

Senate File 29

SENATE FILE _____
BY HATCH, DOTZLER, McCOY,
and BEALL

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

A BILL FOR

1 An Act relating to economic development activities, making
2 appropriations, providing tax exemptions and credits, and
3 providing applicability dates.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1062XS 82
6 tm/je/5

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1 1 DIVISION I
1 2 HISTORIC PRESERVATION AND CULTURAL AND
1 3 ENTERTAINMENT DISTRICT TAX CREDIT
1 4 Section 1. Section 404A.4, subsection 4, Code 2007, is
1 5 amended to read as follows:
1 6 4. The total amount of tax credits that may be approved
1 7 for a fiscal year under this chapter shall not exceed ~~two~~
1 8 twelve million four hundred thousand dollars, less one percent
1 9 of that amount, or so much thereof as is necessary, which is
1 10 appropriated from the general fund of the state to the
1 11 department of cultural affairs for the purpose of
1 12 administering this chapter. For the fiscal period beginning
1 13 July 1, ~~2005~~ 2007, and ending June 30, 2015, an additional
1 14 ~~four~~ eight million dollars of tax credits may be approved each
1 15 fiscal year for purposes of projects located in cultural and
1 16 entertainment districts certified pursuant to section 303.3B.
1 17 Any of the additional tax credits allocated for projects
1 18 located in certified cultural and entertainment districts that
1 19 are not approved during a fiscal year shall be applied to
1 20 reserved tax credits issued in accordance with section 404A.3
1 21 in order of original reservation. The department of cultural
1 22 affairs shall establish by rule the procedures for the
1 23 application, review, selection, and awarding of certifications
1 24 of completion. The departments of economic development,
1 25 cultural affairs, and revenue shall each adopt rules to
1 26 jointly administer this subsection and shall provide by rule
1 27 for the method to be used to determine for which fiscal year
1 28 the tax credits are available. With the exception of tax
1 29 credits issued pursuant to contracts entered into prior to
1 30 July 1, 2005, tax credits shall not be reserved for more than
1 31 five years.
1 32 Sec. 2. APPLICABILITY. The amount of increase of tax
1 33 credits allowed due to amendments to section 404A.4 shall be
1 34 first applied to, in order of original reservation, reserved
1 35 tax credits that have not been transferred.

DIVISION II

ARTS AND CULTURE

2 3 Sec. 3. Section 386.3, subsection 1, paragraphs a and c,
2 4 Code 2007, are amended to read as follows:
2 5 a. Be comprised of contiguous property wholly located
2 6 within the boundaries of the city. ~~A self-supported municipal~~
2 7 ~~improvement district shall be comprised only of property in~~
2 8 ~~districts which are and be one of the following:~~
2 9 (1) An area zoned for commercial or industrial uses and
2 10 properties within a use.
2 11 (2) A duly designated historic district.
2 12 (3) A cultural and entertainment district certified by the
2 13 department of cultural affairs pursuant to section 303.3B.
2 14 c. Be comprised of ~~property~~ one of the following:
2 15 (1) Property related in some manner, including but not
2 16 limited to present or potential use, physical location,
2 17 condition, relationship to an area, or relationship to present
2 18 or potential commercial or other activity in an area, so as to

2 19 be benefited in any manner, including but not limited to a
2 20 benefit from present or potential use or enjoyment of the
2 21 property, by the condition, development or maintenance of the
2 22 district or of any improvement or self-liquidating improvement
2 23 of the district, ~~or be comprised of property.~~

2 24 (2) Property the owners of which have a present or
2 25 potential benefit from the condition, development, or
2 26 maintenance of the district or of any improvement or
2 27 self-liquidating improvement of the district.

2 28 (3) Property in a certified cultural and entertainment
2 29 district the owners of which have a present or potential
2 30 benefit from the expenditure of moneys for purposes of the
2 31 operational costs associated with the operation of the
2 32 certified cultural and entertainment district.

2 33 Sec. 4. Section 386.8, Code 2007, is amended to read as
2 34 follows:

2 35 386.8 OPERATION TAX.

3 1 A city may establish a self-supported improvement district
3 2 operation fund, and may certify taxes not to exceed the rate
3 3 limitation as established in the ordinance creating the
3 4 district, or any amendment thereto, each year to be levied for
3 5 the fund against all of the property in the district, for the
3 6 purpose of paying the administrative expenses of the district,
3 7 which may include but are not limited to administrative
3 8 personnel salaries, a separate administrative office, planning
3 9 costs including consultation fees, engineering fees,
3 10 architectural fees, and legal fees and all other expenses
3 11 reasonably associated with the administration of the district
3 12 and the fulfilling of the purposes of the district. The taxes
3 13 levied for this fund may also be used for the purpose of
3 14 paying maintenance expenses of improvements or
3 15 self-liquidating improvements for a specified length of time
3 16 with one or more options to renew if such is clearly stated in
3 17 the petition which requests the council to authorize
3 18 construction of the improvement or self-liquidating
3 19 improvement, whether or not such petition is combined with the
3 20 petition requesting creation of a district. Parcels of
3 21 property which are assessed as residential property for
3 22 property tax purposes are exempt from the tax levied under
3 23 this section except residential properties within a duly
3 24 designated historic district and residential properties within
3 25 a certified cultural and entertainment district. A tax levied
3 26 under this section is not subject to the levy limitation in
3 27 section 384.1.

