

House Study Bill 193 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON SORENSEN)

A BILL FOR

1 An Act relating to matters under the purview of the economic
2 development authority and the Iowa finance authority,
3 including tax credit programs, the grow Iowa program and
4 related bonds, incentives for manufacturers to invest in
5 smart technologies, an energy infrastructure revolving loan
6 program, and making appropriations, and including effective
7 date and applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 INVESTMENTS IN QUALIFYING BUSINESSES AND EQUITY INVESTMENTS IN
3 INNOVATION FUNDS

4 Section 1. Section 15.119, subsection 2, paragraph d, Code
5 2021, is amended to read as follows:

6 *d.* (1) The tax credits for investments in qualifying
7 businesses issued pursuant to section 15E.43 and for equity
8 investments in an innovation fund pursuant to section 15E.52.
9 In allocating tax credits pursuant to this subsection, the
10 authority shall allocate ~~two~~ an aggregate of ten million
11 dollars for purposes of this paragraph subparagraph, unless the
12 authority determines that the tax credits awarded will be less
13 than that amount.

14 (2) On or before June 30 of each fiscal year the authority
15 shall determine the amount of tax credits to be allocated
16 for the next fiscal year beginning July 1 to investments
17 in qualifying businesses and to equity investments in an
18 innovation fund under subparagraph (1). Any tax credits
19 allocated for purposes of subparagraph (1) and not awarded
20 in that fiscal year shall be reallocated to a purpose under
21 subparagraph (1) for the next fiscal year and shall not be
22 counted against the aggregate maximum of ten million dollars.

23 Sec. 2. Section 15.119, subsection 2, paragraph e, Code
24 2021, is amended by striking the paragraph.

25 Sec. 3. Section 15E.43, subsection 2, paragraphs b and c,
26 Code 2021, are amended to read as follows:

27 *b.* The maximum amount of a tax credit that may be issued
28 per ~~calendar~~ fiscal year to a natural person and the person's
29 spouse or dependent shall not exceed one hundred thousand
30 dollars combined. For purposes of this paragraph, a tax
31 credit issued to a partnership, limited liability company, S
32 corporation, estate, or trust electing to have income taxed
33 directly to the individual shall be deemed to be issued to
34 the individual owners based upon the pro rata share of the
35 individual's earnings from the entity. For purposes of this

1 paragraph, "dependent" has the same meaning as provided by the
2 Internal Revenue Code.

3 c. The maximum amount of tax credits that may be issued
4 per ~~calendar~~ fiscal year for equity investments in any one
5 qualifying business shall not exceed five hundred thousand
6 dollars.

7 Sec. 4. APPLICABILITY. The following applies to tax credits
8 allocated on or after the fiscal year beginning July 1, 2021,
9 and for each fiscal year thereafter:

10 The section of this division of this Act amending section
11 15.119, subsection 2, paragraph "d".

12 Sec. 5. EFFECTIVE DATE. This division of this Act, being
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION II

15 GROW IOWA PROGRAM

16 Sec. 6. NEW SECTION. 15.221 Legislative findings and intent
17 — purpose.

18 The general assembly finds the following:

19 1. That creating attractive places for people to live and
20 work includes developing regionally significant quality of life
21 projects that leverage local community assets.

22 2. That community placemaking projects and recreational
23 opportunities are vital components of Iowa's workforce
24 attraction and retention strategy.

25 3. That all across the state, individual communities offer
26 something different that can be enhanced to appeal to the
27 current or future workforce in or near that community.

28 Sec. 7. NEW SECTION. 15.222 Definitions.

29 As used in this part, unless the context otherwise requires:

30 1. "Applicant" means a city, county, or nongovernmental
31 organization located in this state that submits a coordinated
32 application to the program.

33 2. "Coordinated application" means an application submitted
34 by an applicant that includes all of the following:

35 a. Input from all municipalities impacted by the proposed

1 project.

2 *b.* Input from a nongovernmental organization that supports
3 the proposed project.

4 *c.* A statement regarding coordination with local
5 stakeholders that have not provided input pursuant to paragraph
6 "a" or "b".

7 3. "*Financial assistance*" means assistance provided only
8 from the funds, rights, and assets legally available to the
9 authority and includes but is not limited to assistance in
10 the form of grants, loans, forgivable loans, pledges, credit
11 enhancements, and financing instruments.

12 4. "*Fund*" means the grow Iowa fund created in section
13 15.226.

14 5. "*Nonfinancial support*" means the value of labor and
15 services, real and personal property donated for purposes of a
16 project, the use of real and personal property for purposes of
17 a project, and any other support as approved by the board.

18 6. "*Nongovernmental organization*" means a nonprofit economic
19 development organization or other nonprofit organization that
20 sponsors or supports community or tourism attractions and
21 activities.

22 7. "*Program*" means the grow Iowa program established in
23 section 15.223.

24 8. "*Vertical infrastructure*" means land acquisition and
25 construction, major renovation and major repair of buildings,
26 all appurtenant structures, utilities, site development, and
27 recreational trails. "*Vertical infrastructure*" does not include
28 routine and recurring maintenance, or operational expenses
29 or leasing of a building, appurtenant structure, or utility
30 without a lease-purchase agreement.

31 Sec. 8. NEW SECTION. 15.223 **Grow Iowa program.**

32 1. The board shall establish and the authority, subject
33 to direction and approval by the board, shall administer a
34 grow Iowa program to assist communities in the development
35 of regionally significant quality of life projects that

1 leverage local community assets in coordination with economic
2 development and workforce attraction and retention planning.

3 2. An applicant may submit a coordinated application to
4 the board for financial assistance for the applicant's project
5 under the program. At a minimum, the coordinated application
6 shall include all of the following information:

7 a. The total capital investment for the project,
8 including the costs for construction, site acquisition, and
9 infrastructure improvement.

10 b. A description of the proposed financing including the
11 amount or percentage of local and private matching moneys to
12 be provided for the project, and of the community's need for
13 financing through the program.

14 c. A description of the benefits to the community from the
15 project.

16 d. An analysis of the long-term, tax-generating impact of
17 the project.

18 e. A description of how the project meets other criteria
19 established in this part.

20 f. An analysis of the projected long-term economic viability
21 of the project, including projected revenues and expenses.

22 Sec. 9. NEW SECTION. 15.224 Program eligibility.

23 1. The aggregate cost of an applicant's project must be at
24 least ten million dollars for an applicant to be eligible to
25 receive financial assistance under the program. An applicant,
26 or the board, may divide an applicant's project into component
27 parts. The board may award financial assistance under the
28 program to one or more component parts of an applicant's
29 project, rather than award financial assistance for the
30 applicant's entire project.

