

House Study Bill 591 - Introduced

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

A BILL FOR

1 An Act relating to economic development and the use of tax
2 revenues and other funds by affecting programs, tax
3 incentives, and project completion and other assistance
4 administered by the economic development authority, by
5 diverting franchise tax revenues and withholding tax
6 payments for such programs, incentives, and assistance,
7 by abolishing the film tax credit program, by replacing
8 references to the economic development fund and financial
9 assistance program, and by providing spending authority,
10 by providing for properly related matters, and including
11 effective date and retroactive and other applicability
12 provisions.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12, and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section 15G.101~~ means nonwage compensation provided to an employee.

Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, "fiscal impact ratio" does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

1 13. ~~"Retained job" has the same meaning as defined in~~
2 ~~section 15G.101~~ means a full-time equivalent position, in
3 existence at the time an employer applies for financial
4 assistance which remains continuously filled and which is at
5 risk of elimination if the project for which the employer is
6 seeking assistance does not proceed.

7 Sec. 2. Section 15.327, Code Supplement 2011, is amended by
8 adding the following new subsections:

9 NEW SUBSECTION. 1A. "*Base employment level*" means the
10 number of full-time equivalent positions at a business,
11 as established by the authority and a business using the
12 business's payroll records, as of the date a business applies
13 for incentives or project completion assistance under the
14 program.

15 NEW SUBSECTION. 2A. "*Business engaged in disaster recovery*"
16 means a business located in an area declared a disaster area
17 by a federal official, that has sustained substantial physical
18 damage, that has closed as the result of a natural disaster,
19 and that has a plan for reopening that includes employing a
20 substantial number of the employees the business employed
21 before the natural disaster occurred.

22 NEW SUBSECTION. 6A. "*Financial assistance*" means assistance
23 provided only from the funds, rights, and assets legally
24 available to the authority pursuant to this chapter and
25 includes but is not limited to assistance in the form of
26 grants, loans, forgivable loans, and royalty payments.

27 NEW SUBSECTION. 7A. "*Full-time equivalent position*" means
28 a non-part-time position for the number of hours or days per
29 week considered to be full-time work for the kind of service
30 or work performed for an employer. Typically, a full-time
31 equivalent position requires two thousand eighty hours of work
32 in a calendar year, including all paid holidays, vacations,
33 sick time, and other paid leave.

34 NEW SUBSECTION. 7B. "*Fund*" means a fund created pursuant
35 to section 15.335B.

1 NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level
2 represented by those wages within two standard deviations
3 from the mean wage within the laborshed area in which the
4 eligible business is located, as calculated by the authority,
5 by rule, using the most current covered wage and employment
6 data available from the department of workforce development for
7 the laborshed area.

8 NEW SUBSECTION. 7D. "*Maintenance period*" means the period
9 of time between the project completion date and the maintenance
10 period completion date.

11 NEW SUBSECTION. 8A. "*Necessary physical infrastructure*
12 *project*" means a project that creates necessary infrastructure
13 for economic success throughout Iowa, provides the foundation
14 for the creation of jobs, and involves the investment of
15 a substantial amount of capital. Physical infrastructure
16 projects include but are not limited to projects involving
17 any mode of transportation; public works and utilities such
18 as sewer, water, power, or telecommunications; physical
19 improvements that mitigate, prevent, or eliminate environmental
20 contamination; and other similar projects deemed to be physical
21 infrastructure by the authority.

22 NEW SUBSECTION. 9A. "*Program support*" means the services
23 necessary for the efficient administration of this part,
24 including the delivery of program services to eligible
25 businesses. "*Program support*" may include the administrative
26 costs of providing project assistance, conducting a statewide
27 laborshed study in coordination with the department of
28 workforce development, outreach to business and marketing of
29 programs, the procurement of technical assistance, and the
30 implementation of information technology.

31 NEW SUBSECTION. 9B. "*Project completion assistance*" means
32 financial assistance or technical assistance provided to
33 an eligible business in order to facilitate the start-up,
34 location, or expansion of the business in this state and
35 provided in an expedient manner to ensure the successful

1 completion of the start-up, location, or expansion project.

2 NEW SUBSECTION. 10A. "*Project completion period*" means the
3 period of time between the date financial assistance is awarded
4 and the project completion date.

5 Sec. 3. Section 15.329, subsection 1, unnumbered paragraph
6 1, Code Supplement 2011, is amended to read as follows:

7 To be eligible to receive incentives or assistance
8 under this part, a business shall meet all of the following
9 requirements:

10 Sec. 4. Section 15.329, subsection 1, paragraph c,
11 subparagraphs (1) and (2), Code Supplement 2011, are amended
12 to read as follows:

13 (1) If the business is creating jobs, the business shall
14 demonstrate that the jobs will pay at least one hundred percent
15 of the qualifying wage threshold at the start of the project
16 completion period, at least one hundred ~~thirty~~ twenty percent
17 of the qualifying wage threshold by the project completion
18 date, and at least one hundred ~~thirty~~ twenty percent of
19 the qualifying wage threshold until the maintenance period
20 completion date.

21 (2) If the business is retaining jobs, the business
22 shall demonstrate that the jobs retained will pay at least
23 one hundred ~~thirty~~ twenty percent of the qualifying wage
24 threshold throughout both the project completion period and the
25 maintenance period.

26 Sec. 5. Section 15.329, subsection 2, Code Supplement 2011,
27 is amended by striking the subsection.

28 Sec. 6. Section 15.330, Code Supplement 2011, is amended to
29 read as follows:

30 **15.330 Agreement.**

31 A business shall enter into an agreement with the authority
32 specifying the requirements that must be met to confirm
33 eligibility pursuant to this part. The authority ~~shall~~ may
34 consult with the community during negotiations relating to the
35 agreement. The agreement shall contain, at a minimum, the

1 following provisions:

2 1. A business that is approved to receive incentives
3 or assistance under this part shall, for the length of the
4 agreement, certify annually to the authority the compliance of
5 the business with the requirements of the agreement. If the
6 business receives a local property tax exemption, the business
7 shall also certify annually to the community the compliance of
8 the business with the requirements of the agreement.

9 2. The repayment of incentives or financial assistance
10 by the business if the business does not meet any of the
11 requirements of this part or the resulting agreement.

12 3. If a business that is approved to receive incentives
13 or assistance under this part experiences a layoff within the
14 state or closes any of its facilities within the state, the
15 authority shall have the discretion to reduce or eliminate
16 some or all of the incentives or assistance. If a business
17 has received incentives or assistance under this part and
18 experiences a layoff within the state or closes any of its
19 facilities within the state, the business may be subject to
20 repayment of all or a portion of the incentives or financial
21 assistance that it has received.