3 28 Sec. 5. Section 386.9, Code 2007, is amended to read as
3 29 follows:

3 30 386.9 CAPITAL IMPROVEMENT TAX.

3 31 A city may establish a capital improvement fund for a
3 32 district and may certify taxes, not to exceed the rate
3 33 established by the ordinance creating the district, or any
3 34 subsequent amendment thereto, each year to be levied for the
3 35 fund against all of the property in the district, for the
4 1 purpose of accumulating moneys for the financing or payment of
4 2 a part or all of the costs of any improvement or self-
4 3 liquidating improvement or for the financing or payment of
4 4 operational costs associated with the operation of a certified
4 5 cultural and entertainment district. However, parcels of
4 6 property which are assessed as residential property for
4 7 property tax purposes are exempt from the tax levied under
4 8 this section except residential properties within a duly
4 9 designated historic district and residential properties within
4 10 a certified cultural and entertainment district. A tax levied
4 11 under this section is not subject to the levy limitations in
4 12 section 384.1 or 384.7.

4 13 Sec. 6. Section 386.10, Code 2007, is amended to read as
4 14 follows:

4 15 386.10 DEBT SERVICE TAX.

4 16 A city shall establish a self-supported municipal
4 17 improvement district debt service fund whenever any
4 18 self-supported municipal improvement district bonds are issued
4 19 and outstanding, other than revenue bonds, and shall certify
4 20 taxes to be levied against all of the property in the district
4 21 for the debt service fund in the amount necessary to pay
4 22 interest as it becomes due and the amount necessary to pay, or
4 23 to create a sinking fund to pay, the principal at maturity of
4 24 all self-supported municipal improvement district bonds as
4 25 authorized in section 386.11, issued by the city. However,
4 26 parcels of property which are assessed as residential property
4 27 for property tax purposes at the time of the issuance of the
4 28 bonds are exempt from the tax levied under this section until
4 29 the parcels are no longer assessed as residential property or

4 30 until the residential properties are designated as a part of
4 31 an historic district or a certified cultural and entertainment
4 32 district.

4 33 Sec. 7. NEW SECTION. 422.11T ART CONTRIBUTION TAX
4 34 CREDIT.

4 35 1. The taxes imposed under this division, less the credits
5 1 allowed under section 422.12, shall be reduced by an art
5 2 contribution tax credit as provided in this section. A
5 3 taxpayer who is an artist of a work of fine art or an author
5 4 of written materials who makes a charitable contribution is
5 5 eligible for the tax credit. The amount of the credit equals
5 6 the fair market value of the work of fine art or written
5 7 materials which is the subject of the charitable contribution.
5 8 If the taxpayer elects to claim the tax credit under this
5 9 section, the taxpayer shall not deduct for Iowa tax purposes
5 10 any amount of the charitable contribution of the fine art or
5 11 written materials upon which the tax credit is based.

5 12 2. Any credit in excess of the tax liability for the tax
5 13 year is not refundable but may be credited to the tax
5 14 liability for the following ten years or until depleted,
5 15 whichever is the earlier.

5 16 3. For purposes of this section:

5 17 a. "Artist" and "fine art" mean the same as those terms
5 18 are defined in section 556D.1.

5 19 b. "Charitable contribution" means the same as that term
5 20 is defined in section 170(c) of the Internal Revenue Code,
5 21 excluding a contribution or gift to or for the use of a public
5 22 entity described in paragraph (1) of section 170(c).

5 23 c. "Fair market value" means the appraised value of the
5 24 fine art or written materials as established pursuant to
5 25 requirements set by rules adopted by the director.

5 26 d. "Written materials" means an article, book, essay,
5 27 poetry, play, script, or story written by an individual on a
5 28 professional, freelance basis and not as an employee of
5 29 another person.

5 30 Sec. 8. Section 423.3, Code 2007, is amended by adding the
5 31 following new subsection:

5 32 NEW SUBSECTION. 93. The sales price of fine art sold by
5 33 an art dealer or artist when the fine art is sold at a place
5 34 of business located within a cultural and entertainment
5 35 district certified by the department of cultural affairs
6 1 pursuant to section 303.3B. For purposes of this subsection,
6 2 the terms "art dealer", "artist", and "fine art" mean the same
6 3 as defined in section 556D.1.

6 4 Sec. 9. RETROACTIVE APPLICABILITY DATE. The section of
6 5 this division enacting section 422.11T applies retroactively
6 6 to January 1, 2007, for tax years beginning on or after that
6 7 date.

6 8 DIVISION III
6 9 RECREATIONAL TRAILS

6 10 Sec. 10. Section 6A.21, subsection 1, paragraph b, Code
6 11 2007, is amended to read as follows:

6 12 b. "Private development purposes" means the construction
6 13 of, or improvement related to, recreational trails,
6 14 recreational development paid for primarily with private
6 15 funds, housing and residential development, or commercial or
6 16 industrial enterprise development. "Private development

purposes" does not, however, include the construction of, or
6 18 improvement related to, recreational trails that connect
6 19 either two existing recreational trails or a recreational
6 20 trail with a cultural and entertainment district certified
6 21 pursuant to section 303.3B provided that the connecting
6 22 recreational trail follows an existing right-of-way.

6 23 Sec. 11. NEW SECTION. 12.101 GENERAL AND SPECIFIC
6 24 BONDING POWERS == RECREATIONAL TRAIL CONNECTIVITY PROGRAM.

