

House Study Bill 109

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT
BILL)

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

A BILL FOR

1 An Act relating to economic development by providing for an
2 innovation and commercialization development fund, making the
3 department of revenue responsible for approving certain tax
4 credits for third-party developers, making appropriations, and
5 providing an effective date.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 1231DP 83
8 tw/mg:sc/5

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1 1 DIVISION I
1 2 INNOVATION AND COMMERCIALIZATION DEVELOPMENT FUND
1 3 Section 1. Section 15.411, subsections 1 and 9, Code 2009,
1 4 are amended to read as follows:
1 5 1. As used in this ~~section part~~, unless the context
1 6 otherwise requires:
1 7 a. "Internship" means temporary employment of a student
1 8 that focuses on providing the student with work experience in
1 9 the student's field of study.
1 10 b. "Targeted industries" means the industries of advanced
1 11 manufacturing, biosciences, and information technology.
1 12 9. In each fiscal year, the department may ~~expend transfer~~
1 13 additional moneys that become available to the department from
1 14 sources such as loan repayments or recaptures of awards from
1 15 federal economic stimulus funds to the innovation and
1 16 commercialization development fund created in section 15.412
1 17 provided the department spends those moneys for the
1 18 implementation of the recommendations included in the separate
1 19 consultant reports on bioscience, advanced manufacturing,
1 20 information technology, and entrepreneurship submitted to the
1 21 department in calendar years 2004, 2005, and 2006.
1 22 Sec. 2. NEW SECTION. 15.412 INNOVATION AND
1 23 COMMERCIALIZATION DEVELOPMENT FUND.
1 24 1. a. An innovation and commercialization development
1 25 fund is created in the state treasury under the control of the
1 26 department. The fund shall consist of moneys appropriated to
1 27 the department and any other moneys available to, obtained, or
1 28 accepted by the department for placement in the fund.
1 29 b. Payments of interest, repayments of moneys loaned
1 30 pursuant to this section, and recaptures of financial
1 31 assistance shall be credited to the fund. Moneys in the fund
1 32 are not subject to section 8.33. Notwithstanding section
1 33 12C.7, interest or earnings on moneys in the fund shall be
1 34 credited to the fund.
1 35 2. Moneys in the fund are appropriated to the department
2 1 and, with the approval of the board, shall be used to
2 2 facilitate agreements, enhance commercialization in the
2 3 targeted industries, and increase the availability of skilled
2 4 workers within the targeted industries.
2 5 3. Moneys in the fund, with the approval of the board, may
2 6 also be used for the following purposes:
2 7 a. For assistance to entities providing student internship
2 8 opportunities.
2 9 b. For increasing career awareness training.
2 10 c. For recruiting management talent.
2 11 d. For assistance to entities engaged in prototype and
2 12 concept development activities.
2 13 e. For developing a statewide commercialization network.
2 14 f. For deploying and maintaining an Iowa entrepreneur
2 15 website.

2 16 g. For funding asset mapping and supply chain initiatives,
2 17 including for identifying methods of supporting lean
2 18 manufacturing practices or processes.
2 19 h. For information technology training.
2 20 i. For networking events to facilitate the transfer of
2 21 technology among researchers and industries.
2 22 j. For funding student competition programs.
2 23 k. For the purchase of advanced equipment and software at
2 24 Iowa community colleges in order to support training and
2 25 coursework related to the targeted industries.
2 26 Sec. 3. Section 15G.111, subsection 8, Code 2009, is
2 27 amended to read as follows:

2 28 8. a. For the fiscal period beginning July 1, 2007, and
2 29 ending June 30, ~~2015~~ 2009, there is appropriated for each
2 30 fiscal year from the grow Iowa values fund created in section
2 31 15G.108 to the department of economic development three
2 32 million dollars for the purpose of providing the
2 33 commercialization services described in section 15.411,
2 34 subsections 2 and 3.

2 35 b. For the fiscal period beginning July 1, 2009, and
3 1 ending June 30, 2015, there is appropriated each fiscal year
3 2 from the grow Iowa values fund created in section 15G.108 to
3 3 the department of economic development three million dollars
3 4 for transfer to the innovation and commercialization
3 5 development fund created in section 15.412.