22 4. A project completion date, a maintenance period
23 completion date, the number of jobs to be created or retained,
24 or certain other terms and obligations ~~described in section~~
25 ~~15G.112, subsection 1, paragraph "d",~~ as the authority
26 deems necessary in order to make the requirements in project
27 agreements uniform. The authority, with the approval of
28 the board, may adopt rules as necessary for making such
29 requirements uniform. Such rules shall be in compliance with
30 the provisions of this part ~~and with the provisions of chapter~~
31 ~~15G.~~

32 5. The amount and type of project completion assistance to
33 be provided under section 15.335B.

34 6. The amount of matching funds to be received by a business
35 from a city or county. The authority shall adopt by rule a

1 formula for determining the amount of matching funds required
2 under the program.

3 7. The business shall not have closed or substantially
4 reduced operations in one area of this state and relocated
5 substantially the same operations in a community in another
6 area of this state. However, this paragraph shall not be
7 construed to prohibit a business from expanding its operation
8 in a community if existing operations of a similar nature in
9 this state are not closed or substantially reduced.

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

23 9. A report submitted to the authority with its application
24 describing all violations of environmental law or worker
25 safety law within the last five years. If, upon review of the
26 application, the authority finds that a business has a record
27 of violations of the law, statutes, rules, or regulations that
28 tends to show a consistent pattern, the authority shall not
29 provide incentives or assistance to the business unless the
30 authority finds either that the violations did not seriously
31 affect public health, public safety, or the environment, or,
32 if such violations did seriously affect public health, public
33 safety, or the environment, that mitigating circumstances were
34 present.

35 10. That the business shall only employ individuals legally

1 authorized to work in this state. In addition to any and
2 all other applicable penalties provided by current law, all
3 or a portion of the incentives or assistance received under
4 this part by a business that is found to knowingly employ
5 individuals not legally authorized to work in this state is
6 subject to recapture by the authority or by the department of
7 revenue.

8 11. Any terms deemed necessary by the authority to effect
9 compliance with the eligibility requirements of section 15.329.

10 **Sec. 7. NEW SECTION. 15.330A Maintenance of agreements.**

11 1. An eligible business receiving incentives or assistance
12 under this part shall meet all terms and obligations in an
13 agreement by the project completion date, but the board may
14 for good cause extend the project completion date or otherwise
15 amend an agreement.

16 2. During the maintenance period an eligible business
17 receiving incentives or assistance under this part shall
18 continue to comply with the terms and obligations of an
19 agreement entered into pursuant to section 15.330.

20 3. The authority may enforce the terms of an agreement as
21 necessary and appropriate.

22 **Sec. 8. NEW SECTION. 15.331 Withholding tax payment**
23 **diversion.**

24 1. If the authority enters into an agreement pursuant to
25 this part, or pursuant to chapter 15E, division XVIII, for
26 any of the incentives or assistance provided under this part,
27 the authority and the eligible business may agree to credit a
28 portion of the payments required under section 422.16 to the
29 authority as provided in this section.

30 2. a. An eligible business entering into a withholding
31 agreement with the authority pursuant to this section shall
32 remit the total amount of withholding payments due pursuant to
33 section 422.16 to the department of revenue.

34 b. The department of revenue shall quarterly deposit in a
35 fund created pursuant to section 15.106A an amount equal to two

1 and one-half percent of the gross wages paid by the eligible
2 business to each employee holding a created or retained job
3 covered by an agreement entered into pursuant to this part or
4 chapter 15E, division XVIII. Moneys to be deposited pursuant
5 to this paragraph shall not be paid to the authority until
6 the correct amounts have been verified by the department of
7 revenue.

8 3. Withholding payments shall be deposited pursuant to this
9 section by the department of revenue for each employee holding
10 a created or retained job for the duration of the agreement
11 between the eligible business and the authority.

12 4. The authority and the eligible business shall provide
13 to the department of revenue any information necessary to
14 correctly process the diversion of withholding tax payments
15 pursuant to this section.

16 5. An employee holding a created or retained job shall
17 receive full credit for the amount withheld as provided in
18 section 422.16.

19 6. If a portion of the employee's gross wages are subject
20 to a withholding credit diversion under chapter 260E, chapter
21 260G, or section 403.19A, or a supplemental withholding credit
22 diversion under section 15E.197, when a withholding credit
23 diversion under this section is agreed to, then the withholding
24 payments shall be credited in the following order of priority:

25 a. First, the withholding payments to be credited pursuant
26 to chapters 260E and 260G and section 15E.197.

27 b. Second, the withholding payments to be credited pursuant
28 to this section.

29 c. Third, the withholding payments to be credited pursuant
30 to section 403.19A.

31 7. If a withholding agreement is entered into pursuant
32 to this section before a withholding agreement under chapter
33 260E or 260G, or section 15E.197 or 403.19A, the withholding
34 payments shall be credited in the order in which the agreements
35 are entered into.

1 8. The authority, in conjunction with the department of
2 revenue, shall adopt rules for the implementation of this
3 section.

4 Sec. 9. Section 15.335A, subsection 1, unnumbered paragraph
5 1, Code Supplement 2011, is amended to read as follows:

6 Tax incentives are available to eligible businesses as
7 provided in this section. The incentives are based upon the
8 number of jobs created or retained that pay at least one
9 hundred ~~thirty~~ twenty percent of the qualifying wage threshold
10 ~~as computed pursuant to section 15G.112, subsection 4,~~ and
11 the amount of the qualifying investment made according to the
12 following schedule:

13 Sec. 10. Section 15.335A, subsection 2, paragraphs b, c,
14 f, and g, Code Supplement 2011, are amended by striking the
15 paragraphs.

16 Sec. 11. Section 15.335A, subsections 3 through 5, Code
17 Supplement 2011, are amended to read as follows:

18 3. A community may apply to the economic development
19 authority for a project-specific waiver from the qualifying
20 wage threshold requirement provided in subsection 1 in order to
21 seek tax incentives for an eligible business. The authority
22 may grant a project-specific waiver from the qualifying
23 wage threshold requirement in subsection 1 for the remainder
24 of a calendar year, ~~based on county wage or regional wage~~
25 ~~calculations brought forth by the applicant county including~~
26 ~~but not limited to any of the following:~~

27 ~~a. The county wage calculated without wage data from~~
28 ~~the business in the county employing the greatest number of~~
29 ~~full-time employees~~ if the community meets the requirements of
30 an economically distressed community pursuant to 15.335C.