6 25 1. The treasurer of state may issue bonds upon the request
6 26 of the economic development board created in section 15.103
6 27 and do all things necessary with respect to the purposes of
6 28 the recreational trail connectivity fund. The treasurer of
6 29 state shall have all of the powers which are necessary to
6 30 issue and secure bonds and carry out the purposes of the fund.
6 31 The treasurer of state may issue bonds in principal amounts
6 32 which, in the opinion of the board, are necessary to provide
6 33 sufficient funds for the recreational trail connectivity fund
6 34 created in section 12.102, the payment of interest on the
6 35 bonds, the establishment of reserves to secure the bonds, the
7 1 costs of issuance of the bonds, other expenditures of the
7 2 treasurer of state incident to and necessary or convenient to
7 3 carry out the bond issue for the fund, and all other
7 4 expenditures of the board necessary or convenient to
7 5 administer the fund; provided, however, excluding the issuance

7 6 of refunding bonds, bonds issued pursuant to this section
7 7 shall not be issued in an aggregate principal amount which
7 8 exceeds thirty-four million dollars. The bonds are investment
7 9 securities and negotiable instruments within the meaning of
7 10 and for purposes of the uniform commercial code, chapter 554.
7 11 2. Bonds issued under this section are payable solely and
7 12 only out of the moneys, assets, or revenues of the
7 13 recreational trail connectivity fund and any bond reserve
7 14 funds established pursuant to section 12.102, all of which may
7 15 be deposited with trustees or depositories in accordance with
7 16 bond or security documents and pledged by the board to the
7 17 payment thereof. Bonds issued under this section shall
7 18 contain on their face a statement that the bonds do not
7 19 constitute an indebtedness of the state. The treasurer of
7 20 state shall not pledge the credit or taxing power of this
7 21 state or any political subdivision of this state or make bonds
7 22 issued pursuant to this section payable out of any moneys
7 23 except those in the recreational trail connectivity fund.
7 24 3. The proceeds of bonds issued by the treasurer of state
7 25 and not required for immediate disbursement may be deposited
7 26 with a trustee or depository as provided in the bond documents
7 27 and invested or reinvested in any investment as directed by
7 28 the board and specified in the trust indenture, resolution, or
7 29 other instrument pursuant to which the bonds are issued
7 30 without regard to any limitation otherwise provided by law.
7 31 4. The bonds shall be:
7 32 a. In a form, issued in denominations, executed in a
7 33 manner, and payable over terms and with rights of redemption,
7 34 and be subject to such other terms and conditions as
7 35 prescribed in the trust indenture, resolution, or other
8 1 instrument authorizing their issuance.
8 2 b. Negotiable instruments under the laws of the state and
8 3 may be sold at prices, at public or private sale, and in a
8 4 manner, as prescribed by the treasurer of state. Chapters
8 5 73A, 74, 74A, and 75 do not apply to the sale or issuance of
8 6 the bonds.
8 7 c. Subject to the terms, conditions, and covenants
8 8 providing for the payment of the principal, redemption
8 9 premiums, if any, interest, and other terms, conditions,
8 10 covenants, and protective provisions safeguarding payment, not
8 11 inconsistent with this section and as determined by the trust
8 12 indenture, resolution, or other instrument authorizing their
8 13 issuance.
8 14 5. The bonds are securities in which public officers and
8 15 bodies of this state; political subdivisions of this state;
8 16 insurance companies and associations and other persons
8 17 carrying on an insurance business; banks, trust companies,
8 18 savings associations, savings and loan associations, and
8 19 investment companies; administrators, guardians, executors,
8 20 trustees, and other fiduciaries; and other persons authorized
8 21 to invest in bonds or other obligations of the state, may
8 22 properly and legally invest funds, including capital, in their
8 23 control or belonging to them.
8 24 6. Bonds must be authorized by a trust indenture,
8 25 resolution, or other instrument of the treasurer of state
8 26 approved by the board. However, a trust indenture,
8 27 resolution, or other instrument authorizing the issuance of
8 28 bonds may delegate to an officer of the board the power to
8 29 negotiate and fix the details of an issue of bonds.
8 30 7. Neither the resolution, trust agreement, nor any other
8 31 instrument by which a pledge is created needs to be recorded
8 32 or filed under the Iowa uniform commercial code, chapter 554,
8 33 to be valid, binding, or effective.
8 34 8. Bonds issued under the provisions of this section are
8 35 declared to be issued for a general public and governmental
9 1 purpose and all bonds issued under this section shall be
9 2 exempt from taxation by the state of Iowa and the interest on
9 3 the bonds shall be exempt from the state income tax and the
9 4 state inheritance and estate tax.
9 5 9. Subject to the terms of any bond documents, moneys in
9 6 the recreational trail connectivity fund may be expended for
9 7 administration expenses.
9 8 10. The treasurer of state may issue bonds for the purpose
9 9 of refunding any bonds or notes issued pursuant to this
9 10 section then outstanding, including the payment of any
9 11 redemption premiums thereon and any interest accrued or to
9 12 accrue to the date of redemption of the outstanding bonds or
9 13 notes. Until the proceeds of bonds issued for the purpose of
9 14 refunding outstanding bonds or notes are applied to the
9 15 purchase or retirement of outstanding bonds or notes or the
9 16 redemption of outstanding bonds or notes, the proceeds may be

9 17 placed in escrow and be invested and reinvested in accordance
9 18 with the provisions of this section. The interest, income,
9 19 and profits earned or realized on an investment may also be
9 20 applied to the payment of the outstanding bonds or notes to be
9 21 refunded by purchase, retirement, or redemption. After the
9 22 terms of the escrow have been fully satisfied and carried out,
9 23 any balance of proceeds and interest earned or realized on the
9 24 investments may be returned to the board for deposit in the
9 25 recreational trail connectivity fund established in section
9 26 12.102. All refunding bonds shall be issued and secured and
9 27 subject to the provisions of this chapter in the same manner
9 28 and to the same extent as other bonds issued pursuant to this
9 29 section.