31 2. An applicant shall demonstrate financial and
32 nonfinancial support for the applicant's project, which may
33 be from public or private sources. Nonfinancial support must
34 not total more than twenty-five percent of the aggregate cost
35 of the project. The financial and nonfinancial support for

1 the applicant's project shall equal at least fifty percent of
2 the aggregate cost of the project if the project is located
3 in a county with a population equal to or greater than fifty
4 thousand, and at least forty percent of the aggregate cost
5 of the project if the project is located in a county with a
6 population of less than fifty thousand.

7 3. For an applicant's project to be eligible for a financial
8 assistance award, the project must satisfy all of the following
9 criteria:

10 a. The project must include vertical infrastructure that
11 comprises a substantial portion of the project and that has a
12 substantial regional or statewide economic impact.

13 b. The project must support or be strategically aligned
14 with existing regional or statewide cultural, recreational,
15 entertainment, economic development, or educational activities;
16 or with communities adjacent to cultural and entertainment
17 districts whose existing or planned amenity base will augment
18 or complement the cultural, entertainment, and quality of life
19 venues of the cultural and entertainment districts.

20 c. The project must increase the diversity of activities
21 available to individuals that reside or work in the state,
22 families, and tourists.

23 d. The project must enhance the potential for the successful
24 recruitment and retention of young people to reside and work
25 in the state.

26 e. There must be identifiable economic obstacles, or
27 other identifiable obstacles, impeding local financing of the
28 project.

29 f. The project must not compete with a different project
30 with a similar purpose that is located in the same region of
31 the state as the applicant's project.

32 4. a. The board shall not approve a coordinated application
33 that seeks financial assistance under the program to refinance
34 any loan, or pay off any promissory note, that has been
35 executed prior to the date of submission of the coordinated

1 application.

2 *b.* The board shall not approve a coordinated application for
3 a project for which financial assistance has previously been
4 awarded under the program, unless the applicant can demonstrate
5 that any additional financial assistance approved by the board
6 will be used for a significant expansion of that project.

7 Sec. 10. NEW SECTION. 15.225 **Coordinated applications —**
8 **review.**

9 1. Coordinated applications shall be submitted to the
10 authority. Coordinated applications that meet the eligibility
11 criteria shall be forwarded to the board by the authority. The
12 authority shall also forward to the board, and to the review
13 committee established under subsection 2, the authority's
14 review and evaluation of all eligible coordinated applications.

15 2. The authority shall consider, in addition to other
16 criteria established in this part, all of the following when
17 reviewing a coordinated application to determine if a proposed
18 project is eligible for financial assistance:

19 *a.* Whether wages, benefits, including health benefits,
20 safety parameters, and other attributes of the project will
21 improve the quality of existing community, regional, or
22 statewide cultural, recreational, entertainment, educational,
23 or employment opportunities.

24 *b.* The extent to which the project will generate additional
25 community or regional attractions, and opportunities to
26 increase tourism to the community or region.

27 *c.* The potential for the project to produce a long-term,
28 tax-generating economic impact in excess of the financial
29 assistance proposed by the applicant.

30 *d.* The geographic diversity of the project in relation to
31 other proposed projects.

32 *e.* The investment in the project by the city, county,
33 region, or private funding sources.

34 *f.* Alternative funding sources available to the project.

35 *g.* The long-term economic viability of the project.

1 *h.* The extent to which the project has taken the following
2 planning principles into consideration:

3 (1) A community-driven development process that leverages
4 local assets to develop destinations that create a local
5 identity distinct to the community.

6 (2) Efficient and effective use of land resources and
7 existing infrastructure by encouraging development in areas
8 with existing infrastructure or capacity to avoid costly
9 duplication of services and costly use of land.

10 (3) Conservation of open space and farmland, and
11 preservation of critical environmental areas.

12 (4) Promotion of the livability, safety, and revitalization
13 of existing urban and rural communities.

14 (5) Maintenance of a unique sense of place by respecting
15 local cultural and natural environmental features.

16 (6) Mitigation of adverse impact to water quality or
17 improvements to water quality.

18 (7) Adaptability for access by different modes of
19 transportation and compatibility with changing patterns of
20 transportation.

21 (8) Adaptability of project for future changes.

22 (9) Creation of desirable destinations for living, working,
23 and recreation.

24 (10) Inclusive environments to encourage participation by a
25 diverse range of individuals, groups, and organizations.

26 *i.* The probability that the project will incorporate or
27 promote other priorities of the state including:

28 (1) Other economic development programs authorized under
29 this chapter.

30 (2) Accessibility, diversity, and inclusion by seeking
31 input for the project from a diverse stakeholder group.

32 (3) Creation or retention of jobs.

33 (4) Increased broadband connectivity.

34 (5) Improved water quality as outlined by the Iowa nutrient
35 reduction strategy as defined in section 455B.171.

1 (6) Development of new housing or renovation of existing
2 housing.

3 (7) Repurposing of commercial properties in excess of one
4 acre that include a significant component that is publicly
5 accessible for recreation and community activities.

6 3. A review committee shall review coordinated applications
7 forwarded by the authority and shall make a recommendation to
8 the board regarding whether a project proposed in a coordinated
9 application should be awarded financial assistance. The review
10 committee shall be composed of two members of the board,
11 two members of the enhance Iowa board established pursuant
12 to section 15F.102, and two members from the state at large
13 appointed by the director.

14 4. Upon the recommendations of the review committee, the
15 board shall approve, defer, or deny a coordinated application.
16 If a coordinated application is approved, the board shall enter
17 into an agreement with the applicant to provide financial
18 assistance authorized under the program.

19 Sec. 11. NEW SECTION. 15.226 **Grow Iowa fund.**

20 1. A grow Iowa fund is created and established as a separate
21 and distinct fund in the state treasury under the control of
22 the authority. The moneys in the fund are appropriated to the
23 board for purposes of the grow Iowa program established in
24 section 15.223. Moneys in the fund shall not be subject to
25 appropriation for any other purpose by the general assembly,
26 but shall be used only for purposes of the fund. The Iowa
27 finance authority shall act as custodian of the fund and shall
28 disburse moneys contained in the fund as directed by the board,
29 including automatic disbursements of funds received pursuant
30 to the terms of bond indentures and documents and security
31 provisions to trustees. The fund shall be administered by the
32 board which shall make expenditures from the fund consistent
33 with the purposes of the program without further appropriation.
34 An applicant shall not receive more than fifty million dollars
35 in financial assistance from the fund.