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

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

35 ~~d. A qualifying wage guideline for a specific project based~~

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

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

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

9 ~~4. Each calendar year, the authority shall not approve~~
10 ~~more than three million six hundred thousand dollars worth of~~
11 ~~investment tax credits for projects with qualifying investments~~
12 ~~of less than one million dollars.~~

13 ~~5. 4.~~ The authority shall negotiate the amount of
14 tax incentives provided to an applicant under the program
15 in accordance with this section and ~~section 15G.112, as~~
16 ~~applicable.~~

17 **Sec. 12. NEW SECTION. 15.335B Assistance for certain**
18 **programs and projects.**

19 1. a. Under the authority provided in section 15.106A,
20 there shall be established one or more funds within the state
21 treasury, under the control of the authority, to be used for
22 purposes of this section.

23 b. A fund established for purposes of this section shall
24 consist of the moneys deposited by the department of revenue
25 pursuant to sections 15.331 and 422.64.

26 c. Interest or earnings on moneys deposited in a fund to be
27 used for the purposes of this section, and all repayments or
28 recaptures of the assistance provided under this section, shall
29 accrue to the authority and shall be used for purposes of this
30 section, notwithstanding section 12C.7. Moneys in a fund are
31 not subject to section 8.33.

32 2. a. Moneys deposited pursuant to subsection 1 shall be
33 allocated by the authority in appropriate amounts to be used
34 for the following purposes:

35 (1) For providing project completion assistance to eligible

1 businesses under this part and for program support of such
2 assistance.

3 (2) For providing economic development region financial
4 assistance under section 15E.232, subsections 1, 3, 4, 5, and
5 6.

6 (3) For providing financial assistance for business
7 accelerators pursuant to section 15E.351.

8 (4) For deposit in the innovation and commercialization
9 fund created pursuant to section 15.412.

10 (5) For providing financial assistance to businesses or
11 communities engaged in necessary physical infrastructure
12 projects.

13 (6) For providing financial assistance to businesses
14 engaged in disaster recovery.

15 (7) For providing financial assistance to Iowa's councils
16 of governments.

17 *b.* Each fiscal year, the authority shall estimate the
18 amount of revenues available for purposes of this section and
19 shall develop a budget appropriate for the expenditure of the
20 revenues available.

21 3. In providing assistance under this section, the
22 authority shall make a determination as to the amount and
23 type of assistance that is most appropriate for facilitating
24 the successful completion of an eligible business's project.
25 Before making such a determination, the authority shall do all
26 of the following:

27 *a.* Consider a business's eligibility for the tax incentives
28 available under section 15.335A and ensure that the amount of
29 assistance to be provided appropriately complements the amount
30 and type of tax incentives to be provided.

31 *b.* Consider the amount of private sector investment to be
32 leveraged by the project, including the eligible business's
33 equity investment, debt financing, and any venture capital or
34 foreign investment available, and make a good-faith effort to
35 provide only the amount of incentives and assistance necessary

1 to facilitate the project's successful completion.

2 *c.* Consider the amount and type of the local community
3 match. The authority may provide assistance to an early-stage
4 business in a high-growth industry regardless of the amount of
5 local match involved.

6 *d.* Calculate the fiscal impact ratio of the project and use
7 it to guide the provision of incentives and assistance under
8 this part.

9 *e.* Evaluate the quality of the project based on the factors
10 described in section 15.329, subsection 5, and any other
11 relevant factors.

12 *f.* Ensure that the combined amount of incentives and
13 assistance are appropriate to the size of the project, to
14 the value of the project, to the fiscal impact ratio of the
15 project, and to any other relevant factors.

16 4. Each eligible business receiving assistance under this
17 section shall enter into an agreement with the authority and
18 the agreement shall meet the requirements of sections 15.330
19 and 15.330A.

20 Sec. 13. NEW SECTION. 15.335C **Economically distressed**
21 **areas.**

22 1. *a.* Notwithstanding section 15.329, subsection 1,
23 paragraph "c", the authority may provide tax incentives or
24 project completion assistance under this part to an eligible
25 business paying less than one hundred twenty percent of the
26 qualifying wage threshold if that business is located in an
27 economically distressed area.

28 *b.* A business in an economically distressed area receiving
29 incentives or assistance pursuant to this section shall be
30 required to pay at least one hundred percent of the qualifying
31 wage threshold.

32 2. For purposes of this section, "*economically distressed*
33 *area*" means a county that ranks among the bottom twenty-five of
34 all Iowa counties, as measured by one of the following:

35 *a.* Average monthly unemployment level for the most recent

1 twelve-month period.

2 *b.* Average annualized unemployment level for the most recent
3 five-year period.

4 Sec. 14. Section 15A.7, subsection 3, Code Supplement 2011,
5 is amended to read as follows:

6 3. That the employer shall agree to pay wages for the jobs
7 for which the credit is taken of at least the ~~county wage or~~
8 ~~the regional~~ laborshed wage, as calculated by the authority
9 pursuant to section ~~15G.112~~ 15.327, subsection 3, ~~whichever~~
10 ~~is lower~~ 7C. Eligibility for the supplemental credit shall
11 be based on a one-time determination of starting wages by the
12 community college.

13 Sec. 15. Section 15E.193, subsection 1, paragraph b,
14 subparagraph (1), Code Supplement 2011, is amended to read as
15 follows:

16 (1) The business shall provide a sufficient package of
17 benefits to each employee holding a created or retained job.
18 For purposes of this paragraph, "*created job*" and "*retained job*"
19 have the same meaning as defined in section ~~15G.101~~ 15.327.

20 Sec. 16. Section 15E.193, subsection 1, paragraphs c and d,
21 Code Supplement 2011, are amended to read as follows:

22 *c.* The business shall pay a wage that is at least ninety
23 percent of the qualifying wage threshold. For purposes of this
24 paragraph, "*qualifying wage threshold*" has the same meaning as
25 defined in section ~~15G.101~~ 15.327.

26 *d.* Creates or retains at least ten full-time equivalent
27 positions and maintains them until the maintenance period
28 completion date. For purposes of this paragraph, "*maintenance*
29 *period completion date*" and "*full-time equivalent position*" have
30 the same meanings as defined in section ~~15G.101~~ 15.327.