3 6 DIVISION II

3 7 TAX CREDITS FOR THIRD-PARTY DEVELOPERS

3 8 Sec. 4. Section 15.331C, subsection 2, Code 2009, is
3 9 amended to read as follows:

3 10 2. A third-party developer shall state under oath, on
3 11 forms provided by the department of ~~economic development~~
3 12 revenue, the amount of taxes paid as described in subsection 1
3 13 and shall submit such forms to the department of revenue. The
3 14 taxes paid shall be itemized to allow identification of the
3 15 taxes attributable to racks, shelving, and conveyor equipment
3 16 to be used in a warehouse or distribution center. After
3 17 receiving the form from the third-party developer, the
3 18 department of revenue shall issue a tax credit certificate to
3 19 the eligible business equal to the sales and use taxes paid by
3 20 a third-party developer under chapter 423 for gas,
3 21 electricity, water, or sewer utility services, goods, wares,
3 22 or merchandise, or on services rendered, furnished, or
3 23 performed to or for a contractor or subcontractor and used in
3 24 the fulfillment of a written contract relating to the
3 25 construction or equipping of a facility. The department of
3 26 revenue shall also issue a tax credit certificate to the
3 27 eligible business equal to the taxes paid and attributable to
3 28 racks, shelving, and conveyor equipment to be used in a
3 29 warehouse or distribution center. The aggregate combined
3 30 total amount of tax refunds under section 15.331A for taxes
3 31 attributable to racks, shelving, and conveyor equipment to be
3 32 used in a warehouse or distribution center and of tax credit
3 33 certificates issued by the department of revenue for the taxes
3 34 paid and attributable to racks, shelving, and conveyor
3 35 equipment to be used in a warehouse or distribution center
4 1 shall not exceed five hundred thousand dollars in a fiscal
4 2 year. If an applicant for a tax credit certificate does not
4 3 receive a certificate for the taxes paid and attributable to
4 4 racks, shelving, and conveyor equipment to be used in a
4 5 warehouse or distribution center, the application shall be
4 6 considered in succeeding fiscal years. The eligible business
4 7 shall not claim a tax credit under this section unless a tax
4 8 credit certificate issued by the department of ~~economic~~
4 9 ~~development~~ revenue is attached to the taxpayer's tax return
4 10 for the tax year for which the tax credit is claimed. A tax
4 11 credit certificate shall contain the eligible business's name,
4 12 address, tax identification number, the amount of the tax
4 13 credit, and other information ~~required~~ deemed necessary by the
4 14 department of revenue.

4 15 DIVISION III
4 16 APPROPRIATIONS

4 17 Sec. 5. 2008 Iowa Acts, chapter 1190, section 4,
4 18 subsection 1, is amended by adding the following new
4 19 paragraph:

4 20 NEW PARAGRAPH. c. Notwithstanding section 8.33, moneys
4 21 appropriated in this subsection that remain unencumbered or
4 22 unobligated at the close of the fiscal year shall not revert
4 23 but shall remain available for expenditure for the purposes
4 24 designated until the close of the succeeding fiscal year.

4 25 Sec. 6. 2008 Iowa Acts, chapter 1190, section 26, is
4 26 amended to read as follows:

4 27 SEC. 26. 2007 Iowa Acts, chapter 207, section 13,
4 28 subsection 3, is amended to read as follows:
4 29 3. Notwithstanding section 8.33, moneys appropriated in
4 30 this section that remain unencumbered or unobligated at the
4 31 close of the fiscal year shall not revert but shall remain
4 32 available for expenditure for the purposes designated ~~until~~
~~4 33 the close of the fiscal year beginning July 1, 2008 for~~
4 34 ~~succeeding fiscal years until expended.~~

4 35 Sec. 7. 2008 Iowa Acts, chapter 1190, section 27, is
5 1 amended to read as follows:

5 2 SEC. 27. 2007 Iowa Acts, chapter 207, section 14,
5 3 unnumbered paragraph 3, is amended to read as follows:
5 4 Notwithstanding section 8.33, moneys appropriated in this
5 5 section that remain unencumbered or unobligated at the close
5 6 of the fiscal year shall not revert but shall remain available
5 7 for expenditure for the purposes designated ~~until the close of~~
~~5 8 the fiscal year beginning July 1, 2008 for succeeding fiscal~~
5 9 ~~years until expended.~~

5 10 Sec. 8. 2008 Iowa Acts, chapter 1190, section 28, is
5 11 amended to read as follows:

5 12 SEC. 28. 2007 Iowa Acts, chapter 207, section 15,
5 13 subsection 4, is amended to read as follows:
5 14 4. Notwithstanding section 8.33, moneys appropriated in
5 15 this section that remain unencumbered or unobligated at the
5 16 close of the fiscal year shall not revert but shall remain
5 17 available for expenditure for the purposes designated ~~until~~
~~5 18 the close of the fiscal year beginning July 1, 2008 for~~
5 19 ~~succeeding fiscal years until expended.~~

