include a broad range of new opportunities, both rural and urban, including main street destinations, green space initiatives, and artistic and cultural attractions.

DIVISION V

CONSOLIDATION OF REPORTING REQUIREMENTS

Sec. 5. Section 15.104, subsection 1, Code Supplement 2007, is amended by striking the subsection.

Sec. 6. Section 15.104, subsection 9, Code Supplement 2007, is amended by striking the subsection and inserting in lieu thereof the following:

9. By January 31 of each year, submit a report to the general assembly and the governor that covers its activities during the preceding fiscal year. The report shall include all of the following:

a. FINANCIAL ASSISTANCE PROGRAMS. Data on all assistance provided to business finance projects under the community economic betterment program established in section 15.317, eligible businesses under the high quality job creation program described in section 15.326, the value-added agricultural products and processes financial assistance program established in section 15E.111.

b. PROJECTS FUNDED THROUGH THE GROW IOWA VALUES FUND. For each job creation or retention business finance project receiving moneys from the grow Iowa values fund created in section 15G.108, the following information:

(1) The net number of new jobs created as of the date of the report. For the purposes of this subparagraph, "net number of new jobs" is the number of new or retained jobs as identified in the contract.

(2) The number of jobs created, as of the time of reporting, that are at or above the qualifying wage threshold for the project. For the purposes of this subparagraph, "qualifying wage threshold" means the wage that meets the required percentage of the average county or average regional wage for the programs or funding sources involved with the project.

(3) The number of retained jobs, as of the time of reporting. For the purposes of this subparagraph, "retained jobs" means the number of retained jobs as identified in the contract.

(4) The total amount expended by a business, as of the time of reporting, toward the total project cost as identified in the contract.

(5) The project's location.

(6) The amount, if any, of private and local matching funds, as of the time of reporting.

(7) The amount spent on research and development activities, as of the time of reporting.

c. INDUSTRIAL NEW JOBS TRAINING ACT. Data on all assistance or benefits provided under the Iowa industrial new jobs training Act established in chapter 260E.

d. WORKFORCE DEVELOPMENT FUND. The proposed allocation of moneys from the workforce development fund to be made for the next fiscal year for the programs and purposes contained in section 15.343, subsection 2.

(1) The director shall submit a copy of the proposed allocation to the chairpersons of the joint economic development appropriations subcommittee of the general assembly. Notwithstanding section 8.39, the proposed allocation may provide for increased or decreased funding levels if the demand for a program indicates that the need is greater or lesser than the allocation for that program.

(2) The director shall submit a report each quarter to the board. The report shall include the status of the funds and

4 26 may include the director's proposed revisions. The proposed
4 27 revisions may be approved by the board in January and April of
4 28 each year.

4 29 (3) The director shall also provide quarterly reports to
4 30 the legislative services agency on the status of the funds.

4 31 e. EMPLOYEE TRAINING AND RETRAINING GOALS AND OBJECTIVES.
4 32 Pursuant to section 15.108, subsection 6, the upcoming year's
4 33 goals and objectives, including both short-term and long-term
4 34 methods of improving program performance, creating employment
4 35 opportunities for residents, and enhancing the delivery of
5 1 services.

5 2 f. ACCELERATED CAREER EDUCATION PROGRAMS. The data
5 3 related to the accelerated career education programs
5 4 established in chapter 260G and the activities of those
5 5 programs during the previous fiscal year.

5 6 g. COORDINATION WITH COMMUNITY COLLEGES AND STATE BOARD OF
5 7 REGENTS. Pursuant to section 15.108, subsection 3, paragraph
5 8 "a", subparagraph (1), an assessment of the degree to which
5 9 the department has coordinated with the community colleges and
5 10 the state board of regents institutions in the avoidance of
5 11 duplication of economic development efforts, including the
5 12 degree to which there are future coordination needs. The
5 13 state board of regents institutions and the community colleges
5 14 shall be given an opportunity to review and comment on this
5 15 portion of the department's annual report prior to its
5 16 printing or release.

5 17 h. ENDOW IOWA PROGRAM. In cooperation with the lead
5 18 philanthropic entity, as defined in section 15E.303, a summary
5 19 of the activities conducted under the endow Iowa grant program
5 20 created in section 15E.304. This portion of the annual report
5 21 shall include an itemized listing of endowment funds and the
5 22 amount of tax credits authorized by the department.

5 23 i. GROW IOWA VALUES FUND EXPENDITURES. Detailed financial
5 24 data that delineate expenditures made under each component of
5 25 the grow Iowa values fund created in section 15G.108.