31 Sec. 17. Section 15E.231, unnumbered paragraph 1, Code
32 Supplement 2011, is amended to read as follows:

33 In order for an economic development region to receive
34 ~~moneys under the economic development financial assistance~~
35 ~~program established in section 15G.112~~ assistance pursuant to

1 section 15.335B, an economic development region's regional
2 development plan must be approved by the authority. An
3 economic development region shall consist of not less than
4 three counties, unless two contiguous counties have a combined
5 population of at least three hundred thousand based on the
6 most recent federal decennial census. An economic development
7 region shall establish a focused economic development effort
8 that shall include a regional development plan relating to one
9 or more of the following areas:

10 Sec. 18. Section 15E.232, subsections 1, 3, 4, 5, and 6,
11 Code Supplement 2011, are amended to read as follows:

12 1. An economic development region may apply for financial
13 assistance from ~~the economic development~~ a fund established
14 pursuant to section 15.335B to assist with the installation
15 of physical infrastructure needs including, but not limited
16 to, horizontal infrastructure, water and sewer infrastructure,
17 and telecommunications infrastructure, related to the
18 development of fully served business and industrial sites by
19 one or more of the region's economic development partners
20 or for the installation of infrastructure related to a
21 new business location or expansion. In order to receive
22 financial assistance pursuant to this subsection, the economic
23 development region must demonstrate all of the following:

24 a. The ability to provide matching moneys on a basis of a
25 one dollar contribution of local matching moneys for every two
26 dollars received from the economic development fund.

27 b. The commitment of the specific business partner
28 including, but not limited to, a letter of intent defining a
29 capital commitment or a percentage of equity.

30 c. That all other funding alternatives have been exhausted.

31 3. An economic development region may apply for financial
32 assistance from ~~the economic development~~ a fund established
33 pursuant to section 15.335B to assist an existing business
34 threatened with closure due to a potential consolidation to an
35 out-of-state location. The economic development region may

1 apply for financial assistance from the economic development
2 fund for the purchase, rehabilitation, or marketing of a
3 building that has become available due to the closing of an
4 existing business due to a consolidation to an out-of-state
5 location. In order to receive financial assistance under this
6 subsection, an economic development region must demonstrate the
7 ability to provide local matching moneys on a basis of a one
8 dollar contribution of local moneys for every three dollars
9 received from the economic development fund.

10 4. An economic development region may apply for financial
11 assistance from ~~the economic development~~ a fund established
12 pursuant to section 15.335B to establish and operate an
13 entrepreneurial initiative. In order to receive financial
14 assistance under this subsection, an economic development
15 region must demonstrate the ability to provide local matching
16 moneys on a basis of a one dollar contribution of local moneys
17 for every two dollars received from the economic development
18 fund.

19 5. a. An economic development region may apply for
20 financial assistance from ~~the economic development~~ a fund
21 established pursuant to section 15.335B to establish and
22 operate a business succession assistance program for the
23 region.

24 b. In order to receive financial assistance under this
25 subsection, an economic development region must demonstrate
26 the ability to provide local matching moneys on a basis of a
27 one dollar contribution of local moneys for every two dollars
28 received from the economic development fund.

29 6. An economic development region may apply for financial
30 assistance from ~~the economic development~~ a fund established
31 pursuant to section 15.335B to implement economic development
32 initiatives that are either unique to the region or innovative
33 in design and implementation. In order to receive financial
34 assistance under this subsection, an economic development
35 region must demonstrate the ability to provide local matching

1 moneys on a one-to-one basis.

2 Sec. 19. Section 15E.351, subsection 1, Code Supplement
3 2011, is amended to read as follows:

4 1. The economic development authority shall establish and
5 administer a business accelerator program to provide financial
6 assistance for the establishment and operation of a business
7 accelerator for technology-based, value-added agricultural,
8 information solutions, alternative and renewable energy
9 including the alternative and renewable energy sectors listed
10 in section 476.42, subsection 1, paragraph "a", subparagraph
11 (1), or advanced manufacturing start-up businesses or for a
12 satellite of an existing business accelerator. The program
13 shall be designed to foster the accelerated growth of new
14 and existing businesses through the provision of technical
15 assistance. The economic development authority may provide
16 financial assistance under this section from moneys allocated
17 for ~~regional~~ financial assistance for business accelerators
18 pursuant to section ~~15G.111~~ section 15.335B, subsection 9 2.

19 Sec. 20. Section 159A.6B, subsection 2, Code Supplement
20 2011, is amended to read as follows:

21 2. The office may execute contracts in order to provide
22 technical support and outreach services for purposes of
23 assisting and educating interested persons as provided in this
24 section. The office may also contract with a consultant to
25 provide part or all of these services. The office may require
26 that a person receiving assistance pursuant to this section
27 contribute up to fifty percent of the amount required to
28 support the costs of contracting with the consultant to provide
29 assistance to the person. The office shall assist the person
30 in completing any technical information required in order
31 to receive assistance by the economic development authority
32 pursuant to ~~the value-added agriculture component of the~~
33 ~~economic development financial assistance program established~~
34 ~~pursuant to section 15G.112~~ section 15.335B.

35 Sec. 21. Section 266.19, Code Supplement 2011, is amended

1 to read as follows:

2 **266.19 Renewable fuel — assistance.**

3 The university shall cooperate in assisting renewable fuel
4 production facilities supporting livestock operations managed
5 by persons receiving assistance pursuant to ~~the value-added~~
6 ~~agriculture component of the economic development financial~~
7 ~~assistance program established in section 15G.112~~ section
8 15.335B.

9 **Sec. 22. NEW SECTION. 422.64 Diversion of franchise tax**
10 **revenues.**

11 1. During the period beginning January 1, 2012, and ending
12 December 31, 2021, a portion of the revenues arising from the
13 tax imposed in section 422.60 shall be deposited in a fund
14 established in the state treasury for use by the economic
15 development authority pursuant to section 15.335B, subsection
16 1.

17 2. The portion to be deposited for each calendar year shall
18 be as follows:

19 *a.* For the calendar year beginning January 1, 2012, the
20 portion is twenty-four million dollars.

21 *b.* For the calendar year beginning January 1, 2013, the
22 portion is twenty-two million five hundred thousand dollars.

23 *c.* For the calendar year beginning January 1, 2014, the
24 portion is twenty million dollars.

25 *d.* For the calendar year beginning January 1, 2015, the
26 portion is seventeen million five hundred thousand dollars.

27 *e.* For the calendar year beginning January 1, 2016, the
28 portion is fifteen million dollars.

29 *f.* For the calendar year beginning January 1, 2017, the
30 portion is twelve million five hundred thousand dollars.

31 *g.* For the calendar year beginning January 1, 2018, the
32 portion is ten million dollars.

33 *h.* For the calendar year beginning January 1, 2019, the
34 portion is seven million five hundred thousand dollars.

35 *i.* For the calendar year beginning January 1, 2020, the

1 portion is five million dollars.

2 *j.* For the calendar year beginning January 1, 2021, the
3 portion is two million five hundred thousand dollars.

4 Sec. 23. Section 455B.104, subsection 2, Code Supplement
5 2011, is amended to read as follows:

6 2. The department shall assist persons applying for
7 assistance to establish and operate renewable fuel production
8 facilities pursuant to ~~the value added agriculture component~~
9 ~~of the economic development financial assistance program~~
10 ~~established in section 15G.112~~ section 15.335B.