9 30 Sec. 12. NEW SECTION. 12.102 RECREATIONAL TRAIL
9 31 CONNECTIVITY FUND AND RESERVE FUNDS.

9 32 1. A recreational trail connectivity fund is created as a
9 33 separate and distinct fund in the state treasury. The moneys
9 34 in the fund are appropriated to the economic development board
9 35 for purposes of the recreational trail connectivity program
10 1 established in section 465B.5. Moneys in the fund shall not
10 2 be subject to appropriation for any other purpose by the
10 3 general assembly, but shall be used only for the purposes of
10 4 the recreational trail connectivity fund. The treasurer of
10 5 state shall act as custodian of the fund and disburse moneys
10 6 contained in the fund as directed by the board, including
10 7 automatic disbursements of funds received pursuant to the
10 8 terms of bond indentures and documents and security provisions
10 9 to trustees. The fund shall be administered by the board
10 10 which shall make expenditures from the fund consistent with
10 11 the purposes of the recreational trail connectivity program
10 12 without further appropriation. An applicant under the
10 13 recreational trail connectivity program shall not receive more
10 14 than five million dollars in financial assistance from the
10 15 fund.

10 16 2. Revenue for the recreational trail connectivity fund
10 17 shall include but is not limited to the following, which shall
10 18 be deposited with the treasurer of state or the treasurer's
10 19 designee as provided by any bond or security documents and
10 20 credited to the fund:

10 21 a. The proceeds of bonds issued to capitalize and pay the
10 22 costs of the fund and investment earnings on the proceeds.

10 23 b. Interest attributable to investment of money in the
10 24 fund or an account of the fund.

10 25 c. Moneys in the form of a devise, gift, bequest,
10 26 donation, federal or other grant, reimbursement, repayment,
10 27 judgment, transfer, payment, or appropriation from any source
10 28 intended to be used for the purposes of the fund.

10 29 3. Moneys in the recreational trail connectivity fund are
10 30 not subject to section 8.33. Notwithstanding section 12C.7,
10 31 subsection 2, interest or earnings on moneys in the fund shall
10 32 be credited to the fund.

10 33 4. a. The treasurer of state may create and establish one
10 34 or more special funds, to be known as "bond reserve funds", to
10 35 secure one or more issues of bonds or notes issued pursuant to
11 1 section 12.101. The treasurer of state shall pay into each
11 2 bond reserve fund any moneys appropriated and made available
11 3 by the state or the treasurer for the purpose of the fund, any
11 4 proceeds of sale of notes or bonds to the extent provided in
11 5 the resolutions authorizing their issuance, and any other
11 6 moneys which may be available to the treasurer for the purpose
11 7 of the fund from any other sources. All moneys held in a bond
11 8 reserve fund, except as otherwise provided in this chapter,
11 9 shall be used as required solely for the payment of the
11 10 principal of bonds secured in whole or in part by the fund or
11 11 of the sinking fund payments with respect to the bonds, the
11 12 purchase or redemption of the bonds, the payment of interest
11 13 on the bonds, or the payments of any redemption premium
11 14 required to be paid when the bonds are redeemed prior to
11 15 maturity.

11 16 b. Moneys in a bond reserve fund shall not be withdrawn
11 17 from it at any time in an amount that will reduce the amount
11 18 of the fund to less than the bond reserve fund requirement
11 19 established for the fund, as provided in this subsection,
11 20 except for the purpose of making, with respect to bonds
11 21 secured in whole or in part by the fund, payment when due of
11 22 principal, interest, redemption premiums, and the sinking fund
11 23 payments with respect to the bonds for the payment of which
11 24 other moneys of the treasurer are not available. Any income
11 25 or interest earned by, or incremental to, a bond reserve fund
11 26 due to the investment of it may be transferred by the
11 27 treasurer to other funds or accounts to the extent the

11 28 transfer does not reduce the amount of that bond reserve fund
11 29 below the bond reserve fund requirement for it.

11 30 c. The treasurer of state shall not at any time issue
11 31 bonds, secured in whole or in part by a bond reserve fund, if,
11 32 upon the issuance of the bonds, the amount in the bond reserve
11 33 fund will be less than the bond reserve fund requirement for
11 34 the fund, unless the treasurer of state at the time of
11 35 issuance of the bonds deposits in the fund from the proceeds
12 1 of the bonds issued or from other sources an amount which,
12 2 together with the amount then in the fund, will not be less
12 3 than the bond reserve fund requirement for the fund. For the
12 4 purposes of this subsection, the term "bond reserve fund
12 5 requirement" means, as of any particular date of computation,
12 6 an amount of money, as provided in the resolutions authorizing
12 7 the bonds with respect to which the fund is established.