1 2. Revenue for the fund shall include but is not limited to
2 the following, which shall be deposited with the treasurer of
3 state or the treasurer's designee as provided by any bond or
4 security documents and credited to the fund:

5 a. The proceeds of bonds issued to capitalize and pay the
6 costs of the fund and investment earnings on the proceeds.

7 b. Interest attributable to investment of money in the fund
8 or an account of the fund.

9 c. Moneys in the form of a devise, gift, bequest, donation,
10 federal grant or other grant, reimbursement, repayment,
11 judgment, transfer, payment, or appropriation from any source
12 intended to be used for purposes of the fund.

13 3. Notwithstanding section 8.33, moneys appropriated in
14 this section that remain unencumbered or unobligated at the
15 close of the fiscal year shall not revert but shall remain
16 available for expenditure for the purposes designated until the
17 close of the succeeding fiscal year.

18 4. Notwithstanding section 12C.7, subsection 2, interest or
19 earnings on moneys in the fund shall be credited to the fund.

20 5. a. The Iowa finance authority may create and establish
21 one or more special funds, to be known as "bond reserve funds",
22 to secure one or more issues of bonds or notes issued pursuant
23 to section 16.230. The Iowa finance authority shall pay
24 into each bond reserve fund any moneys appropriated and made
25 available by the state or by the Iowa finance authority for the
26 purpose of the fund, any proceeds of sale of notes or bonds
27 to the extent provided in the resolutions authorizing their
28 issuance, and any other moneys from any other sources which may
29 be available to the Iowa finance authority for the purpose of
30 the fund. All moneys held in a bond reserve fund, except as
31 otherwise provided in paragraph "b", shall be used as required
32 solely for the payment of the principal of bonds secured in
33 whole or in part by the fund or of the sinking fund payments
34 with respect to the bonds, the purchase or redemption of the
35 bonds, the payment of interest on the bonds, or the payments

1 of any redemption premium required to be paid when the bonds
2 are redeemed prior to maturity.

3 **b.** Moneys in a bond reserve fund shall not be withdrawn from
4 the fund at any time in an amount that will reduce the amount
5 of the fund to less than the bond reserve fund requirement
6 established for the fund, as provided in this subsection,
7 except for the purpose of making, with respect to bonds secured
8 in whole or in part by the fund, payment when due of principal,
9 interest, redemption premiums, and the sinking fund payments
10 with respect to the bonds for the payment of which other moneys
11 of the Iowa finance authority are not available. Any income or
12 interest earned by, or incremental to, a bond reserve fund due
13 to the investment of that bond reserve fund may be transferred
14 by the Iowa finance authority to other funds or accounts to
15 the extent the transfer does not reduce the amount of the bond
16 reserve fund below its bond reserve fund requirement.

17 **c.** The Iowa finance authority shall not issue bonds, secured
18 in whole or in part by a bond reserve fund if, upon the issuance
19 of the bonds, the amount in the bond reserve fund will be less
20 than the bond reserve fund requirement for the fund, unless the
21 Iowa finance authority at the time of issuance of the bonds
22 deposits in the fund from the proceeds of the bonds issued or
23 from other sources an amount which, together with the amount
24 then in the fund, will not be less than the bond reserve fund
25 requirement for the fund. For the purposes of this subsection,
26 the term "*bond reserve fund requirement*" means, as of any
27 particular date of computation, an amount of money, as provided
28 in the resolutions authorizing the bonds with respect to which
29 the fund is established.

30 **d.** To assure the continued solvency of any bonds secured in
31 whole or in part by the bond reserve fund, provision is made in
32 paragraph "*c*" for the accumulation in each bond reserve fund
33 of an amount equal to the bond reserve fund requirement for
34 the fund. To further assure maintenance of the bond reserve
35 funds, the Iowa finance authority shall annually, on or before

1 January 1, make and deliver to the governor the treasurer's
2 certificate stating the sum, if any, required to restore each
3 bond reserve fund to the bond reserve fund requirement for that
4 fund. Within thirty calendar days after commencement of the
5 next session of the general assembly immediately following
6 delivery of the certificate, the governor shall submit to both
7 chambers of the general assembly a printed copy of a budget
8 including the sum, if any, required to restore each bond
9 reserve fund to the bond reserve fund requirement for that
10 fund. Any sums appropriated by the general assembly and paid
11 to the Iowa finance authority pursuant to this subsection shall
12 be deposited by the Iowa finance authority in the applicable
13 bond reserve fund.

14 Sec. 12. NEW SECTION. 16.230 **General and specific bonding**
15 **powers — grow Iowa program.**

16 1. For purposes of this part, "*economic development*
17 *authority board*" means the members of the economic development
18 authority appointed by the governor and in whom the powers of
19 the authority are vested pursuant to section 15.105, subsection
20 1, paragraph "a".

21 2. The authority may issue bonds upon the request of the
22 economic development authority board and the authority shall
23 have all powers necessary to issue and secure bonds and to
24 carry out the purposes of the grow Iowa fund created in section
25 15.226. The authority may issue bonds in principal amounts
26 which, in the opinion of the economic development authority
27 board, are necessary to provide sufficient funds for the
28 grow Iowa fund, the payment of interest on the bonds, the
29 establishment of reserves to secure the bonds, the costs of
30 issuance of the bonds, other expenditures of the authority
31 incident to and necessary or convenient to carry out the
32 bond issue for the fund, and all other expenditures of the
33 economic development authority board necessary or convenient to
34 administer the fund; provided, however, excluding the issuance
35 of refunding bonds, bonds issued pursuant to this section

1 shall not be issued in an aggregate principal amount which
2 exceeds one hundred million dollars. The bonds are investment
3 securities and negotiable instruments within the meaning of and
4 for purposes of the uniform commercial code, chapter 554.

5 3. Bonds issued under this section are payable solely
6 and only out of the moneys, assets, or revenues of the grow
7 Iowa fund and any bond reserve funds established pursuant to
8 section 15.226, all of which may be deposited with trustees
9 or depositories in accordance with bond or security documents
10 and pledged by the economic development authority board to the
11 payment thereof. Bonds issued under this section shall contain
12 on their face a statement that the bonds do not constitute an
13 indebtedness of the state. The authority shall not pledge
14 the credit or taxing power of this state or any political
15 subdivision of this state or make bonds issued pursuant to this
16 section payable out of any moneys except those in the grow Iowa
17 fund.

18 4. The proceeds of bonds issued by the authority and not
19 required for immediate disbursement may be deposited with a
20 trustee or depository as provided in the bond documents and
21 invested or reinvested in any investment as directed by the
22 economic development authority board and specified in the trust
23 indenture, resolution, or other instrument pursuant to which
24 the bonds are issued without regard to any limitation otherwise
25 provided by law.