11 Sec. 24. Section 455B.433, Code Supplement 2011, is amended
12 to read as follows:

13 **455B.433 Physical infrastructure assistance — funding —**
14 **liability.**

15 1. The department of natural resources shall work in
16 conjunction with the economic development authority to identify
17 environmentally contaminated sites which qualify for ~~the~~
18 ~~infrastructure component of the economic development financial~~
19 ~~assistance program established in section 15G.112~~ assistance
20 under section 15.335B as necessary physical infrastructure
21 projects. The department shall provide an assessment of the
22 site and shall provide any emergency response activities which
23 the department deems necessary. The department may take any
24 further action, including remediation of the site, that the
25 department deems to be appropriate and which promotes the
26 purposes of the necessary physical infrastructure component
27 project.

28 2. The department shall be reimbursed ~~from the economic~~
29 ~~development fund created in section 15G.111~~ by the economic
30 development authority for any costs incurred pursuant to this
31 section.

32 3. A person shall not have standing pursuant to section
33 455B.111 to commence a citizen suit which is based upon
34 property that is ~~part of the infrastructure component of the~~
35 ~~economic development financial assistance program established~~

1 ~~in section 15G.112~~ receiving assistance pursuant to section
2 15.335B as a necessary physical infrastructure project.

3 Sec. 25. RULES. The economic development authority shall
4 adopt rules for the implementation of this division of this
5 Act.

6 Sec. 26. EFFECTIVE UPON ENACTMENT. The following provision
7 or provisions of this division of this Act, being deemed of
8 immediate importance, take effect upon enactment:

9 1. The section of this division of this Act enacting section
10 15.331.

11 2. The section of this division of this Act enacting section
12 422.64.

13 Sec. 27. RETROACTIVE APPLICABILITY.

14 1. The provision or provisions of this division of this
15 Act enacting section 15.331 apply retroactively to agreements
16 entered into under the high quality jobs program or the
17 enterprise zones program on or after July 1, 2011, and to
18 awards of incentives or assistance made under those programs on
19 or after July 1, 2011.

20 2. The provision or provisions of this division of this Act
21 enacting section 422.64 apply retroactively to January 1, 2012.

22 DIVISION II

23 TARGETED INDUSTRIES PROGRAM

24 Sec. 28. Section 15.102, subsection 11, Code Supplement
25 2011, is amended to read as follows:

26 11. "*Targeted industries*" means the ~~same as defined~~
27 ~~in section 15.411, subsection 1~~ industries of advanced
28 manufacturing, biosciences, and information technology.

29 Sec. 29. Section 15.106B, subsection 2, paragraph d,
30 subparagraph (1), Code Supplement 2011, is amended by adding
31 the following new subparagraph division:

32 NEW SUBPARAGRAPH DIVISION. (g) Services related to
33 outreach and assistance to businesses for small business
34 innovation research and technology transfer pursuant to section
35 15.411, subsection 5.

1 Sec. 30. Section 15.411, Code Supplement 2011, is amended
2 to read as follows:

3 **15.411 ~~Targeted industries~~ Innovative business development —**
4 **internships — technical and financial assistance.**

5 1. As used in this part, unless the context otherwise
6 requires:

7 a. "Innovative business" means the same as defined in
8 section 15E.52.

9 ~~a.~~ b. "Internship" means temporary employment of a student
10 that focuses on providing the student with work experience in
11 the student's field of study.

12 ~~b. "Targeted industries" means the industries of advanced~~
13 ~~manufacturing, biosciences, and information technology.~~

14 2. The authority ~~shall, upon board approval, may~~ contract
15 with service providers on a case-by-case basis for services
16 related to statewide commercialization development ~~in the~~
17 ~~targeted industries~~ of innovative businesses. Services
18 provided shall include all of the following:

19 a. Assistance provided directly to businesses by experienced
20 serial entrepreneurs for all of the following activities:

- 21 (1) Business plan development.
- 22 (2) Due diligence.
- 23 (3) Market assessments.
- 24 (4) Technology assessments.
- 25 (5) Other planning activities.

26 b. Operation and coordination of various available
27 competitive seed and prototype development funds.

28 c. Connecting businesses to private angel investors and the
29 venture capital community.

30 d. Assistance in obtaining access to an experienced pool
31 of managers and operations talent that can staff, mentor, or
32 advise start-up enterprises.

33 e. Support and advice for accessing sources of early stage
34 financing.

35 3. The authority shall establish and administer a program

1 to provide financial and technical assistance to encourage
2 prototype and concept development activities by innovative
3 businesses that have a clear potential to lead to commercially
4 viable products or services within a reasonable period of time
5 ~~in the targeted industries.~~ Financial assistance shall be
6 awarded on a per project basis upon board approval. ~~The amount~~
7 ~~of financial assistance available for a single project shall~~
8 ~~not exceed one hundred fifty thousand dollars.~~ In order to
9 receive financial assistance, an applicant must demonstrate
10 the ability to secure one dollar of nonstate moneys for every
11 two dollars received from the authority. For purposes of this
12 section, "financial assistance" means assistance provided only
13 from the funds, rights, and assets legally available to the
14 authority pursuant to this chapter and includes but is not
15 limited to assistance in the form of grants, loans, forgivable
16 loans, and royalty payments.

17 4. ~~The authority shall, upon board approval, establish~~
18 ~~and administer a program to provide financial assistance for~~
19 ~~projects designed to encourage collaboration between commercial~~
20 ~~users and developers of information technology in the state~~
21 ~~for the purpose of commercializing existing software and~~
22 ~~applications technologies.~~ Financial assistance shall not
23 exceed one hundred thousand dollars per project. In order to
24 receive financial assistance, an applicant must demonstrate the
25 ability to secure two dollars of nonstate moneys for every one
26 dollar received from the authority. Financial assistance shall
27 be awarded to projects that will result in technologies being
28 developed as commercial products for sale by Iowa companies
29 rather than as custom applications for proprietary use by a
30 participating firm.