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

12 26 Sec. 13. NEW SECTION. 12.103 PLEDGES.

12 27 It is the intention of the general assembly that a pledge
12 28 made in respect of bonds or notes shall be valid and binding
12 29 from the time the pledge is made, that the money or property
12 30 so pledged and received after the pledge by the treasurer of
12 31 state shall immediately be subject to the lien of the pledge
12 32 without physical delivery or further act, and that the lien of
12 33 the pledge shall be valid and binding as against all parties
12 34 having claims of any kind in tort, contract, or otherwise
12 35 against the treasurer of state whether or not the parties have
13 1 notice of the lien.

13 2 Sec. 14. NEW SECTION. 12.104 PROJECTS.

13 3 The economic development board may undertake a project for
13 4 two or more applicants jointly or for any combination of
13 5 applicants, and may combine for financing purposes, with the
13 6 consent of all of the applicants which are involved, the
13 7 project and some or all future projects of any applicant, and
13 8 sections 12.101, 12.102, and 12.103, this section, and
13 9 sections 12.105 and 12.106 apply to and for the benefit of the
13 10 economic development board and the joint applicants. However,
13 11 the money set aside in a fund or funds pledged for any series
13 12 or issue of bonds or notes shall be held for the sole benefit
13 13 of the series or issue separate and apart from money pledged
13 14 for another series or issue of bonds or notes of the treasurer
13 15 of state. To facilitate the combining of projects, bonds or
13 16 notes may be issued in series under one or more resolutions or
13 17 trust agreements and may be fully open-ended, thus providing
13 18 for the unlimited issuance of additional series, or partially
13 19 open-ended, limited as to additional series.

13 20 Sec. 15. NEW SECTION. 12.105 LIMITATIONS.

13 21 Bonds or notes issued pursuant to section 12.101 are not
13 22 debts of the state, or of any political subdivision of the
13 23 state, and do not constitute a pledge of the faith and credit
13 24 of the state or a charge against the general credit or general
13 25 fund of the state. The issuance of any bonds or notes
13 26 pursuant to section 12.101 by the treasurer of state does not
13 27 directly, indirectly, or contingently obligate the state or a
13 28 political subdivision of the state to apply moneys from, or to
13 29 levy or pledge any form of taxation whatever, to the payment
13 30 of the bonds or notes. Bonds and notes issued under section
13 31 12.101 are payable solely and only from the sources and
13 32 special fund provided in section 12.102.

13 33 Sec. 16. NEW SECTION. 12.106 CONSTRUCTION.

13 34 Sections 12.101 through 12.105, being necessary for the
13 35 welfare of this state and its inhabitants, shall be liberally
14 1 construed to effect its purposes.

14 2 Sec. 17. NEW SECTION. 12.107 APPROPRIATION.

14 3 There is appropriated from the general fund of the state to

14 4 the office of the treasurer of state for the fiscal period
14 5 beginning July 1, 2007, and ending June 30, 2027, two million
14 6 seven hundred thousand dollars each fiscal year for deposit in
14 7 the recreational trail connectivity fund created in section
14 8 12.102.

14 9 Sec. 18. Section 465B.2, subsection 3, unnumbered
14 10 paragraph 1, Code 2007, is amended to read as follows:

14 11 The state department of transportation may enter into
14 12 contracts for the preparation of the trails plan. The
14 13 department shall involve the department of natural resources,
14 14 the Iowa department of economic development, and the
14 15 department of cultural affairs in the preparation of the plan.
14 16 The recommendations and comments of organizations representing
14 17 different types of trail users and others with interests in
14 18 this program shall also be incorporated in the preparation of
14 19 the trails plan and shall be submitted with the plan to the
14 20 general assembly. ~~The plan shall be submitted to the general~~
~~14 21 assembly no later than January 15, 1988.~~ Existing trail
14 22 projects involving acquisition or development may receive
14 23 funding prior to the completion of the trails plan.

14 24 Sec. 19. NEW SECTION. 465B.5 RECREATIONAL TRAIL
14 25 CONNECTIVITY PROGRAM.

14 26 The department of economic development shall establish and
14 27 administer a recreational trail connectivity program.
14 28 Financial assistance under the program shall take the form of
14 29 grants and shall be provided from moneys in the recreational
14 30 trail connectivity fund created in section 12.102. A city or
14 31 county may apply to the department for a grant under the
14 32 program. Any money distributed under the program shall be
14 33 used for purposes of building recreational trails that link
14 34 two or more cities, economic tourism bases, Iowa great places
14 35 identified under the Iowa great places program under section
15 1 303.3C, or cultural and entertainment districts certified
15 2 pursuant to section 303.3B. The department shall adopt rules
15 3 pursuant to chapter 17A for administering the program. For
15 4 purposes of this section, "economic tourism base" means a
15 5 business located outside the city limits of an incorporated
15 6 city if the business generates revenue from tourism-related
15 7 operations.

15 8 Sec. 20. APPROPRIATION. There is appropriated from the
15 9 general fund of the state to the department of economic
15 10 development for the fiscal year beginning July 1, 2007, and
15 11 ending June 30, 2008, the following amount, or so much thereof
15 12 as is necessary, to be used for the purposes designated:

15 13 For purposes of marketing the recreational trails in the
15 14 state:

15 15 \$ 100,000

15 16 DIVISION IV
15 17 WORKFORCE TRAINING

15 18 Sec. 21. NEW SECTION. 260H.101 IOWA BASIC EDUCATION AND
15 19 SKILLS TRAINING PROGRAM.

