

House Study Bill 591 - Introduced

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

A BILL FOR

1 An Act relating to the administration of certain economic
2 development programs by the economic development authority
3 and including effective date and retroactive applicability
4 provisions.

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

DIVISION I

INVESTMENT TAX CREDITS

1
2
3 Section 1. Section 15E.43, subsection 1, paragraph b, Code
4 2014, is amended to read as follows:

5 b. A tax credit shall be allowed only for an investment made
6 in the form of cash to purchase equity in a qualifying business
7 or in a community-based seed capital fund. A taxpayer that has
8 received a tax credit for an investment in a community-based
9 seed capital fund shall not claim the tax credit prior to the
10 third tax year following the tax year in which the investment
11 is made. Any tax credit in excess of the taxpayer's liability
12 for the tax year may be credited to the tax liability for the
13 following five years or until depleted, whichever is earlier.
14 A tax credit shall not be carried back to a tax year prior to
15 the tax year in which the taxpayer redeems the tax credit.

16 Sec. 2. Section 15E.44, subsection 1, Code 2014, is amended
17 to read as follows:

18 1. In order for an equity investment to qualify for a
19 tax credit, the business in which the equity investment is
20 made shall, within one hundred twenty days of the date of
21 the first investment, notify the authority of the names,
22 addresses, shares issued, consideration paid for the shares,
23 and the amount of any tax credits, of all shareholders who
24 may initially qualify for the tax credits, ~~and the earliest~~
25 ~~year in which the tax credits may be redeemed.~~ The list
26 of shareholders who may qualify for the tax credits shall
27 be amended as new equity investments are sold or as any
28 information on the list shall change.

29 Sec. 3. Section 15E.44, subsection 2, paragraph f, Code
30 2014, is amended to read as follows:

31 f. The business shall have secured, ~~within twenty-four~~
32 ~~months following the first date on which the equity investments~~
33 ~~qualifying for tax credits have been made,~~ total equity
34 or financing, near equity financing, binding investment
35 commitments, or some combination thereof, equal to at least two

1 hundred fifty thousand dollars.

2 Sec. 4. Section 15E.45, subsection 3, paragraph a,
3 subparagraph (3), Code 2014, is amended by striking the
4 subparagraph and inserting in lieu thereof the following:

5 (3) Any other information required by the authority.

6 Sec. 5. Section 15E.45, subsection 6, Code 2014, is amended
7 to read as follows:

8 6. In the event that a community-based seed capital
9 fund fails to meet or maintain any requirement set forth in
10 this section, or in the event that at least thirty-three
11 percent of the invested capital of the community-based seed
12 capital fund has not been invested in one or more separate
13 qualifying businesses, measured at the end of the ~~forty-eighth~~
14 thirty-sixth month after commencing the fund's investing
15 activities, the authority shall rescind any tax credit
16 certificates issued to limited partners or members and shall
17 notify the department of revenue that it has done so, and the
18 tax credit certificates shall be null and void. ~~However, a~~ A
19 community-based seed capital fund may apply to the authority
20 for a one-year waiver of the requirements of this subsection.

21 Sec. 6. RETROACTIVE APPLICABILITY. This division of this
22 Act applies retroactively to January 1, 2014, for tax years
23 beginning and investments made on or after that date.

24 DIVISION II

25 TARGETED SMALL BUSINESS ASSISTANCE

26 Sec. 7. 2013 Iowa Acts, chapter 13, section 10, subsections
27 1 and 2, are amended to read as follows:

28 1. Upon repeal of the targeted small business financial
29 assistance program established in section 15.247, the authority
30 shall transfer all unencumbered and unobligated moneys accruing
31 to the authority pursuant to existing agreements to a fund
32 established by the authority in the state treasury under
33 the control of the authority pursuant to section 15.106A,
34 subsection 1, paragraph "o", to be used for the purposes of
35 providing assistance to targeted small businesses pursuant to

1 ~~subsection~~ subsections 3 and 4 of this section of this Act.

2 2. Loan payments or repayments and recaptures of principal,
3 interest, or other moneys accruing to the authority on or after
4 June 30, 2013, pursuant to an agreement under section 15.247,
5 shall be transferred to a fund established by the authority in
6 the state treasury under the control of the authority pursuant
7 to section 15.106A, subsection 1, paragraph "o", to be used
8 for the purposes of providing assistance to targeted small
9 businesses pursuant to ~~subsection~~ subsections 3 and 4 of this
10 section of this Act.