31 5. ~~The authority shall, upon board approval, establish~~
32 ~~and administer a program to provide financial assistance to~~
33 ~~businesses or departments of businesses engaged in the delivery~~
34 ~~of information technology services in the state for the purpose~~
35 ~~of upgrading the high-level technical skills of existing~~

1 ~~employees. The amount of financial assistance shall not exceed~~
2 ~~twenty five thousand dollars for any business site. In order~~
3 ~~to receive financial assistance, an applicant must demonstrate~~
4 ~~the ability to secure two dollars of nonstate moneys for every~~
5 ~~one dollar received from the authority.~~

6 ~~6.~~ 4. The authority shall, ~~upon board approval,~~ establish
7 and administer ~~a targeted industries~~ an innovative businesses
8 internship program for Iowa students. For purposes of this
9 subsection, "*Iowa student*" means a student of an Iowa community
10 college, private college, or institution of higher learning
11 under the control of the state board of regents, or a student
12 who graduated from high school in Iowa but now attends an
13 institution of higher learning outside the state of Iowa. The
14 purpose of the program is to link Iowa students to small and
15 medium sized Iowa firms ~~in the targeted industries~~ through
16 internship opportunities. An Iowa employer may receive
17 financial assistance in an amount of one dollar for every
18 two dollars paid by the employer to an intern. The amount
19 of financial assistance shall not exceed three thousand one
20 hundred dollars for any single internship, or nine thousand
21 three hundred dollars for any single employer. In order to be
22 eligible to receive financial assistance under this subsection,
23 the employer must have five hundred or fewer employees and must
24 ~~be engaged in a targeted industry~~ an innovative business. The
25 authority shall encourage youth who reside in economically
26 distressed areas, youth adjudicated to have committed a
27 delinquent act, and youth transitioning out of foster care to
28 participate in the ~~targeted industries~~ internship program.

29 ~~7.~~ The economic development authority shall work with the
30 department of workforce development to create a statewide
31 supplier capacity and product database to assist the economic
32 development authority in linking suppliers to Iowa-based
33 companies. The economic development authority may procure
34 technical assistance for the creation of the database from a
35 third party through a request for proposals process.

1 ~~8. The technology commercialization committee created~~
2 ~~pursuant to section 15.116 shall review all applications for~~
3 ~~financial assistance and requests for proposals pursuant to~~
4 ~~this section and make recommendations to the board.~~

5 ~~9. In each fiscal year, the authority may transfer~~
6 ~~additional moneys that become available to the authority~~
7 ~~from sources such as loan repayments or recaptures of awards~~
8 ~~from federal economic stimulus funds to the innovation~~
9 ~~and commercialization development fund created in section~~
10 ~~15.412, provided the authority spends those moneys for the~~
11 ~~implementation of the recommendations included in the separate~~
12 ~~consultant reports on bioscience, advanced manufacturing,~~
13 ~~information technology, and entrepreneurship submitted to the~~
14 ~~department in calendar years 2004, 2005, and 2006.~~

15 5. a. (1) The authority shall establish and administer
16 an outreach program for purposes of assisting businesses with
17 applications to the federal small business innovation research
18 and small business technology transfer programs.

19 (2) The goals of this assistance are to increase the number
20 of successful phase II small business innovation research grant
21 proposals in the state, increase the amount of such grant
22 funds awarded in the state, stimulate subsequent investment by
23 industry, venture capital, and other sources, and encourage
24 businesses to commercialize promising technologies.

25 b. (1) In administering the program, the authority may
26 provide technical and financial assistance to businesses.
27 Financial assistance provided pursuant to this subsection shall
28 not exceed twenty-five thousand dollars to any single business.

29 (2) The authority may require successful applicants to
30 repay the amount of financial assistance received, but shall
31 not require unsuccessful applicants to repay such assistance.
32 Any moneys repaid pursuant to this subsection may be used to
33 provide financial assistance to other applicants.

34 c. The authority may also provide financial assistance
35 for purposes of helping businesses meet the matching funds

1 requirements of the federal small business innovation research
2 and small business technology transfer programs.

3 d. The authority may contract with outside service providers
4 for assistance with the programs described in this subsection
5 or may delegate the functions to be performed under this
6 subsection to the corporation pursuant to section 15.106B.

7 ~~10.~~ 6. The board shall adopt rules pursuant to chapter 17A
8 necessary for the administration of this section.

9 Sec. 31. Section 15.412, subsections 2 and 3, Code
10 Supplement 2011, are amended to read as follows:

11 2. Moneys in the fund are appropriated to the authority and,
12 with the approval of the board, shall be used to facilitate
13 agreements, enhance commercialization ~~in the targeted~~
14 ~~industries~~, and increase the availability of skilled workers
15 ~~within the targeted industries~~ in innovative businesses. Such
16 moneys shall not be used for the support of retail businesses,
17 health care businesses, or other businesses requiring a
18 professional license.

19 3. Moneys in the fund, ~~with the approval of the board,~~ may
20 also be used for the following purposes:

21 a. For assistance to entities providing student internship
22 opportunities.

23 ~~b. For increasing career awareness training.~~

24 ~~c. For recruiting management talent.~~

25 ~~d.~~ b. For assistance to entities engaged in prototype and
26 concept development activities.

27 ~~e.~~ c. For developing a statewide commercialization network.

28 ~~f.~~ For deploying and maintaining an Iowa entrepreneur
29 website.

30 ~~g.~~ For funding asset mapping and supply chain initiatives,
31 including for identifying methods of supporting lean
32 manufacturing practices or processes.

33 ~~h.~~ For information technology training.

34 ~~i.~~ For networking events to facilitate the transfer of
35 technology among researchers and industries.

1 ~~j. For funding student competition programs.~~

2 ~~k. For the purchase of advanced equipment and software~~
3 ~~at Iowa community colleges in order to support training and~~
4 ~~coursework related to the targeted industries.~~

5 Sec. 32. Section 15E.52, subsection 1, paragraph c, Code
6 Supplement 2011, is amended to read as follows:

7 c. "Innovative business" means a business applying novel
8 or original methods to the manufacture of a product or the
9 delivery of a service. "Innovative business" includes but
10 is not limited to a business engaged in a ~~targeted industry~~
11 ~~as defined in section 15.411~~ the industries of advanced
12 manufacturing, biosciences, and information technology.

13 DIVISION III

14 OTHER ECONOMIC DEVELOPMENT CHANGES

15 Sec. 33. Section 15.106A, subsection 1, paragraph o, Code
16 Supplement 2011, is amended to read as follows:

17 o. Establish one or more funds within the state treasury
18 under the control of the authority. Moneys deposited in or
19 accruing to such a fund are appropriated to the authority for
20 purposes of administering the economic development programs in
21 this chapter, chapter 15E, or such other programs as directed
22 by law. Notwithstanding section 8.33 or 12C.7, or any other
23 provision to the contrary, moneys invested by the treasurer
24 of state pursuant to this subsection shall not revert to the
25 general fund of the state and interest accrued on the moneys
26 shall be moneys of the authority and shall not be credited to
27 the general fund. The nonreversion of moneys allowed under
28 this paragraph does not apply to moneys appropriated to the
29 authority by the general assembly.