15 20 1. The division of community colleges and workforce
15 21 preparation of the department of education shall establish and
15 22 administer an Iowa basic education and skills training
15 23 program. Under the Iowa basic education and skills training
15 24 program, a person enrolled in a noncredit certificate program
15 25 at a community college may receive tuition assistance,
15 26 provided that the criteria of this section are met.

15 27 2. In order to receive tuition assistance, the noncredit
15 28 certificate program in which the person is enrolled must be
15 29 approved for tuition assistance by the division of community
15 30 colleges and workforce preparation of the department of
15 31 education. To be approved, a program must be a noncredit
15 32 certificate program that offers a credential; a state,
15 33 national, or locally recognized certificate; preparation for a
15 34 professional examination or licensure; or an endorsement to an
15 35 existing credential or license; or represent recognized skill

16 1 standards defined by business and industry.
16 2 3. A person who resides in a census tract, as determined
16 3 by the most recent federal census, where the unemployment rate
16 4 is greater than the national rate of unemployment is eligible
16 5 for tuition assistance in the following amounts if the
16 6 criteria are met:

16 7 a. Fifty percent tuition assistance if the person has an
16 8 income of more than sixty-five percent but less than eighty
16 9 percent of the county median family income.

16 10 b. One hundred percent tuition assistance if the person
16 11 has an income of sixty-five percent or less of the county
16 12 median family income.

16 13 4. Eligible program expenses that may be reimbursed
16 14 through tuition assistance include costs for tuition, text

16 15 books, assessments, work readiness certificate examinations,
16 16 required physical examinations, and licensure examinations.
16 17 5. The division of community colleges and workforce
16 18 preparation of the department of education shall adopt rules
16 19 pursuant to chapter 17A for purposes of administering this
16 20 chapter.

16 21 Sec. 22. NEW SECTION. 260H.102 WORKFORCE SERVICES AND
16 22 CUSTOMIZED TRAINING.

16 23 A community college may establish a partnership with the
16 24 department of workforce development to provide labor market
16 25 information regarding demand occupations, assistance in
16 26 developing customized training partnerships with local area
16 27 employers, or placement, retention, and advancement services.
16 28 Moneys received by a community college pursuant to section
16 29 260H.103 may be used to support partnerships entered into
16 30 pursuant to this section.

16 31 Sec. 23. NEW SECTION. 260H.103 FUNDING.

16 32 1. There is appropriated from the general fund of the
16 33 state to the department of education for each fiscal year,
16 34 three million dollars to be used by community colleges for
16 35 purposes of this chapter.

17 1 2. The department shall distribute one hundred thousand
17 2 dollars to each community college to be used for purposes of
17 3 this chapter.

17 4 3. Any moneys remaining after distributions made pursuant
17 5 to subsection 2 shall be distributed to each community college
17 6 in an amount based on the proportional share of the three-year
17 7 rolling average of full-time equivalent enrollments of all
17 8 community colleges as determined by the division of community
17 9 colleges and workforce preparation of the department of
17 10 education.

17 11 4. A community college shall not use more than twenty
17 12 thousand dollars each fiscal year from moneys distributed
17 13 pursuant to this section for providing intake and career
17 14 assessment services as well as program monitoring and post
17 15 program follow-up activities related to the provisions of this
17 16 chapter.

17 17 DIVISION V

17 18 MAIN STREET DEVELOPMENT

17 19 Sec. 24. MAIN STREET PROGRAM.

17 20 1. For the fiscal year beginning July 1, 2007, and ending
17 21 June 30, 2008, there is appropriated from the general fund of
17 22 the state to the department of cultural affairs \$1,314,876 for
17 23 purposes of the main street program.

17 24 2. The department of economic development shall transfer
17 25 the administrative duties of the main street program to the
17 26 department of cultural affairs. The department of cultural
17 27 affairs shall adopt rules pursuant to chapter 17A for purposes
17 28 of administering the program. Any approved project or
17 29 activity originally approved by the department of economic
17 30 development under the main street program remains valid. The
17 31 transfer of administrative duties to the department of
17 32 cultural affairs shall not constitute grounds for rescission or
17 33 modification of main street program contracts entered into
17 34 with the department of economic development.

17 35 3. In administering the main street program, the
18 1 department of cultural affairs shall make the program
18 2 available to cities of any size in the state and to
18 3 neighborhood commercial districts in a city.

18 4 4. The department of economic development shall transfer
18 5 all resources and employees associated with the downtown
18 6 resource center to the department of cultural affairs.

18 7 EXPLANATION

18 8 DIVISION I == This division of the bill relates to the
18 9 historic preservation and cultural and entertainment district
18 10 tax credits.

18 11 The bill increases the amount of tax credits that may be
18 12 approved each fiscal year from \$2.4 million to \$12.4 million.
18 13 The bill appropriates each fiscal year from the general fund
18 14 of the state an amount of up to 1 percent of the amount of the
18 15 \$12.4 million of tax credits approved in a fiscal year to the
18 16 department of cultural affairs to administer the provisions of
18 17 Code chapter 404A.

