

Senate File 2354 - Introduced

SENATE FILE 2354

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2180)

(SUCCESSOR TO SSB 3121)

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

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

22 DIVISION III

23 STRATEGIC INFRASTRUCTURE PROGRAM

24 Sec. 11. Section 15.117A, subsection 6, Code 2014, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. f. Review and make recommendations on all
27 applications received by the authority for financial assistance
28 under the Iowa strategic infrastructure program pursuant to
29 section 15.313.

30 Sec. 12. Section 15.311, Code 2014, is amended to read as
31 follows:

32 **15.311 Title.**

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

35 Sec. 13. Section 15.313, subsection 1, Code 2014, is amended

1 to read as follows:

2 1. ~~a. An Iowa strategic investment fund is created~~ The
3 authority shall establish a fund pursuant to section 15.106A,
4 subsection 1, paragraph "o", for purposes of financing
5 strategic infrastructure projects as described in this
6 section. A fund established for purposes of this section may
7 be administered as a revolving fund consisting and may consist
8 of any money moneys appropriated by the general assembly for
9 that purpose purposes of this section and any other moneys
10 that are lawfully available to and obtained or accepted by
11 the authority, from the federal government or private sources
12 for placement in the fund including moneys transferred or
13 deposited from other funds created pursuant to section 15.106A,
14 subsection 1, paragraph "o". Any moneys appropriated to a fund
15 for purposes of this section shall be used for purposes of the
16 strategic infrastructure program.

17 b. Notwithstanding section 8.33, moneys in ~~the strategic~~
18 ~~investment~~ a fund established for purposes of this section at
19 the end of each fiscal year shall not revert to any other fund
20 but shall remain in the strategic investment infrastructure
21 fund for expenditure for subsequent fiscal years.

22 c. Moneys in a fund established for purposes of this
23 section, except for moneys appropriated to a fund for purposes
24 of this section, may be transferred to other funds created
25 pursuant to section 15.106A, subsection 1, paragraph "o".

26 Sec. 14. Section 15.313, subsection 2, unnumbered paragraph
27 1, Code 2014, is amended to read as follows:

28 ~~The assets of the fund program~~ shall be used by the authority
29 ~~to assist in provide~~ financial assistance for strategic
30 infrastructure projects that are intended to lead to relocation
31 or expansion projects for existing businesses as well as
32 entrepreneurial start-up and expansion projects financial
33 assistance for new businesses. Moneys in the fund shall
34 be used for projects designed to meet any of the following
35 purposes:

1 Sec. 15. Section 15.313, subsection 2, paragraphs a, b, c,
2 d, e, and f, Code 2014, are amended by striking the paragraphs.

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

5 NEW SUBSECTION. 2A. The Iowa innovation council shall
6 review each application received by the economic development
7 authority for financial assistance under the program and
8 shall make recommendations to the board regarding all of the
9 following:

10 a. The completeness of the application.

11 b. Whether the board should approve an application for
12 financial assistance, and if so, the amount of such financial
13 assistance.

14 Sec. 17. Section 15.313, subsection 3, Code 2014, is amended
15 by striking the subsection and inserting in lieu thereof the
16 following:

17 3. For purposes of this section, unless the context
18 otherwise requires:

19 a. "*Financial assistance*" means the same as defined in
20 section 15.102.

21 b. "*Strategic infrastructure*" means projects that develop
22 commonly utilized assets that provide an advantage to one
23 or more private sector entities or that create necessary
24 physical infrastructure in the state, and such projects are
25 not adequately provided by the public or private sectors.
26 Such projects may include vertical improvement developments,
27 facilities and equipment upgrades, or the redevelopment or
28 repurposing of underutilized property or other assets, provided
29 that each project is intended to attract additional public or
30 private sector investment and result in broad-based prosperity
31 in this state.

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

34 Sec. 18. Section 15.313, Code 2014, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 4. The authority shall adopt rules to
2 implement and administer this section. In adopting such rules,
3 the authority shall narrowly construe the provisions of this
4 section.

5 Sec. 19. Section 15.335B, subsection 2, paragraph a, Code
6 2014, is amended by adding the following new subparagraph:

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

10 Sec. 20. Section 384.4, subsection 1, paragraph b, Code
11 2014, is amended to read as follows:

12 b. Interest as it becomes due and the amount necessary
13 to pay, or to create a sinking fund to pay, the principal at
14 maturity of all general obligation bonds issued by the city ~~or~~
15 ~~to pay, or to create a sinking fund to pay, amounts as due on~~
16 ~~loans received through the former Iowa community development~~
17 ~~loan program pursuant to section 15E.120.~~

18 Sec. 21. 2011 Iowa Acts, chapter 133, section 13A, as
19 enacted by 2013 Iowa Acts, chapter 142, section 7, is amended
20 to read as follows:

21 SEC. 13A. TRANSITION UPON REPEAL.

22 1. Any moneys in the economic development fund created
23 pursuant to section 15G.111, Code Supplement 2011, that
24 remain unobligated on July 1, 2013, shall be transferred to
25 the rebuild Iowa infrastructure fund. The authority shall
26 provide notification to the department of management and to the
27 legislative services agency at the time of the transfer.