30 Sec. 34. REPEAL. Sections 15.103 and 15.104, Code
31 Supplement 2011, are repealed.

32 DIVISION IV

33 FILM TAX CREDIT PROGRAM

34 Sec. 35. Section 2.48, subsection 3, paragraph c,
35 subparagraph (5), Code 2011, is amended by striking the

1 subparagraph.

2 Sec. 36. Section 15.119, subsection 2, paragraph b, Code
3 Supplement 2011, is amended by striking the paragraph.

4 Sec. 37. Section 422.7, subsection 52, Code Supplement
5 2011, is amended by striking the subsection.

6 Sec. 38. Section 422.33, subsections 23 and 24, Code
7 Supplement 2011, are amended by striking the subsections.

8 Sec. 39. Section 422.35, subsection 23, Code Supplement
9 2011, is amended by striking the subsection.

10 Sec. 40. Section 422.60, subsections 10 and 11, Code
11 Supplement 2011, are amended by striking the subsections.

12 Sec. 41. Section 533.329, subsection 2, paragraphs f and g,
13 Code Supplement 2011, are amended by striking the paragraphs.

14 Sec. 42. REPEAL. Sections 15.391, 15.392, 422.11T,
15 422.11U, 432.12J, and 432.12K, Code 2011, are repealed.

16 Sec. 43. REPEAL. Section 15.393, Code Supplement 2011, is
17 repealed.

18 Sec. 44. EFFECTIVE UPON ENACTMENT. This division of this
19 Act, being deemed of immediate importance, takes effect upon
20 enactment.

21 Sec. 45. RETROACTIVE APPLICABILITY. This division of this
22 Act applies retroactively to January 1, 2012, for tax years
23 beginning on or after that date.

24 Sec. 46. APPLICABILITY. This division of this Act does not
25 apply to contracts or agreements entered into on or before the
26 effective date of this division of this Act.

27 EXPLANATION

28 This bill relates to economic development and the use of tax
29 revenues and other funds by affecting programs, tax incentives,
30 and project completion and other assistance administered
31 by the economic development authority. The bill diverts
32 franchise tax revenues and diverts withholding tax payments
33 for such programs, incentives, and assistance. The bill
34 provides general spending authority to the economic development
35 authority for funds established pursuant to Code section

1 15.106A. The bill abolishes the film tax credit program.

2 HIGH QUALITY JOBS PROGRAM. Division I relates to assistance
3 in the high quality jobs program and related assistance and
4 programs.

5 The bill amends Code chapter 15, part 13, to provide for
6 assistance when providing for incentives. The bill includes
7 amendments to definitions, which incorporate the language of
8 the definitions in Code chapter 15G, the economic development
9 fund and financial assistance program (formerly, the grow Iowa
10 values fund and program), which is repealed June 30, 2012, with
11 some modifications. The bill transfers the definitions of
12 "created job", "maintenance period completion date", "retained
13 job", "financial assistance", "full-time equivalent position",
14 "maintenance period", and "project completion period" from Code
15 section 15G.101 to Code section 15.327.

16 The bill transfers the definitions of "benefit", "fiscal
17 impact ratio", "project completion date", "qualifying wage
18 threshold", and "base employment level" from Code section
19 15G.101 to Code section 15.327, with modifications. The bill
20 changes the definition of "benefit" by providing that the
21 economic development board, rather than the authority, shall
22 determine any other nonwage compensation that is considered a
23 benefit. The bill changes the calculation of a "fiscal impact
24 ratio". The estimated taxes to be received by the state from a
25 business would be divided by the estimated cost to the state of
26 providing certain project completion assistance and incentives
27 to the business rather than dividing the estimated taxes by
28 the cost of providing financial incentives to the business.
29 The bill amends the definition of "project completion date"
30 to provide that the person may be a recipient of project
31 completion assistance rather than financial assistance. The
32 bill amends the definition of "qualifying wage threshold".
33 The bill provides that the qualifying wage threshold means
34 the "laborshed wage" as defined in the bill rather than the
35 county or regional wage. The bill provides that the "base

1 employment level" is calculated as of the date the business
2 applies for incentives or project completion assistance rather
3 than financial assistance.

4 The bill also adds definitions for "business engaged in
5 disaster recovery", "fund", "laborshed wage", "necessary
6 physical infrastructure project", "program support", and
7 "project completion assistance" in Code section 15.327. The
8 bill provides that a "business engaged in disaster recovery"
9 means a business located in a federally declared disaster
10 area that sustained substantial physical damage and closed
11 as a result of the disaster, but has a plan for reopening
12 that includes employing a substantial number of the employees
13 the business employed before the natural disaster. The bill
14 provides that "fund" means a fund created pursuant to new Code
15 section 15.335B. The bill provides that "laborshed wage" means
16 the wage level represented by those wages within two standard
17 deviations from the mean wage within the laborshed area, as
18 calculated by the authority. The bill defines "necessary
19 physical infrastructure project" as a project creating
20 necessary infrastructure for economic success by providing
21 the foundation for job creation, and involving investment of
22 capital. The bill defines "program support" as the services
23 necessary for the efficient administration of the high quality
24 jobs program. The bill defines "project completion assistance"
25 as financial or technical assistance provided to an eligible
26 business to facilitate the start-up, location, or expansion of
27 the business.

28 The bill strikes the definitions for "benefits", "county
29 wage", "qualifying wage threshold", and "regional wage" as used
30 in Code section 15.335A, as those definitions placed by the
31 bill in Code section 15.327 also apply to Code section 15.335A.

32 The bill amends Code section 15.329 regarding qualifying
33 wage thresholds for eligible businesses. The current law
34 requires that any jobs created or retained pay at least
35 130 percent of the qualifying wage threshold at the project

1 completion date until the maintenance period completion
2 date. The bill provides that a business eligible to receive
3 incentives or assistance for creating or retaining jobs must
4 pay at least 120 percent of the qualifying wage threshold
5 at the project completion date until the maintenance period
6 completion date. The bill also eliminates a credit against
7 the qualifying wage threshold for businesses that create or
8 retain jobs with sufficient benefits packages. However, the
9 bill allows the authority to provide assistance to a business
10 paying less than 120 percent but at least 100 percent of the
11 qualifying wage threshold if the business is located in an
12 economically distressed area. An economically distressed
13 area is defined in the bill as a county that ranks among the
14 bottom 25 counties in Iowa based on either the average monthly
15 unemployment level for the most recent 12-month period, or
16 the average annualized unemployment level for the most recent
17 five-year period.

18 The bill amends Code section 15.330 to include financial
19 assistance where the statutory language provides for
20 incentives. The bill also amends Code section 15.330 to
21 eliminate references to Code chapter 15G, the economic
22 development fund and financial assistance program, which is
23 repealed on June 30, 2012.