26 5. The bonds shall be:

27 a. In a form, issued in denominations, executed in a manner,
28 and payable over terms and with rights of redemption, and be
29 subject to such other terms and conditions as prescribed in the
30 trust indenture, resolution, or other instrument authorizing
31 their issuance.

32 b. Negotiable instruments under the laws of the state and
33 may be sold at prices, at public or private sale, and in a
34 manner, as prescribed by the authority. Chapters 73A, 74, 74A,
35 and 75 shall not apply to the sale or issuance of the bonds.

1 c. Subject to the terms, conditions, and covenants providing
2 for the payment of the principal, redemption premiums, if
3 any, interest, and other terms, conditions, covenants, and
4 protective provisions safeguarding payment, not inconsistent
5 with this section and as determined by the trust indenture,
6 resolution, or other instrument authorizing their issuance.

7 6. The bonds are securities in which public officers and
8 bodies of this state; political subdivisions of this state;
9 insurance companies and associations and other persons engaged
10 in the business of insurance; banks, trust companies, savings
11 associations, and investment companies; administrators,
12 guardians, executors, trustees, and other fiduciaries;
13 and other persons authorized to invest in bonds or other
14 obligations of the state, may properly and legally invest
15 funds, including capital, in their control or belonging to
16 them.

17 7. Bonds must be authorized by a trust indenture,
18 resolution, or other instrument of the authority approved by
19 the economic development authority board. However, a trust
20 indenture, resolution, or other instrument authorizing the
21 issuance of bonds may delegate to an officer of the economic
22 development authority board the power to negotiate and fix the
23 details of an issue of bonds.

24 8. A resolution, trust agreement, or any other instrument
25 by which a pledge is created shall not need to be recorded or
26 filed under the Iowa uniform commercial code, chapter 554, to
27 be valid, binding, or effective.

28 9. Bonds issued under this section are declared to be issued
29 for a general public and governmental purpose and all bonds
30 issued under this section shall be exempt from taxation by the
31 state of Iowa and the interest on the bonds shall be exempt
32 from the state income tax and the state inheritance tax.

33 10. Subject to the terms of any bond documents, moneys in
34 the grow Iowa fund may be expended for administration expenses.

35 11. The authority may issue bonds for the purpose of

1 refunding any outstanding bonds or notes issued pursuant
2 to this section, including the payment of any redemption
3 premiums thereon and any interest accrued or to accrue to the
4 date of redemption of the outstanding bonds or notes. Until
5 the proceeds of bonds issued for the purpose of refunding
6 outstanding bonds or notes are applied to the purchase or
7 retirement of outstanding bonds or notes or the redemption
8 of outstanding bonds or notes, the proceeds may be placed in
9 escrow and be invested and reinvested in accordance with the
10 provisions of this section. The interest, income, and profits
11 earned or realized on an investment may also be applied to the
12 payment of the outstanding bonds or notes to be refunded by
13 purchase, retirement, or redemption. After the terms of the
14 escrow have been fully satisfied and carried out, any balance
15 of proceeds and interest earned or realized on the investments
16 may be returned to the economic development authority board
17 for deposit in the grow Iowa fund. All refunding bonds shall
18 be issued and secured and subject to the provisions of this
19 chapter in the same manner and to the same extent as other
20 bonds issued pursuant to this section.

21 Sec. 13. NEW SECTION. 16.231 **Pledges.**

22 It is the intention of the general assembly that a pledge
23 made in respect of bonds or notes shall be valid and binding
24 from the time the pledge is made, that the money or property
25 so pledged and received after the pledge by the authority
26 shall immediately be subject to the lien of the pledge without
27 physical delivery or further act, and that the lien of the
28 pledge shall be valid and binding as against all parties having
29 claims of any kind in tort, contract, or otherwise against the
30 authority whether or not the parties have notice of the lien.

31 Sec. 14. NEW SECTION. 16.232 **Projects.**

32 The economic development authority board may undertake
33 a project for two or more applicants jointly, or for any
34 combination of applicants, and may combine for financing
35 purposes, with the consent of all of the applicants involved,

1 the project and some or all future projects of any applicant,
2 and sections 15.226 and 16.230 through 16.234, apply to, and
3 for, the benefit of the economic development authority board
4 and the joint applicants. The money set aside in a fund or
5 funds pledged for any series or issue of bonds or notes,
6 however, shall be held for the sole benefit of the series or
7 issue separate and apart from money pledged for another series
8 or issue of bonds or notes of the authority. To facilitate
9 the combining of projects, bonds or notes may be issued in
10 series under one or more resolutions or trust agreements and
11 may be fully open-ended, providing for the unlimited issuance
12 of additional series, or partially open-ended, limited as
13 to additional series. For the purposes of this section,
14 "*applicant*" means the same as defined in section 15.222.

15 Sec. 15. NEW SECTION. 16.233 Limitations.

16 Bonds or notes issued pursuant to section 16.230 shall not
17 be debts of the state, nor of any political subdivision of
18 the state, and shall not constitute a pledge of the faith and
19 credit of the state or constitute a charge against the general
20 credit or general fund of the state. The issuance of any bonds
21 or notes pursuant to section 16.230 by the authority shall not
22 directly, indirectly, or contingently obligate the state or a
23 political subdivision of the state to apply moneys from, or
24 to levy or pledge any form of taxation to, the payment of the
25 bonds or notes.

26 Sec. 16. NEW SECTION. 16.234 Construction.

27 Being necessary for the welfare of this state and its
28 inhabitants, sections 16.230 through 16.233 shall be liberally
29 construed to effect the purposes of those sections.

30 Sec. 17. Section 422.7, subsection 2, Code 2021, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. v. Grow Iowa program bonds pursuant to
33 section 16.230.

34
35

DIVISION III
COMMUNITY ATTRACTION AND TOURISM

1 Sec. 18. Section 12.72, subsection 1, Code 2021, is amended
2 to read as follows:

3 1. A vision Iowa fund is created and established as a
4 separate and distinct fund in the state treasury. The moneys
5 in the fund are appropriated to the enhance Iowa board for
6 purposes of the vision Iowa program established in section
7 15F.302, Code 2021. Moneys in the fund shall not be subject to
8 appropriation for any other purpose by the general assembly,
9 but shall be used only for the purposes of the vision Iowa
10 fund. The treasurer of state shall act as custodian of the
11 fund and disburse moneys contained in the fund as directed
12 by the enhance Iowa board, including automatic disbursements
13 of funds received pursuant to the terms of bond indentures
14 and documents and security provisions to trustees. The fund
15 shall be administered by the enhance Iowa board which shall
16 make expenditures from the fund consistent with the purposes
17 of the vision Iowa program without further appropriation. An
18 applicant under the vision Iowa program shall not receive more
19 than seventy-five million dollars in financial assistance from
20 the fund.