18 18 Currently, for the fiscal period ending June 30, 2015, an
18 19 additional \$4 million of tax credits may be approved each
18 20 fiscal year for purposes of projects located in certified
18 21 cultural and entertainment districts. The bill increases this
18 22 amount from \$4 million to \$8 million each fiscal year during
18 23 the fiscal period ending June 30, 2015.

18 24 The bill provides that the amount of increase of tax
18 25 credits allowed due to the provisions of this division shall

18 26 be first applied to, in order of original reservation,
18 27 reserved tax credits that have not been transferred.
18 28 DIVISION II == This division of the bill relates to arts
18 29 and culture.

18 30 Currently, a city is allowed to create a self-supported
18 31 municipal improvement district comprised of areas zoned for
18 32 commercial or industrial use and property within a duly
18 33 designated historic district. The bill expands the type of
18 34 property that may be included in a district to cultural and
18 35 entertainment districts certified by the department of
19 1 cultural affairs. The bill provides that a self-supported
19 2 municipal improvement district may be comprised of property in
19 3 a certified cultural and entertainment district the owners of
19 4 which have a present or potential benefit from the expenditure
19 5 of moneys for purposes of the operational costs associated
19 6 with the operation of the certified cultural and entertainment
19 7 district. The bill provides that residential property within
19 8 a certified cultural and entertainment district may be taxed
19 9 for purposes of an operation tax, a capital improvement tax,
19 10 and a debt service tax for a self-supported municipal
19 11 improvement district.

19 12 The bill provides for an individual income tax credit equal
19 13 to the value of a charitable contribution of a work of fine
19 14 art or written materials by the artist or author. The credit
19 15 is in lieu of the present charitable contribution tax
19 16 deduction. The charitable contribution is generally one made
19 17 to a nonprofit, tax-exempt organization which is operated for
19 18 religious, charitable, scientific, literary, or educational
19 19 purposes, and does not include gifts for the use of
19 20 governmental entities. This provision of the division applies
19 21 retroactively to January 1, 2007, for tax years beginning on
19 22 or after that date.

19 23 The bill provides a sales tax exemption for the sales price
19 24 of fine art sold by an art dealer or artist when the fine art
19 25 is sold at a place of business located within a certified
19 26 cultural and entertainment district.

19 27 DIVISION III == This division of the bill relates to
19 28 recreational trails.

19 29 Currently, agricultural land cannot be condemned for
19 30 private development purposes, which includes construction of,
19 31 or improvements related to, recreational trails. The bill
19 32 removes recreational trails from the definition of "private
19 33 development purposes" provided that such recreational trails
19 34 connect either two existing recreational trails or a
19 35 recreational trail with a cultural and entertainment district
20 1 certified pursuant to Code section 303.3B and provided that
20 2 the connecting recreational trail follows an existing
20 3 right-of-way.

20 4 The bill appropriates from the general fund of the state to
20 5 the department of economic development for the fiscal year
20 6 beginning July 1, 2007, and ending June 30, 2008, \$100,000 for
20 7 purposes of marketing the recreational trails in the state.

20 8 The bill eliminates outdated provisions of the statewide
20 9 trails development program.

20 10 The bill requires the department of economic development to
20 11 establish and administer a recreational trail connectivity
20 12 program. The bill provides that financial assistance shall be
20 13 in the form of grants and shall be provided from moneys in the
20 14 recreational trail connectivity fund. The bill provides that
20 15 a city or county may apply to the department for a grant under
20 16 the program. The bill provides that any money distributed
20 17 under the program shall be used for purposes of building
20 18 recreational trails that link two or more cities, economic
20 19 tourism bases, Iowa great places identified under the Iowa
20 20 great places program, or certified cultural and entertainment
20 21 districts.

20 22 The bill allows the treasurer of state to issue bonds for
20 23 purposes of generating funding for the recreational trail
20 24 connectivity fund. The treasurer of state shall have all of
20 25 the powers which are necessary to issue and secure bonds and
20 26 carry out the purposes of the fund. The bill allows the
20 27 treasurer of state to issue bonds in principal amounts which,
20 28 in the opinion of the board, are necessary to provide
20 29 sufficient funds for the recreational trail connectivity fund,
20 30 the payment of interest on the bonds, the establishment of
20 31 reserves to secure the bonds, the costs of issuance of the
20 32 bonds, other expenditures of the treasurer of state incident
20 33 to and necessary or convenient to carry out the bond issue for
20 34 the fund, and all other expenditures of the economic
20 35 development board necessary or convenient to administer the
21 1 fund; provided, however, excluding the issuance of refunding

21 2 bonds, bonds issued shall not be issued in an aggregate
21 3 principal amount which exceeds \$34 million. The bill provides
21 4 that the bonds are investment securities and negotiable
21 5 instruments within the meaning of and for purposes of the
21 6 uniform commercial code, chapter 554. The bill provides that
21 7 the bonds are payable solely and only out of the moneys,
21 8 assets, or revenues of the recreational trail connectivity
21 9 fund and any bond reserve funds. The bill prohibits the
21 10 treasurer of state from pledging the credit or taxing power of
21 11 this state or any political subdivision of this state or
21 12 making bonds issued pursuant to new Code section 12.101
21 13 payable out of any moneys except those in the recreational
21 14 trail connectivity fund. The bill provides that the proceeds
21 15 of bonds issued by the treasurer of state and not required for
21 16 immediate disbursement may be deposited with a trustee or
21 17 depository as provided in the bond documents and invested or
21 18 reinvested in any investment as directed by the board and
21 19 specified in the trust indenture, resolution, or other
21 20 instrument pursuant to which the bonds are issued without
21 21 regard to any limitation otherwise provided by law. The bill
21 22 provides the form bonds shall take. The bill provides that
21 23 the bonds are declared to be issued for a general public and
21 24 governmental purpose and all bonds issued shall be exempt from
21 25 taxation by the state of Iowa and the interest on the bonds
21 26 shall be exempt from the state income tax and the state
21 27 inheritance and estate tax. The bill allows moneys in the
21 28 recreational trail connectivity fund to be expended for
21 29 administration expenses, subject to the terms of any bond
21 30 documents. The bill allows the treasurer of state to issue
21 31 bonds for the purpose of refunding any bonds or notes issued
21 32 then outstanding, including the payment of any redemption
21 33 premiums thereon and any interest accrued or to accrue to the
21 34 date of redemption of the outstanding bonds or notes.