11 Sec. 8. 2013 Iowa Acts, chapter 13, section 10, subsection
12 3, paragraph c, is amended to read as follows:

13 c. The authority shall, upon completion of the initial
14 performance period and the other applicable terms of the
15 agreement with the microloan service provider, submit a report
16 to the general assembly and the governor's office describing
17 the results achieved by the service provider and shall make
18 recommendations as to whether the state should continue to
19 provide funds for future fiscal years for the purpose of
20 providing financial and technical assistance to targeted
21 small businesses through the services of a microloan service
22 provider. The report shall also include the results achieved
23 by the program established to assist entities in developing a
24 statewide initiative designed to increase the number of female
25 entrepreneurs in the state pursuant to subsection 4.

26 Sec. 9. 2013 Iowa Acts, chapter 13, section 10, is amended
27 by adding the following new subsection:

28 NEW SUBSECTION. 4. a. From the moneys transferred pursuant
29 to subsections 1 and 2, the authority may use amounts not
30 allocated for purposes of subsection 3 for purposes of this
31 subsection.

32 b. The authority may establish a program to assist one
33 or more private sector entities in implementing a multiyear
34 statewide initiative designed to increase the number of female
35 entrepreneurs in the state. Such an initiative shall target

1 at least ten communities around the state, both urban and
2 rural, for training and discussion on the personal, legal,
3 and financial aspects of starting and operating a small
4 business. The initiative shall also provide for individual
5 mentoring, access to matched savings accounts intended to be
6 used for the start or expansion of a small business by a female
7 entrepreneur, and specialized topical workshops useful to
8 female entrepreneurs.

9 c. A targeted small business owned, operated, and actively
10 managed by one or more women that is receiving assistance under
11 subsection 3 is also eligible to receive assistance under this
12 subsection.

13 d. The program established pursuant to this subsection shall
14 be implemented, to the extent practicable, in a manner that
15 complements the program established pursuant to subsection 3.
16 Results achieved by the program established pursuant to this
17 subsection shall be included in the report prepared pursuant to
18 subsection 3.

19 Sec. 10. EFFECTIVE UPON ENACTMENT. This Act, being deemed
20 of immediate importance, takes effect upon enactment.

21 DIVISION III

22 STRATEGIC INFRASTRUCTURE PROGRAM

23 Sec. 11. Section 15.311, Code 2014, is amended to read as
24 follows:

25 15.311 Title.

26 This part shall be known as the "*Iowa Strategic Investment*
27 *Fund*" Infrastructure program.

28 Sec. 12. Section 15.313, subsection 1, Code 2014, is amended
29 to read as follows:

30 1. a. ~~An Iowa strategic investment fund is created~~ The
31 authority shall establish a fund pursuant to section 15.106A,
32 subsection 1, paragraph "o", for purposes of financing
33 strategic infrastructure projects as described in this
34 section. A fund established for purposes of this section may
35 be administered as a revolving fund consisting and may consist

1 of any ~~money~~ moneys appropriated by the general assembly for
2 ~~that purpose~~ purposes of this section and any other moneys
3 that are lawfully available to and obtained or accepted by
4 the authority, from the federal government or private sources
5 for placement in the fund including moneys transferred or
6 deposited from other funds created pursuant to section 15.106A,
7 subsection 1, paragraph "o".

8 **b.** Notwithstanding section 8.33, moneys in ~~the strategic~~
9 ~~investment a fund~~ established for purposes of this section
10 at the end of each fiscal year shall not revert to any other
11 fund but shall remain in the strategic investment fund for
12 expenditure for subsequent fiscal years.

13 **c.** Moneys in a fund established for purposes of this section
14 may be transferred to other funds created pursuant to section
15 15.106A, subsection 1, paragraph "o".

16 Sec. 13. Section 15.313, subsection 2, unnumbered paragraph
17 1, Code 2014, is amended to read as follows:

18 ~~The assets of the fund program~~ shall be used by the authority
19 to ~~assist in provide~~ provide financial assistance for strategic
20 infrastructure projects that are intended to lead to relocation
21 or expansion projects for existing businesses as well as
22 entrepreneurial start-up and expansion projects financial
23 assistance for new businesses. ~~Moneys in the fund shall~~
24 ~~be used for projects designed to meet any of the following~~
25 ~~purposes:~~

26 Sec. 14. Section 15.313, subsection 2, paragraphs a, b, c,
27 d, e, and f, Code 2014, are amended by striking the paragraphs.