21 Sec. 19. Section 12.73, Code 2021, is amended to read as
22 follows:

23 **12.73 Vision Iowa fund moneys — administrative costs.**

24 During the term of the vision Iowa program established in
25 section 15F.302, Code 2021, two hundred thousand dollars of the
26 moneys deposited each fiscal year in the vision Iowa fund and
27 appropriated for the vision Iowa program shall be allocated
28 each fiscal year to the economic development authority for
29 administrative costs incurred by the authority for purposes of
30 administering the vision Iowa program.

31 Sec. 20. Section 12.75, subsection 2, Code 2021, is amended
32 to read as follows:

33 2. For purposes of **this section**, “*applicant*” means a city or
34 county or public organization applying for financial assistance
35 under the vision Iowa program established in **section 15F.302,**

1 Code 2021.

2 Sec. 21. Section 15F.102, subsection 6, Code 2021, is
3 amended to read as follows:

4 6. Each voting member of the board shall serve on at least
5 one of the three review committees referred to in sections
6 15F.203, [15F.304](#), Code 2021, and [15F.402](#).

7 Sec. 22. Section 15F.103, subsections 2 and 3, Code 2021,
8 are amended to read as follows:

9 2. Establish the ~~vision grow~~ Iowa program and the community
10 attraction and tourism program.

11 3. Oversee and provide approval of the administration of
12 the ~~vision grow~~ Iowa program and the community attraction and
13 tourism program by the authority.

14 Sec. 23. Section 15F.106, Code 2021, is amended to read as
15 follows:

16 **15F.106 Benefits.**

17 Any applicant awarded financial assistance by the board
18 under ~~both the vision Iowa program established in section~~
19 ~~15F.302 and~~ the community attraction and tourism program
20 established in [section 15F.202](#) shall provide and pay at least
21 fifty percent of the cost of a standard medical insurance plan
22 for all full-time employees working at the project after the
23 completion of the project for which financial assistance was
24 received.

25 Sec. 24. Section 15F.206, subsection 1, Code 2021, is
26 amended to read as follows:

27 1. Applications for assistance for river enhancement
28 community attraction and tourism projects shall be submitted
29 to the authority. For those applications that meet the
30 eligibility criteria, the authority shall provide a staff
31 review analysis and evaluation to the ~~vision Iowa program~~
32 ~~review committee referred to in [section 15F.304](#), subsection 2,~~
33 ~~and the board.~~

34 Sec. 25. Section 292.2, subsection 9, Code 2021, is amended
35 by striking the subsection.

1 Sec. 26. REPEAL. Sections 15F.301, 15F.302, 15F.303, and
2 15F.304, Code 2021, are repealed.

3 Sec. 27. APPLICABILITY. The section of this division
4 of this Act amending section 15F.106 applies to financial
5 assistance awarded to an applicant by the enhance Iowa board
6 under the community attraction and tourism program on or after
7 July 1, 2021.

8 DIVISION IV

9 STATEWIDE TOURISM MARKETING CAMPAIGN FUNDING

10 Sec. 28. Section 123.17, Code 2021, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 6A. After any transfers provided for
13 in subsections 3, 5, and 6, the department of commerce shall
14 transfer to the economic development authority from the beer
15 and liquor control fund and before any other transfer to the
16 general fund, an amount not to exceed five million dollars
17 annually for a statewide tourism marketing campaign under
18 section 15.108, subsection 5.

19 DIVISION V

20 MANUFACTURING 4.0

21 Sec. 29. NEW SECTION. 15.371 **Manufacturing 4.0 technology**
22 **investment program.**

23 1. This section shall be known as and may be cited as the
24 *"Manufacturing 4.0 Technology Investment Program"*.

25 2. For purposes of this section unless the context otherwise
26 requires:

27 *a. "Financial assistance"* means the same as defined in
28 section 15.102.

29 *b. "Manufacturing 4.0 technology investments"* means projects
30 that are intended to lead to the adoption of, and integration
31 of, smart technologies into existing manufacturing operations
32 located in the state by mitigating the risk to the manufacturer
33 of significant technology investments.

34 3. *a.* A manufacturing 4.0 technology investment fund
35 is created within the state treasury under the control of

1 the authority for the purpose of financing manufacturing 4.0
2 technology investments as described in this section.

3 *b.* The fund may be administered as a revolving fund and
4 may consist of any moneys appropriated by the general assembly
5 for purposes of this section and any other moneys that are
6 lawfully available to the authority. Any moneys appropriated
7 to the fund shall be used for purposes of the manufacturing
8 4.0 technology investment program. The authority may use all
9 other moneys in the fund, including interest, earnings, and
10 recaptures, for purposes of this section.

11 *c.* Notwithstanding section 8.33, moneys appropriated in this
12 section that remain unencumbered or unobligated at the close of
13 the fiscal year shall not revert but shall remain available for
14 expenditure for the purposes designated until the close of the
15 succeeding fiscal year.

16 *d.* Notwithstanding any law to the contrary, the authority
17 may transfer any unobligated and unencumbered moneys in the
18 fund, except for moneys appropriated for purposes of this
19 section, to any fund created pursuant to section 15.106A,
20 subsection 1, paragraph "o".

21 4. The authority shall establish and administer a
22 manufacturing 4.0 technology investment program and shall use
23 moneys in the fund to award financial assistance to eligible
24 manufacturers for manufacturing 4.0 technology investments.

25 5. The authority shall establish by rule a manufacturing
26 4.0 review committee that shall review each application
27 received by the authority for the program, and that shall make
28 recommendations to the board regarding all of the following:

29 *a.* The completeness of the application.

30 *b.* Whether the board should approve or deny an application.

31 *c.* If an application is approved, the type and amount of
32 financial assistance to be awarded to the applicant.

33 6. The authority shall adopt rules pursuant to chapter 17A
34 necessary to implement and administer this section.

35 Sec. 30. NEW SECTION. 15.372 Additional first-year

1 **depreciation.**

2 1. *Overview.* The authority may approve a manufacturing
3 business located in this state to claim additional first-year
4 depreciation for certain investments made by the business to
5 transition to a smart manufacturing environment that leverages
6 joint capabilities of hardware, software, and workers in an
7 integrated way.