5 26 j. RENEWABLE FUEL PROGRAMS. A detailed accounting of
5 27 expenditures in support of renewable fuel infrastructure
5 28 programs, as provided in sections 15G.203 and 15G.204. The
5 29 renewable fuel infrastructure board established in section
5 30 15G.202 shall approve that portion of the department's annual
5 31 report regarding projects supported from the grow Iowa values
5 32 fund created in section 15G.108. This paragraph is repealed
5 33 on July 1, 2012.

5 34 k. PILOT PROJECT CITIES == WITHHOLDING AGREEMENT, TAX
5 35 CREDITS. Data on the pilot project cities established
6 1 pursuant to section 403.19A, including all of the following:

6 2 (1) The amount each project received from each state
6 3 economic development and tax credit program.

6 4 (2) The number of new jobs created as a result of the
6 5 pilot program.

6 6 (3) The average wage of the jobs created as a result of
6 7 the pilot project.

6 8 (4) An evaluation of the investment made by the state of
6 9 Iowa in the pilot project cities program, including but not
6 10 limited to the items described in subparagraphs (1) through
6 11 (3).

6 12 Sec. 7. Section 15.108, subsection 3, paragraph a,
6 13 subparagraph (1), Code Supplement 2007, is amended to read as
6 14 follows:

6 15 (1) Provide the mechanisms to promote and facilitate the
6 16 coordination of management and technical assistance services
6 17 to Iowa businesses and industries and to communities by the
6 18 department, by the community colleges, and by the state board
6 19 of regents institutions, including the small business
6 20 development centers, the center for industrial research and
6 21 service, and extension activities. In order to achieve this
6 22 goal, the department may establish periodic meetings with
6 23 representatives from the community colleges and the state
6 24 board of regents institutions to develop this coordination.
6 25 The community colleges and the state board of regents
6 26 institutions shall cooperate with the department in seeking to
6 27 avoid duplication of economic development services through
6 28 greater coordinating efforts in the utilization of space,
6 29 personnel, and materials and in the development of referral
6 30 and outreach networks. ~~The department shall annually report
6 31 on the degree to which economic development activities have
6 32 been coordinated and the degree to which there are future
6 33 coordination needs, and the community colleges and the state
6 34 board of regents institutions shall be given an opportunity to
6 35 review and comment on this report prior to its printing or
7 1 release.~~ The department shall also establish a registry of

7 2 applications for federal funds related to management and
7 3 technical assistance programs.
7 4 Sec. 8. Section 15.108, subsection 4, paragraph a, Code
7 5 Supplement 2007, is amended by striking the paragraph.
7 6 Sec. 9. Section 15.108, subsection 6, paragraph b,
7 7 subparagraph (3), Code Supplement 2007, is amended by striking
7 8 the subparagraph.

7 9 Sec. 10. Section 15.343, subsection 1, Code 2007, is
7 10 amended to read as follows:

7 11 1. a. A workforce development fund is created as a
7 12 revolving fund in the state treasury under the control of the
7 13 department consisting of any moneys appropriated by the
7 14 general assembly for that purpose and any other moneys
7 15 available to and obtained or accepted by the department from
7 16 the federal government or private sources for the placement in the
7 17 fund. The fund shall also include ~~all of the following:~~

~~7 18 a. Notwithstanding section 8.33, all unencumbered and
7 19 unobligated funds from 1994 Iowa Acts, chapter 1201, section
7 20 1, subsection 6, except paragraph "d"; section 3, subsections
7 21 1 and 3; and section 10, remaining on July 1, 1995, and all
7 22 unencumbered and unobligated funds in the Iowa conservation
7 23 corps escrow account established in section 84A.7 and the job
7 24 training fund established in section 260F.6.~~

7 25 b. Moneys appropriated to the fund from the
7 26 workforce development fund account established in section
7 27 15.342A.

7 28 b. Notwithstanding section 8.33, moneys in the workforce
7 29 development fund at the end of each fiscal year shall not
7 30 revert to any other fund but shall remain in the workforce
7 31 development fund for expenditure for subsequent fiscal years.

7 32 Sec. 11. Section 15.343, subsection 3, paragraph a, Code
7 33 2007, is amended by striking the paragraph.

7 34 Sec. 12. Section 15E.19, subsection 3, Code 2007, is
7 35 amended by striking the subsection.

8 1 Sec. 13. Section 15E.111, subsection 8, Code 2007, is
8 2 amended by striking the subsection.

8 3 Sec. 14. Section 260G.4C, Code 2007, is amended to read as
8 4 follows:

8 5 260G.4C FACILITATOR.

