

**Senate Study Bill 1199 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
HUMAN RESOURCES BILL BY  
CHAIRPERSON MATHIS)

**A BILL FOR**

1 An Act requesting the establishment of a social impact bond  
2 interim study committee.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. SOCIAL IMPACT BOND INTERIM STUDY COMMITTEE.

2 1. The legislative council is requested to establish an  
3 interim study committee to determine whether opportunities  
4 exist for the use of social impact bonds in Iowa. As used in  
5 this section, "social impact bond" means a financial instrument  
6 in which private investors provide working capital to nonprofit  
7 organizations to implement preventive programs aimed at  
8 achieving predefined social outcomes. If an independent  
9 evaluator determines that the predefined outcomes have been  
10 achieved, the government repays the investors their principal  
11 and a rate of return; otherwise, the investors lose their  
12 capital.

13 2. The committee shall be comprised of the following voting  
14 members:

15 a. Five members who are members of the senate, three of  
16 whom shall be appointed by the majority leader of the senate  
17 and two of whom shall be appointed by the minority leader of  
18 the senate.

19 b. Five members who are members of the house of  
20 representatives, three of whom shall be appointed by the  
21 speaker of the house of representatives and two of whom  
22 shall be appointed by the minority leader of the house of  
23 representatives.

24 3. The committee shall be comprised of the following  
25 nonvoting members:

26 a. One representative from the department of human  
27 services, one representative from the Iowa finance authority,  
28 and one representative from the state treasurer's office who  
29 shall be appointed by the governor.

30 b. Two representatives from nongovernmental social service  
31 or community organizations who shall be appointed by the  
32 majority leader of the senate and the speaker of the house of  
33 representatives in consultation with the minority leaders of  
34 the senate and the house of representatives.

35 4. The interim committee shall study the advisability

1 and feasibility of using social impact bonds in Iowa. The  
2 committee's study shall include but not be limited to all of  
3 the following:

4 a. Reviewing existing social innovation programs in this  
5 state and in states with social impact bond programs.

6 b. Identifying opportunities for the use of social impact  
7 bonds in this state, particularly any opportunities that would  
8 be strong candidates for a pilot program.

9 c. Identifying potential challenges and risks of a social  
10 impact bond program.

11 d. Identifying statutory changes that would be necessary  
12 for the establishment of a social impact bond program in this  
13 state.

14 e. Developing legislation to provide the necessary  
15 statutory framework for a social impact bond program in this  
16 state.

17 5. The interim committee shall present a summary of its  
18 review and recommendations in a report to the 2016 session of  
19 the general assembly no later than December 15, 2015.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill requests the legislative council to establish an  
24 interim study committee to determine whether opportunities  
25 exist for the use of social impact bonds in Iowa. The bill  
26 defines "social impact bond" to mean a financial instrument in  
27 which private investors provide working capital to nonprofit  
28 organizations to implement preventive programs aimed at  
29 achieving predefined social outcomes. If an independent  
30 evaluator determines that the predefined outcomes have been  
31 achieved, the government repays the investors their principal  
32 and a rate of return; otherwise, the investors lose their  
33 capital.

34 The legislative interim committee is to be comprised  
35 of legislative members who shall be voting members of the

1 committee, and representatives from the department of  
2 human services, the Iowa finance authority, and the state  
3 treasurer's office, and nongovernmental social service  
4 or community organizations who shall be nonvoting members  
5 of the committee. The committee is directed to study the  
6 advisability and feasibility of using social impact bonds  
7 in Iowa which shall include but not be limited to reviewing  
8 existing social innovation programs in this state and in states  
9 with social impact bond programs; identifying opportunities  
10 for the use of social impact bonds in this state; identifying  
11 potential challenges and risks of a social impact bond program;  
12 identifying necessary statutory changes; and developing  
13 legislation.

14 The committee is required to present a summary of its review  
15 and recommendations in a report to the 2016 session of the  
16 general assembly no later than December 15, 2015.