8 2. *Eligibility.* To claim additional first-year
9 depreciation, a business must make an eligible investment.
10 For purposes of this section, "*eligible investment*" means
11 an investment in smart manufacturing equipment that is
12 digitized and interconnected, and that modernizes a business's
13 operations by supporting interconnectivity, decision support,
14 customization, and flexibility of production runs, or that
15 decentralizes low-level decision making.

16 3. *Application and agreement.*

17 a. A business seeking approval to claim additional
18 first-year depreciation for an eligible investment shall make
19 application to the authority in the manner prescribed by the
20 authority by rule. The application must include all of the
21 following:

22 (1) A description of the investment the business proposes
23 to make and a statement describing how the investment will
24 transition the business to a smart manufacturing environment.

25 (2) The projected amount of the eligible investment.

26 (3) The projected date that the eligible investment will be
27 placed-in-service.

28 b. Completed applications shall be reviewed pursuant to
29 rules adopted by the authority. Upon review of an application,
30 the board shall determine if the proposed investment is an
31 eligible investment and shall determine the maximum amount of
32 the eligible investment the business is eligible to claim for
33 additional first-year depreciation.

34 c. If an application is approved the authority shall notify
35 the business. The notification shall include the maximum

1 amount of the eligible investment the business is eligible to
2 claim for additional first-year depreciation after all terms
3 and conditions imposed by the agreement entered into pursuant
4 to paragraph "d" have been satisfied.

5 d. After receipt of the notification under paragraph "c",
6 the business shall enter into an agreement with the authority
7 that specifies the terms and conditions that must be satisfied
8 for the business to claim additional first-year depreciation
9 on its eligible investment. The agreement must include all of
10 the following:

11 (1) A description of the business's eligible investment.

12 (2) The maximum amount of the eligible investment the
13 business is allowed to claim for additional first-year
14 depreciation.

15 (3) The projected placed-in-service date for the business's
16 eligible investment.

17 (4) The date by which the business must file a written
18 report with the authority that provides all of the following:

19 (a) The actual date of completion of the business's eligible
20 investment.

21 (b) The actual dollar amount of the business's eligible
22 investment.

23 (c) The actual placed-in-service date for the business's
24 eligible investment.

25 e. Upon review of the report submitted under paragraph "d",
26 subparagraph (4), and verification by the authority of the
27 actual dollar amount of the business's eligible investment, the
28 authority shall notify the business of the amount of eligible
29 investment the business may claim as additional first-year
30 depreciation. The authority shall notify the department of
31 revenue of the amount of eligible investment the business may
32 claim as additional first-year depreciation and shall submit a
33 list to the department of the assets deemed to be part of the
34 business's eligible investment.

35 4. *Benefit.* Notwithstanding section 422.7, subsection

1 39 or 39A, or section 422.35, subsection 19 or 19A, for a
2 business that is approved by the authority for an eligible
3 investment, section 168(k) of the Internal Revenue Code applies
4 for the computing of net income of the business for state tax
5 purposes up to the amount of eligible investment approved by
6 the authority.

7 5. *Compliance.* If a business fails to complete the
8 installation of its eligible investment or fails to comply with
9 terms and conditions of the agreement entered under subsection
10 3, paragraph "d", the authority shall revoke, reduce,
11 terminate, or rescind the additional first-year depreciation
12 the business may claim. If a business has already filed a
13 tax return in which the business computed its net income by
14 applying section 168(k) of the Internal Revenue Code, the
15 business shall file an amended return with the department of
16 revenue without applying section 168(k).

17 6. *Rules.* The authority and the department of revenue
18 shall adopt rules as necessary for the implementation and
19 administration of this section.

20 DIVISION VI

21 ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

22 Sec. 31. Section 476.10A, subsection 2, Code 2021, is
23 amended to read as follows:

24 2. Notwithstanding [section 8.33](#), any unexpended moneys
25 remitted to the treasurer of state under [this section](#) shall be
26 retained for the purposes designated. ~~Notwithstanding section~~
27 ~~12C.7, subsection 2, interest or earnings on investments or~~
28 ~~time deposits of the moneys remitted under [this section](#) shall~~
29 ~~be retained and used for the purposes designated, pursuant to~~
30 ~~[section 476.46.](#)~~

31 Sec. 32. Section 476.46, subsection 2, paragraph e,
32 subparagraph (3), Code 2021, is amended to read as follows:

33 (3) Interest on the fund shall be deposited in the fund.
34 ~~A portion of the interest on the fund, not to exceed fifty~~
35 ~~percent of the total interest accrued, shall be used for~~

1 ~~promotion and administration of the fund.~~

2 Sec. 33. Section 476.46, Code 2021, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 3. The Iowa energy center shall not
5 initiate any new loans under this section after June 30, 2021.

6 NEW SUBSECTION. 4. Loan payments received under this
7 section on or after July 1, 2021, and any other moneys in the
8 fund on or after July 1, 2021, shall be deposited in the energy
9 infrastructure revolving loan fund created in section 476.46A.

10 Sec. 34. NEW SECTION. **476.46A Energy infrastructure**
11 **revolving loan program.**

12 1. *a.* An energy infrastructure revolving loan fund is
13 created in the office of the treasurer of state and shall be
14 administered by the Iowa energy center established in section
15 15.120.

16 *b.* The fund may be administered as a revolving fund and may
17 consist of any moneys appropriated by the general assembly for
18 purposes of this section and any other moneys that are lawfully
19 directed to the fund.

20 *c.* Moneys in the fund shall be used to provide financial
21 assistance for the development and construction of energy
22 infrastructure, including projects that support electric or gas
23 generation transmission, storage, or distribution; electric
24 grid modernization; energy-sector workforce development;
25 emergency preparedness for rural and underserved areas; the
26 expansion of biomass, biogas, and renewable natural gas;
27 innovative technologies; and the development of infrastructure
28 for alternative fuel vehicles.

29 *d.* Notwithstanding section 8.33, moneys appropriated in this
30 section that remain unencumbered or unobligated at the close of
31 the fiscal year shall not revert but shall remain available for
32 expenditure for the purposes designated until the close of the
33 succeeding fiscal year.

34 *e.* Notwithstanding section 12C.7, subsection 2, interest
35 or earnings on moneys in the fund shall be credited to the

1 fund. A percentage of the total interest credited to the fund,
2 not to exceed fifty percent, shall be used for promotion of
3 the energy infrastructure revolving loan program and for the
4 administration of the fund.

5 2. a. The Iowa energy center shall establish and administer
6 an energy infrastructure revolving loan program to encourage
7 the development of energy infrastructure within the state.