28 Sec. 15. Section 15.313, subsection 3, Code 2014, is amended
29 by striking the subsection and inserting in lieu thereof the
30 following:

31 3. For purposes of this section, unless the context
32 otherwise requires:

33 **a.** *"Financial assistance"* means the same as defined in
34 section 15.102.

35 **b.** *"Strategic infrastructure"* means projects that develop

1 commonly utilized assets that provide an advantage to one
2 or more private sector entities or that create necessary
3 physical infrastructure in the state, and such projects are
4 not adequately provided by the public or private sectors.
5 Such projects may include vertical improvement developments,
6 facilities and equipment upgrades, or the redevelopment or
7 repurposing of underutilized property or other assets, provided
8 that each project is intended to attract additional public or
9 private sector investment and result in broad-based prosperity
10 in this state.

11 *c. "Vertical improvement"* means the same as defined in
12 section 15J.2.

13 Sec. 16. Section 15.313, Code 2014, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 4. The authority shall adopt rules to
16 implement and administer this section. In adopting such rules,
17 the authority shall narrowly construe the provisions of this
18 section.

19 Sec. 17. Section 15.335B, subsection 2, paragraph a, Code
20 2014, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (7) For deposit in a fund created for
22 purposes of the strategic infrastructure program established
23 pursuant to section 15.313.

24 Sec. 18. Section 384.4, subsection 1, paragraph b, Code
25 2014, is amended by striking the paragraph.

26 Sec. 19. 2011 Iowa Acts, chapter 133, section 13A, as
27 enacted by 2013 Iowa Acts, chapter 142, section 7, is amended
28 to read as follows:

29 SEC. 13A. TRANSITION UPON REPEAL.

30 1. Any moneys in the economic development fund created
31 pursuant to section 15G.111, Code Supplement 2011, that
32 remain unobligated on July 1, 2013, shall be transferred to
33 the rebuild Iowa infrastructure fund. The authority shall
34 provide notification to the department of management and to the
35 legislative services agency at the time of the transfer.

1 after commencing the fund's investing activities.

2 Division I applies retroactively to January 1, 2014, for tax
3 years beginning on or after that date and investments made on
4 or after that date.

5 Division II of the bill allows moneys transferred from the
6 targeted small business financial assistance program, which
7 was repealed in the 2013 legislative session, that are not
8 allocated for the procurement of a microloan service provider
9 to assist targeted small businesses to be used to establish a
10 program to assist one or more private entities in implementing
11 an initiative to increase the number of female entrepreneurs in
12 the state. A program created for this purpose must complement
13 the current microloan service provider program which provides
14 financial and technical assistance to targeted small businesses
15 at a discounted rate. A targeted small business that is owned,
16 operated, and managed by a woman and that is receiving the
17 services of a microloan service provider may also receive
18 assistance from the statewide initiative.

19 Division II takes effect upon enactment.

20 Division III of the bill makes changes to the strategic
21 investment fund program. The bill changes the name of the
22 program from the Iowa strategic investment fund program to the
23 Iowa strategic infrastructure program, and allows the authority
24 to establish a fund under its general authority for the purpose
25 of financing strategic infrastructure projects.

26 Under current law, a strategic investment fund is created
27 and the fund's assets are required to be used for relocation or
28 expansion projects for existing businesses and entrepreneurial
29 start-up and expansion projects that meet purposes specified in
30 statute. The bill eliminates these provisions and requires the
31 fund created by the authority to be used to provide financial
32 assistance for relocation or expansion projects for existing
33 businesses as well as financial assistance for new businesses.
34 The bill also allows the moneys in the fund to be transferred
35 to other funds created by the authority, and allows the fund

1 to receive transfers from other funds, generally, and from
2 a fund created under the high quality jobs program in Code
3 section 15.335B, specifically. The bill provides definitions
4 for "financial assistance", "strategic infrastructure", and
5 "vertical improvement".

6 The bill repeals a provision relating to loan repayments
7 under the former Iowa community development loan program that
8 included a reference to the strategic investment fund.

9 The bill requires the authority to transfer loan payments
10 or repayments and recaptures of principal, interest, or other
11 moneys accruing to the authority as a result of an agreement
12 made pursuant to Code chapter 15G, subchapter I, the grow
13 Iowa financial assistance program, to a fund created by the
14 authority. This provision of the bill applies retroactively to
15 July 1, 2013. The bill allows the authority to use any moneys
16 transferred pursuant to this provision of the bill for purposes
17 of the strategic infrastructure program.