

# Senate Study Bill 1125

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  
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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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