8 b. An individual, business, rural electric cooperative, or
9 municipal utility located and operating in this state shall be
10 eligible for financial assistance under the program. With the
11 approval of the Iowa energy center governing board established
12 under section 15.120, subsection 2, the economic development
13 authority shall determine the amount and the terms of all
14 financial assistance awarded to an individual, business, rural
15 electric cooperative, or municipal utility under the program.
16 All agreements and administrative authority shall be vested in
17 the Iowa energy center governing board.

18 c. The economic development authority may use not more than
19 five percent of the moneys in the fund at the beginning of each
20 fiscal year for purposes of administrative costs, marketing,
21 technical assistance, and other program support.

22 3. For the purposes of this section:

23 a. "*Energy infrastructure*" means land, buildings, physical
24 plant and equipment, and services directly related to the
25 development of projects used for, or useful for, electricity or
26 gas generation, transmission, storage, or distribution.

27 b. "*Financial assistance*" means the same as defined in
28 section 15.102.

29 Sec. 35. ALTERNATE ENERGY REVOLVING LOAN FUND — MONEYS
30 TRANSFERRED AND APPROPRIATED. Any unencumbered or unobligated
31 moneys remaining after June 30, 2021, in the alternate energy
32 revolving loan fund created pursuant to section 476.46, are
33 transferred and appropriated to the energy infrastructure
34 revolving loan fund created pursuant to section 476.46A, to be
35 used for purposes of the energy infrastructure revolving loan

1 program.

2

EXPLANATION

3

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

4

5 This bill relates to matters under the purview of the
6 economic development authority and the Iowa finance authority.
7 The bill is divided into divisions.

8 DIVISION I — INVESTMENTS IN QUALIFYING BUSINESSES AND
9 EQUITY INVESTMENTS IN INNOVATION FUNDS. Under current law
10 the authority must allocate \$2 million to investments in
11 qualifying businesses and \$8 million to equity investments in
12 innovation funds (equity investments). The division limits
13 the authority's tax credit allocations for investments in
14 qualifying businesses and equity investments to a maximum
15 aggregate of \$10 million. The division requires the authority
16 to determine on or before June 30 of each fiscal year the
17 amount of tax credits to be allocated to each. In addition,
18 any amount of tax credits allocated and not awarded in that
19 fiscal year must be reallocated to either investments in
20 qualifying businesses or to equity investments for the next
21 fiscal year, and those tax credits do not count towards the
22 maximum aggregate of \$10 million. This applies to tax credits
23 allocated on or after the fiscal year beginning July 1, 2021,
24 and for each fiscal year thereafter.

25 The division modifies the maximum amount of an investment
26 tax credit that may be issued to a natural person and the
27 person's spouse or dependent from a calendar year basis to a
28 fiscal year basis. The maximum amount of tax credits that may
29 be issued for equity investments in any one qualifying business
30 is also modified from a calendar year to a fiscal year.

31 The division is effective upon enactment.

32 DIVISION II — GROW IOWA PROGRAM. The division directs
33 the members of the authority appointed by the governor and
34 in whom the powers of the economic development authority are
35 vested (board) to establish, and the authority subject to

1 direction and approval by the board to administer, a grow Iowa
2 program (program) to assist communities in the development
3 of regionally significant quality of life projects that
4 leverage local community assets in coordination with economic
5 development and workforce attraction and retention planning.
6 An applicant may submit a coordinated application to the board
7 for financial assistance for the applicant's project under
8 the program. "Applicant" is defined in the bill. Financial
9 assistance may include but is not limited to grants, loans,
10 forgivable loans, pledges, credit enhancements, and financing
11 instruments. "Coordinated application" is defined as an
12 application submitted by an applicant that includes input
13 from all municipalities impacted by the proposed project,
14 input from a nongovernmental organization that supports the
15 proposed project, and a statement regarding coordination with
16 local stakeholders. The coordinated application must include
17 specific information as detailed in the division.

18 The aggregate cost of an applicant's project must be at
19 least \$10 million for an applicant to be eligible to receive
20 financial assistance under the program. An applicant, or the
21 board, may divide an applicant's project into component parts
22 and the board may award financial assistance under the program
23 to one or more component parts of an applicant's project.
24 An applicant must demonstrate financial and nonfinancial
25 support for the applicant's project, which may be from public
26 or private sources. "Nonfinancial support" is defined in
27 the division and must not total more than 25 percent of the
28 aggregate cost of the project. The financial and nonfinancial
29 support for the applicant's project must equal at least 50
30 percent of the aggregate cost of the project if the project is
31 located in a county with a population equal to or greater than
32 50,000, and at least 40 percent of the aggregate cost of the
33 project if the project is located in a county with a population
34 of less than 50,000.

35 The criteria for an applicant's project to be eligible for

1 financial assistance is detailed in the division. The board
2 cannot approve a coordinated application that seeks financial
3 assistance to refinance any loan, or pay off any promissory
4 note, that has been executed prior to the date of submission
5 of the coordinated application. The board also cannot approve
6 a coordinated application for a project for which financial
7 assistance has previously been awarded under the program,
8 unless the applicant can demonstrate that any additional
9 financial assistance approved by the board will be used for a
10 significant expansion of that project.

11 The process for review, consideration, and approval of
12 applications is detailed in the division.

13 The division creates a grow Iowa fund (fund) and the moneys
14 in the fund are appropriated to the board for purposes of the
15 program. The Iowa finance authority is designated as the
16 custodian of the fund and must disburse moneys contained in the
17 fund as directed by the board. The fund must be administered
18 by the board. An applicant cannot receive more than \$50
19 million in financial assistance from the fund.

20 Revenue for the fund must include but is not limited
21 to the proceeds of bonds issued to capitalize and pay the
22 costs of the fund and investment earnings on the proceeds,
23 interest attributable to investment of money in the fund or an
24 account of the fund, and moneys in the form of a devise, gift,
25 bequest, donation, federal grant or other grant, reimbursement,
26 repayment, judgment, transfer, payment, or appropriation from
27 any source intended to be used for purposes of the fund.

28 The division provides that the authority may create and
29 establish one or more special funds, to be known as "bond
30 reserve funds", to secure one or more issues of bonds or notes.
31 The requirements related to the bond reserve funds are detailed
32 in the division.

33 The authority may issue bonds upon the request of the board,
34 and the authority shall have all powers necessary to issue and
35 secure bonds and to carry out the purposes of the grow Iowa

1 fund. The authority's general and specific bonding powers are
2 detailed in the division.