28 2. Loan payments or repayments and recaptures of principal,
29 interest, or other moneys accruing to the authority on or after
30 July 1, 2013, pursuant to an agreement under chapter 15G,
31 subchapter I, shall be transferred by the authority to a fund
32 established by the authority in the state treasury pursuant to
33 section 15.106A, subsection 1, paragraph "o".

34 3. The authority may use any moneys accruing pursuant to
35 subsection 2 for purposes of section 15.313.

1 Sec. 22. REPEAL. Section 15E.120, Code 2014, is repealed.

2 Sec. 23. EFFECTIVE UPON ENACTMENT. This division of this
3 Act, being deemed of immediate importance, takes effect upon
4 enactment.

5 Sec. 24. RETROACTIVE APPLICABILITY. The section of this
6 division of this Act amending 2011 Iowa Acts, chapter 133,
7 section 13A, as enacted by 2013 Iowa Acts, chapter 142, section
8 7, applies retroactively to July 1, 2013.

9 DIVISION IV

10 ENDOW IOWA PROGRAM

11 Sec. 25. Section 15E.303, subsection 4, Code 2014, is
12 amended to read as follows:

13 4. "*Endow Iowa qualified community foundation*" means a
14 community foundation organized or operating in this state that
15 ~~substantially complies with~~ attains the national standards
16 established by the national council on foundations as
17 determined by the authority in collaboration with the Iowa
18 council of foundations.

19 DIVISION V

20 ECONOMIC DEVELOPMENT REGIONS

21 Sec. 26. Section 15E.231, unnumbered paragraph 1, Code
22 2014, is amended to read as follows:

23 In order for an economic development region to receive
24 assistance pursuant to section 15.335B, an economic development
25 region's regional development plan must be approved by the
26 authority. An economic development region shall consist of ~~not~~
27 ~~less than three counties, unless two contiguous counties have a~~
28 ~~combined population of at least three hundred thousand based on~~
29 ~~the most recent federal decennial census~~ two or more contiguous
30 counties and one or more public or private, nonprofit
31 entities that have entered into an agreement to pursue
32 mutual economic development goals with a regional focus. An
33 economic development region shall establish a focused economic
34 development effort that shall include a regional development
35 plan relating to one or more of the following areas:

1 program to assist one or more private entities in implementing
2 an initiative to increase the number of female entrepreneurs in
3 the state. A program created for this purpose must complement
4 the current microloan service provider program which provides
5 financial and technical assistance to targeted small businesses
6 at a discounted rate. A targeted small business that is owned,
7 operated, and managed by a woman and that is receiving the
8 services of a microloan service provider may also receive
9 assistance from the statewide initiative.

10 Division II takes effect upon enactment.

11 Division III of the bill makes changes to the strategic
12 investment fund program. The bill changes the name of the
13 program from the Iowa strategic investment fund program to the
14 Iowa strategic infrastructure program, and allows the authority
15 to establish a fund under its general authority for the purpose
16 of financing strategic infrastructure projects.

17 Under current law, a strategic investment fund is created
18 and the fund's assets are required to be used for relocation or
19 expansion projects for existing businesses and entrepreneurial
20 start-up and expansion projects that meet purposes specified in
21 statute. The bill eliminates these provisions and requires the
22 fund created by the authority to be used to provide financial
23 assistance for relocation or expansion projects for existing
24 businesses as well as financial assistance for new businesses.
25 The bill requires moneys appropriated to the fund to be used
26 for the purpose of the strategic infrastructure program, but
27 allows other moneys in the fund to be transferred to other
28 funds created by the authority. The bill provides definitions
29 for "financial assistance", "strategic infrastructure", and
30 "vertical improvement".

31 The bill requires the Iowa innovation council to review
32 each application for financial assistance under the strategic
33 infrastructure program and make a recommendation to the
34 economic development authority board on whether the application
35 is complete, whether the board should approve an application,

1 and the amount of the financial assistance to be awarded, if
2 any.

3 The bill repeals a provision relating to loan repayments
4 under the former Iowa community development loan program that
5 included a reference to the strategic investment fund.

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

15 Division III of the bill takes effect upon enactment.

16 Division IV of the bill makes changes to the endow Iowa
17 program. The bill requires an endow Iowa qualified community
18 foundation to attain national standards established by the
19 national council on foundations rather than substantially
20 comply with those standards.

21 Division V of the bill modifies the definition of an economic
22 development region to be two or more contiguous counties
23 and one or more public or private, nonprofit entities that
24 have entered into an agreement to pursue regional economic
25 development goals. Under current law, an economic development
26 region is defined as three or more counties or two contiguous
27 counties with a population of at least 300,000 people.

28 Division V of the bill takes effect upon enactment.