8 6 The department of economic development shall administer the
8 7 statewide allocations of program job credits to accelerated
8 8 career education programs. The department shall ~~collect data
8 9 related to the programs and prepare an annual report regarding
8 10 the activities of the programs during the previous fiscal
8 11 year. The report shall be submitted to the governor and the
8 12 general assembly by December 31 of each year provide
8 13 information about the accelerated career education programs in
8 14 accordance with its annual reporting requirements in section
8 15 15.104, subsection 9.~~

8 16 Sec. 15. Section 403.19A, subsection 3, paragraph 1, Code
8 17 Supplement 2007, is amended to read as follows:

8 18 1. The department of economic development in consultation
8 19 with the department of revenue shall coordinate the pilot
8 20 project program with the pilot project cities under this
8 21 section. The department of economic development is authorized
8 22 to adopt, amend, and repeal rules to implement the pilot
8 23 project program under this section. ~~The department of
8 24 economic development shall prepare an annual report for the
8 25 governor, the general assembly, and the legislative services
8 26 agency on the pilot project program. The pilot project
8 27 program annual report shall include but not be limited to all
8 28 of the following:~~

~~8 29 (1) The amount each project received from each state
8 30 economic development and tax credit program.~~

~~8 31 (2) The number of new jobs resulting from the pilot
8 32 program.~~

~~8 33 (3) The average wage resulting from the pilot project.~~

~~8 34 (4) An evaluation of the investment made by the state of
8 35 Iowa, including but not limited to the terms in subparagraphs
9 1 (1) through (3).~~

9 2 Sec. 16. Sections 15.113, 15E.306, 15G.206, Code 2007, are
9 3 repealed.

9 4 DIVISION VI

9 5 ADMINISTRATION OF TARGETED INDUSTRIES DEVELOPMENT

9 6 Sec. 17. Section 15.411, subsection 2, unnumbered
9 7 paragraph 1, Code Supplement 2007, is amended to read as
9 8 follows:

9 9 The department shall, upon board approval, contract with a
~~9 10 provider through a request for proposals process service
9 11 providers on a case-by-case basis for services related to
9 12 statewide commercialization development in the targeted~~

9 13 industries. Services provided shall include all of the
9 14 following:
9 15 Sec. 18. Section 15.411, Code Supplement 2007, is amended
9 16 by adding the following new subsection:
9 17 NEW SUBSECTION. 10. In each fiscal year, the department
9 18 may expend all additional moneys that become available to the
9 19 department from sources such as loan repayments or recaptures
9 20 of awards from federal economic stimulus funds provided the
9 21 department spends those moneys for the implementation of the
9 22 recommendations included in the separate consultant reports on
9 23 bioscience, advanced manufacturing, information technology,
9 24 and entrepreneurship submitted to the department in calendar
9 25 years 2004, 2005, and 2006.

9 26 EXPLANATION

9 27 This bill makes a number of changes affecting the
9 28 administration of the department of economic development and
9 29 its programs.

9 30 The bill provides that the director of the department may
9 31 appoint a designee to serve on the vision Iowa board.

9 32 The bill allows the department to use funds from the
9 33 renewable fuel infrastructure fund to market its renewable
9 34 fuel programs.

9 35 The bill limits the tax credits available to investors in
10 1 film projects to 25 percent of a project's qualified
10 2 expenditures in the state.

10 3 The bill directs the department, in coordination with other
10 4 state and local entities, to develop and market a new tourism
10 5 program to create new, and promote existing, recreational and
10 6 leisure opportunities in the state.

10 7 The bill strikes a number of the department's existing
10 8 reporting requirements, currently located in many different
10 9 sections of the Code, and reconstitutes them instead under
10 10 Code section 15.104(9). The bill also standardizes the
10 11 department's reporting requirements by providing for a single,
10 12 consolidated annual report to the governor and the general
10 13 assembly due by January 31 of each year. The departmental
10 14 reporting requirements affected by this bill include the
10 15 department's financial assistance programs (Code sections
10 16 15.317, 15.326, and 15E.111), its business finance projects
10 17 under the grow Iowa values fund (Code section 15G.108), its
10 18 job training and workforce development projects (Code chapters
10 19 260E and 260G, and Code sections 15.108 and 15.343), its endow
10 20 Iowa program (Code section 15E.304), its renewable fuel
10 21 infrastructure programs (Code sections 15G.203 and 15G.204),
10 22 and the pilot project cities program (Code section 403.19A).

10 23 The bill allows the department to contract with service
10 24 providers for commercialization development services on a
10 25 case-by-case basis, and it also authorizes the department to
10 26 spend the additional moneys it recaptures from loan payments
10 27 and federal economic stimulus funds provided it spends those
10 28 moneys on the implementation of consultant recommendations for
10 29 certain targeted industries.

10 30 LSB 5583HC 82

10 31 tw/rj/8