3 DIVISION III — COMMUNITY ATTRACTION AND TOURISM. The
4 division requires the enhance Iowa board (board) to establish,
5 oversee, and provide approval of the administration of the
6 grow Iowa program. Current law requires the board to oversee
7 and provide approval of the administration of the vision
8 Iowa program and the division eliminates that requirement.
9 Current law requires an applicant that is awarded financial
10 assistance by the board under both the vision Iowa program
11 and the community attraction and tourism program (tourism
12 program) to provide and pay at least 50 percent of the cost of
13 a standard medical insurance plan for all full-time employees
14 working at the applicant's project after the completion of
15 the project for which financial assistance was received. The
16 division modifies this to require an applicant that is awarded
17 financial assistance under the tourism program to provide and
18 pay at least 50 percent of the cost of a standard medical
19 insurance plan for all full-time employees working at the
20 applicant's project after the completion of the project, and
21 this requirement applies to an applicant awarded financial
22 assistance under the tourism program on or after July 1, 2021.

23 The division repeals Code sections 15F.301 through 15F.304,
24 the vision Iowa program, and amends Code sections 12.72, 12.73,
25 12.75, 15F.102, 15F.103, 15F.206, and 292.2 to conform to the
26 repeal.

27 DIVISION IV — STATEWIDE TOURISM MARKETING CAMPAIGN FUNDING.
28 The division requires the department of commerce, after other
29 transfers required by Code section 123.17, to transfer to
30 the economic development authority from the beer and liquor
31 control fund and before any other transfer to the general fund,
32 an amount not to exceed \$5 million annually for a statewide
33 tourism marketing campaign.

34 DIVISION V — MANUFACTURING 4.0. The division establishes
35 the manufacturing 4.0 technology investment program (program)

1 and creates the manufacturing 4.0 technology investment fund
2 (fund). "Manufacturing 4.0 technology investments" is defined
3 as projects that are intended to lead to the adoption of, and
4 integration of, smart technologies into existing manufacturing
5 operations located in the state by mitigating the risk to the
6 manufacturer of significant technology investments.

7 The fund may be administered as a revolving fund and
8 may consist of any moneys appropriated for purposes of the
9 program and any other moneys that are lawfully available to
10 the authority. The authority must use moneys in the fund
11 to award financial assistance to eligible manufacturers for
12 manufacturing 4.0 technology investments. Financial assistance
13 may include but is not limited to grants, loans, and forgivable
14 loans. The authority must establish by rule a manufacturing
15 4.0 review committee. The committee must review each
16 application received by the authority and make recommendations
17 to the members of the authority appointed by the governor
18 and in whom the powers of the authority are vested (board),
19 whether the board should approve or deny an application, and
20 the type and amount of financial assistance to be awarded to
21 an applicant. The authority must adopt rules as necessary to
22 implement and administer the program.

23 The division permits the authority to approve a
24 manufacturing business located in this state to claim
25 additional first-year depreciation (depreciation) for certain
26 investments made by the business to transition to a smart
27 manufacturing environment that leverages joint capabilities of
28 hardware, software, and workers in an integrated way. To claim
29 depreciation, a business must make an eligible investment.
30 "Eligible investment" is defined as an investment in smart
31 manufacturing equipment that is digitized and interconnected,
32 and that modernizes a business's operations by supporting
33 interconnectivity, decision support, customization, and
34 flexibility of production runs, or that decentralizes low-level
35 decision making.

1 The application process and the process for the authority to
2 notify the applicant of its eligibility for depreciation are
3 detailed in the division. An eligible business is required
4 to enter into an agreement with the authority that specifies
5 the terms and conditions that must be satisfied for the
6 business to claim depreciation on its eligible investment.
7 An eligible business is required to file a written report
8 with the authority that states the actual date of completion
9 of the business's eligible investment, the actual dollar
10 amount of the business's eligible investment, and the actual
11 placed-in-service date for the business's eligible investment.
12 After reviewing the report and verifying the actual dollar
13 amount of the business's eligible investment, the authority
14 must notify the business of the amount of eligible investment
15 the business may claim as depreciation. The authority must
16 also notify the department of revenue of the amount of eligible
17 investment the business may claim as depreciation and submit a
18 list to the department of the assets deemed to be part of the
19 business's eligible investment.

20 A business that is approved by the authority for an eligible
21 investment may compute its net income in the same manner as
22 depreciation is calculated under section 168(k) of the Internal
23 Revenue Code notwithstanding contradictory provisions in Code
24 sections 422.7 and 422.35. If a business fails to complete
25 the installation of its eligible investment or to comply with
26 the terms and conditions of the agreement, the authority may
27 revoke, reduce, terminate, or rescind the depreciation the
28 business may claim, or if the business has already filed a tax
29 return in which the business computed net income under section
30 168(k), require the business to file an amended return with net
31 income computed without the application of section 168(k).

32 The authority and the department of revenue must adopt rules
33 as necessary for the implementation and administration of the
34 program.

35 DIVISION VI — ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM.

1 The division modifies Code section 476.46, alternate energy
2 revolving loan program, to prohibit the Iowa energy center from
3 initiating any new loans after June 30, 2021. The division
4 also requires that all loan payments received after June 30,
5 2021, be deposited, and any moneys remaining in the alternate
6 energy revolving loan fund after June 30, 2021, be transferred,
7 to the newly created energy infrastructure revolving loan fund.

8 The division creates an energy infrastructure revolving
9 fund (fund) in the office of the treasurer of state to be
10 administered by the Iowa energy center (center). Moneys in
11 the fund are to be used to provide financial assistance for
12 the development and construction of energy infrastructure,
13 including projects that support electric or gas generation
14 transmission, storage, or distribution; electric grid
15 modernization; energy-sector workforce development; emergency
16 preparedness for rural and underserved areas; the expansion
17 of biomass, biogas, and renewable natural gas; innovative
18 technologies; and the development of infrastructure for
19 alternative fuel vehicles. "Energy infrastructure" is defined
20 as land, buildings, physical plant and equipment, and services
21 directly related to the development of projects used for,
22 or useful for, electricity or gas generation, transmission,
23 storage, or distribution. "Financial assistance" is also
24 defined in the bill.

25 The center is required to establish and administer an energy
26 infrastructure revolving loan program (program) to encourage
27 the development of energy infrastructure within the state. An
28 individual, business, rural electric cooperative, or municipal
29 utility located and operating in this state is eligible for
30 financial assistance under the program. With the approval
31 of the center's governing board, the economic development
32 authority (authority) must determine the amount and the terms
33 of all financial assistance awarded to an individual, business,
34 rural electric cooperative, or municipal utility under the
35 program. All agreements and administrative authority are

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1 vested in the center's governing board. The authority may
2 use not more than 5 percent of the moneys in the fund at the
3 beginning of each fiscal year for purposes of administrative
4 costs, marketing, technical assistance, and other program
5 support.