21 35 The bill creates a recreational trail connectivity fund
22 1 established as a separate and distinct fund in the state
22 2 treasury. The bill provides that moneys in the fund are
22 3 appropriated to the economic development board for purposes of
22 4 the recreational trail connectivity program. The bill
22 5 provides that the treasurer of state shall act as custodian of
22 6 the fund and disburse moneys contained in the fund as directed
22 7 by the economic development board, including automatic
22 8 disbursements of funds received pursuant to the terms of bond
22 9 indentures and documents and security provisions to trustees.
22 10 The bill provides that an applicant under the recreational
22 11 trail connectivity program shall not receive more than \$5
22 12 million in financial assistance from the fund. The bill
22 13 allows the treasurer of state to create and establish one or
22 14 more special funds, to be known as "bond reserve funds", to
22 15 secure one or more issues of bonds or notes.

22 16 The bill provides for the binding and valid nature of a
22 17 pledge made in respect of bonds or notes issued by the
22 18 treasurer of state.

22 19 The bill allows the economic development board to undertake
22 20 a project for two or more applicants jointly or for any
22 21 combination of applicants, and to combine for financing
22 22 purposes, with the consent of all of the applicants which are
22 23 involved, the project and some or all future projects of any
22 24 applicant.

22 25 The bill provides that bonds or notes issued are not debts
22 26 of the state, or of any political subdivision of the state,
22 27 and do not constitute a pledge of the faith and credit of the
22 28 state or a charge against the general credit or general fund
22 29 of the state.

22 30 The bill appropriates from the general fund of the state to
22 31 the office of the treasurer of state for the fiscal period
22 32 beginning July 1, 2007, and ending June 30, 2027, \$2.7 million
22 33 each fiscal year for deposit in the recreational trail
22 34 connectivity fund.

22 35 DIVISION IV == This division of the bill relates to
23 1 workforce training.

23 2 The bill allows certain persons enrolled in a noncredit
23 3 certificate program at a community college to receive tuition
23 4 assistance provided that certain criteria are met. The bill
23 5 requires that the program in which the person is enrolled must
23 6 be approved for tuition assistance by the division of
23 7 community colleges and workforce preparation of the department
23 8 of education. To be approved, a program must be a noncredit
23 9 certificate program that offers a credential; a state,
23 10 national, or locally recognized certificate; preparation for a
23 11 professional examination or licensure; or an endorsement to an
23 12 existing credential or license; or represent recognized skill

23 13 standards defined by business and industry. The bill allows
23 14 for different levels of tuition assistance based on residency
23 15 requirements and certain income levels. The bill identifies
23 16 certain program costs that are reimbursable through tuition
23 17 assistance. The bill requires the division of community
23 18 colleges and workforce preparation of the department of
23 19 education to administer the program.

23 20 The bill allows a community college to establish a
23 21 partnership with the department of workforce development to
23 22 provide labor market information regarding demand occupations,
23 23 assistance in developing customized training partnerships with
23 24 local area employers, or placement, retention, and advancement
23 25 services.

23 26 The bill appropriates from the general fund of the state to
23 27 the department of education for each fiscal year, \$3 million
23 28 to be used by community colleges. The bill requires the
23 29 department to distribute \$100,000 to each community college to
23 30 be used for purposes of the training program. The bill
23 31 provides that any remaining moneys shall be distributed to
23 32 each community college in an amount based on the proportional
23 33 share of the three-year rolling average of full-time
23 34 equivalent enrollments of all community colleges as determined
23 35 by the division of community colleges and workforce
24 1 preparation of the department of education. The bill
24 2 prohibits a community college from using more than \$20,000
24 3 each fiscal year from the distributed moneys for providing
24 4 intake and career assessment services as well as program
24 5 monitoring and post program follow-up activities related to
24 6 the program.

24 7 DIVISION V == This division of the bill relates to the main
24 8 street program.

24 9 The bill provides that for FY 2007=2008 there is
24 10 appropriated from the general fund of the state to the
24 11 department of cultural affairs \$1.3 million for purposes of
24 12 the main street program. The bill requires the department of
24 13 economic development to transfer the administrative duties of
24 14 the main street program to the department of cultural affairs.
24 15 The bill provides that the department of cultural affairs
24 16 shall make the program available to cities of any size in the
24 17 state and to neighborhood commercial districts in a city.

24 18 The bill requires the department of economic development to
24 19 transfer all resources and employees associated with the
24 20 downtown resource center to the department of cultural
24 21 affairs.

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