5 20 Sec. 9. 2008 Iowa Acts, chapter 1190, section 29, is
5 21 amended to read as follows:

5 22 SEC. 29. 2007 Iowa Acts, chapter 207, section 16,
5 23 unnumbered paragraph 4, is amended to read as follows:
5 24 Notwithstanding section 8.33, moneys appropriated in this
5 25 section that remain unencumbered or unobligated at the close
5 26 of the fiscal year shall not revert but shall remain available
5 27 for expenditure for the purposes designated ~~until the close of~~
~~5 28 the fiscal year beginning July 1, 2008 for succeeding fiscal~~
5 29 ~~years until expended.~~

5 30 Sec. 10. EFFECTIVE DATE. This division of this Act
5 31 amending 2008 Iowa Acts, chapter 1190, being deemed of
5 32 immediate importance, takes effect upon enactment.

5 33 DIVISION IV
5 34 STRATEGIC PLAN

5 35 Sec. 11. Section 15.104, subsection 2, Code 2009, is
6 1 amended by striking the subsection.

6 2 Sec. 12. Section 15.106, subsection 8, Code 2009, is
6 3 amended by striking the subsection.

6 4 Sec. 13. Section 15.318, subsection 11, unnumbered
6 5 paragraph 1, Code 2009, is amended to read as follows:
6 6 The impact to the state of the proposed project. In
6 7 measuring the economic impact, the department shall award more
6 8 points for projects which ~~have greater consistency with the~~
~~6 9 state strategic plan* than other projects. Greater~~
~~6 10 consistency may include any or all of can demonstrate the~~
6 11 ~~existence of one or more of the following conditions:~~

6 12 Sec. 14. Section 15.329, subsection 5, paragraph c,
6 13 unnumbered paragraph 1, Code 2009, is amended to read as
6 14 follows:

6 15 The impact to the state of the proposed project. In
6 16 measuring the economic impact, the department shall place
6 17 greater emphasis on projects which ~~have greater consistency~~
~~6 18 with the state strategic plan* than other projects. Greater~~
~~6 19 consistency may include any or all of can demonstrate the~~
6 20 ~~existence of one or more of the following conditions:~~

6 21 Sec. 15. Section 28H.2, subsection 2, Code 2009, is
6 22 amended by striking the subsection.

6 23 Sec. 16. Section 315.11, subsection 2, paragraph a, Code
6 24 2009, is amended by striking the paragraph.

6 25 EXPLANATION

6 26 This bill makes change relating to economic development.

6 27 Division I of the bill creates an innovation and
6 28 commercialization development fund in the state treasury under
6 29 the control of the department of economic development,
6 30 consisting of moneys appropriated to the department and of any
6 31 other moneys the department is authorized to place in the
6 32 fund. The department is authorized to use the moneys in the
6 33 fund for purposes of facilitating agreements and enhancing
6 34 commercialization in the targeted industries, for increasing
6 35 the availability of skilled workers within those targeted
7 1 industries, and other purposes specified in the bill. The
7 2 targeted industries are advanced manufacturing, biosciences,

7 3 and information technology.

7 4 Currently, the department is appropriated \$3 million from
7 5 the grow Iowa values fund for purposes of providing
7 6 commercialization services. The bill authorizes the
7 7 department to transfer that \$3 million to the innovation and
7 8 commercialization development fund.

7 9 Division II of the bill makes the department of revenue
7 10 responsible for issuing certain corporate tax credits for
7 11 sales and use taxes paid by third-party developers.
7 12 Currently, these tax credits are issued by the department of
7 13 economic development.

7 14 Division III of the bill provides for the nonreversion to
7 15 the general fund of certain moneys appropriated to the
7 16 department of economic development for purposes of general
7 17 administration and administration of the targeted small
7 18 business program for the fiscal year beginning July 1, 2008.
7 19 The moneys appropriated for general purposes are currently
7 20 being used by the department to fund the jumpstart disaster
7 21 assistance program, and providing for the nonreversion of the
7 22 moneys allows the department to continue funding the jumpstart
7 23 disaster assistance program during the fiscal year beginning
7 24 July 1, 2009. This nonreversion provision takes effect upon
7 25 enactment.

7 26 Division IV of the bill makes changes in conformance with
7 27 2008 Iowa Acts, chapter 1122, which struck a requirement that
7 28 the department prepare a three-year comprehensive, or state,
7 29 strategic plan. The bill strikes and amends a number of Code
7 30 provisions referencing the stricken plan.

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