24 The bill allows the authority to consult with the community
25 during negotiations relating to an agreement between the
26 authority and a business under the high quality jobs program.

27 The bill provides that an agreement between the business
28 and the authority that specifies the requirements to be met
29 to confirm eligibility must include the amount and type of
30 project completion assistance to be provided, the amount of
31 matching funds from a city or county, a provision that the
32 business has not closed or substantially reduced operations
33 in one area of the state and relocated in another area of
34 the state, a provision that the proposed project shall not
35 negatively impact other businesses in competition with the

1 business being considered for assistance, a report submitted
2 to the authority describing violations of environmental law or
3 worker safety law, a provision that the business shall only
4 employ individuals legally authorized to work in the state, and
5 any terms necessary to effect compliance with the eligibility
6 requirements of Code section 15.329.

7 The bill adds a new Code section 15.330A regarding the
8 maintenance of agreements. The new Code section provides that
9 an eligible business that is receiving incentives or assistance
10 must meet the terms and obligations in the agreement by the
11 project completion date and the business must comply with the
12 agreement throughout the maintenance period. If the recipient
13 business experiences a layoff or closure within the state, the
14 authority is authorized to reduce or eliminate part or all of
15 the incentives or assistance. The business may also be subject
16 to repayment of the incentives and assistance. The bill allows
17 the authority to enforce the terms of an agreement as necessary
18 and appropriate.

19 The bill provides that a community may apply to the economic
20 development authority for a project-specific waiver from
21 the qualifying wage threshold requirement in order to seek
22 tax incentives, and the authority may grant the waiver for
23 the remainder of the calendar year if the community meets
24 the requirements of an economically distressed community as
25 provided by new Code section 15.335C. The bill eliminates
26 the county wage or regional wage calculations as a tool for
27 determining whether to grant a project-specific waiver. The
28 bill also eliminates a provision that prohibits the authority
29 from approving more than \$3.6 million worth of investment tax
30 credits for projects with qualifying investments of less than
31 \$1 million.

32 The bill provides that one or more funds shall be established
33 within the state treasury to be used for assistance under newly
34 created Code section 15.335B. One of the funds shall consist
35 of moneys deposited by the department of revenue pursuant to

1 a 10-year diversion of franchise tax revenues as established
2 through new Code section 422.64 as well as moneys deposited in
3 the fund pursuant to a withholding tax diversion through new
4 Code section 15.331. Moneys deposited into the fund shall be
5 used for project completion assistance, economic development
6 region financial assistance, financial assistance for business
7 accelerators, the innovation and commercialization fund,
8 financial assistance to business or communities for necessary
9 physical infrastructure projects, financial assistance
10 to businesses engaged in disaster recovery, and financial
11 assistance to Iowa's councils of governments.

12 The bill provides that the authority may enter into
13 agreements with recipients of financial assistance under the
14 high quality jobs program and the enterprise zones program that
15 allow for the diversion of withholding tax payments pursuant
16 to Code section 422.16 from the department of revenue to the
17 authority. The diversion amount will be 2.5 percent of gross
18 wages paid by eligible businesses to each employee considered
19 to be holding a created or retained job. The bill establishes
20 a priority withholding order if the employee's wages are
21 subject to another withholding diversion. The bill provides
22 that the withholding diversion takes effect upon enactment and
23 applies retroactively to agreements entered into on or after
24 July 1, 2011, and awards of incentives and assistance made
25 under those programs on or after July 1, 2011.

26 For calendar year 2012, the franchise tax diversion
27 established in Code section 422.64 will be \$24 million. For
28 calendar year 2013, the franchise tax diversion will be \$22.5
29 million and will decline by \$2.5 million each subsequent
30 calendar year until the diversion ceases. The diversion is
31 effective upon enactment and applies retroactively to January
32 1, 2012.

33 The bill provides that the authority shall estimate the
34 revenues available for project completion and shall develop
35 a budget for the expenditure of funds each fiscal year. In

1 providing assistance, the authority shall make determinations
2 as to the amount and type of assistance that is most
3 appropriate. Each eligible business that receives assistance
4 under Code section 15.335B must enter into an agreement with
5 the authority that meets the requirements of agreements under
6 the high quality jobs program pursuant to Code sections 15.330
7 and 15.330A.

8 The bill removes references to the economic development
9 fund and financial assistance program and replaces it with the
10 assistance created by new Code section 15.335B.

11 TARGETED INDUSTRIES PROGRAM. Division II relates to the
12 targeted industries program. The term "targeted industries"
13 in Code section 15.411 is replaced with "innovative business".
14 The bill no longer requires board approval for the authority
15 to contract with service providers for services related to
16 commercialization development. The bill removes the \$150,000
17 limitation on financial assistance for a single project of
18 an innovative business. The bill removes the requirement
19 that the authority administer a program to provide financial
20 assistance for projects designed to encourage collaboration
21 between commercial users and developers of information
22 technology. The bill also removes the requirement the
23 authority establish and administer a program to provide
24 financial assistance to business or business departments
25 engaged in the delivery of information technology services
26 in the state. The bill eliminates the requirement that the
27 authority and department of workforce development create a
28 statewide supplier capacity and product database. The bill
29 provides that applications for financial assistance under the
30 innovative businesses program no longer require a review by
31 the technology commercialization committee. The bill removes
32 the transfer provisions relating to money received by the
33 authority as loan repayments or recaptures of federal economic
34 stimulus funds. The bill requires the authority to establish
35 and administer an outreach program to assist businesses with

1 applications to the federal small business innovation research
2 and small business technology transfer programs. However,
3 the authority may contract with outside service providers for
4 assistance with the program or may delegate the administration
5 of the program to the Iowa innovation corporation pursuant to
6 Code section 15.106B. The authority may provide technical
7 or financial assistance and may require that successful
8 applicants repay any financial assistance received. The
9 bill specifies that moneys appropriated to the innovation
10 and commercialization development fund shall not be used for
11 retail businesses, health care businesses, or other businesses
12 requiring a professional license. The bill also reduces the
13 number of purposes for which money in the innovation and
14 commercialization development fund may be used.

15 OTHER ECONOMIC DEVELOPMENT CHANGES. Division III of the
16 bill repeals Code sections 15.103 and 15.104, relating to the
17 economic development board, which was replaced by the economic
18 development authority board in Code section 15.105.

19 The bill provides spending authority for moneys deposited
20 in or accruing to funds established pursuant to Code section
21 15.106A for the purposes of administering economic development
22 programs in Code chapters 15 and 15E, or other programs as
23 directed by law.

24 FILM TAX CREDIT PROGRAM. Division IV repeals the film tax
25 credit program and the tax credits provided under that program.

26 The bill makes changes corresponding to the repeal of the
27 program and the related tax credits.