

**Senate Study Bill 3180 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY CHAIRPERSON  
BOUSSELOT)

**A BILL FOR**

1 An Act providing for investment by regents institutions in  
2 certified innovation funds and including effective date  
3 provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **262C.1 Findings and purpose.**

2 1. *Legislative findings.* The general assembly finds and  
3 declares all of the following:

4 a. The state of Iowa has established state-certified  
5 innovation funds to promote the growth of high-potential  
6 early-stage companies, commercialize research, expand Iowa's  
7 technology ecosystem, and enhance economic competitiveness.

8 b. Iowa's three public universities collectively steward  
9 sizeable endowments that support the long-term missions of the  
10 institutions.

11 c. A modest, risk-appropriate allocation of endowment assets  
12 into state-certified innovation funds will do all of the  
13 following:

14 (1) Expand commercialization pathways for  
15 institution-developed technologies.

16 (2) Increase research to market conversions.

17 (3) Strengthen Iowa's innovation ecosystem.

18 (4) Generate economic benefits for communities throughout  
19 Iowa.

20 d. A one percent allocation of endowment assets represents a  
21 small, diversified portion of institution endowments, consistent  
22 with commonly accepted endowment investment practices and  
23 long-term portfolio strategies.

24 2. *Purpose.* The purpose of this chapter is to support  
25 economic growth in Iowa by requiring institutions to deploy a  
26 limited portion of their endowment assets into state-certified  
27 innovation funds while maintaining prudent investment standards  
28 and fiduciary responsibility to the endowment beneficiaries.

29 Sec. 2. NEW SECTION. **262C.2 Definitions.**

30 As used in this chapter, unless the context otherwise  
31 requires:

32 1. "Board" means the state board of regents.

33 2. "Endowment assets" means all pooled, investable assets  
34 held for the benefit of an institution, including but not limited  
35 to foundation-managed endowments, quasi-endowments, long-term

1 investment pools, and assets held subject to donor-imposed  
2 restrictions.

3 3. "*Innovation fund*" means the same as defined in section  
4 15E.52.

5 4. "*Institution*" means a regents institution specified in  
6 section 262.7, subsections 1 through 3.

7 Sec. 3. NEW SECTION. **262C.3 Investment in innovation**  
8 **funds.**

9 1. By July 1, 2027, each institution shall ensure that no  
10 less than one percent of its total endowment assets are invested  
11 in one or more innovation funds. The one percent allocation  
12 shall be calculated based on the average quarterly market value  
13 of endowment assets for the most recently completed fiscal year.

14 2. An institution shall retain discretion to determine all of  
15 the following:

16 a. Which innovation funds to invest in.

17 b. When investments are made, subject to the requirements of  
18 this chapter.

19 c. The structure of commitments, provided that all  
20 investments comply with prudent investor standards.

21 3. An institution may implement investments required by this  
22 chapter through any of the following means:

23 a. Direct commitments.

24 b. Reallocation of existing assets.

25 c. Rolling commitments as capital is called, provided full  
26 compliance is achieved by the date provided in subsection 1.

27 4. Investments made pursuant to this chapter shall be managed  
28 in accordance with generally accepted institutional fiduciary  
29 standards applicable to endowment funds.

30 Sec. 4. NEW SECTION. **262C.4 Waiver — penalty for**  
31 **noncompliance.**

32 1. The board may grant an institution a one-year waiver from  
33 the requirements of this chapter if adequate innovation fund  
34 capacity is not available or market conditions would materially  
35 impair prudent investment.

1 2. If an institution fails to comply with this chapter  
2 without receiving a waiver, the board may do any of the  
3 following:

4 a. Direct the institution to carry out corrective action  
5 within a specified time frame.

6 b. If the institution fails to complete the corrective action  
7 required under paragraph "a" within the time frame specified by  
8 the board, withhold up to one-half of one percent of the moneys  
9 appropriated to the institution through the board in the fiscal  
10 year until the institution becomes fully compliant.

11 Sec. 5. NEW SECTION. **262C.5 Reports.**

12 1. Each institution shall submit an annual report to the  
13 board that includes all of the following:

14 a. The total endowment assets held by the institution.

15 b. The amount and percentage of total endowment assets  
16 invested in innovation funds.

17 c. The names of innovation funds the institution is invested  
18 in and the total commitments and capital deployed in each fund.

19 d. The expected or realized economic impact in Iowa of the  
20 investments.

21 2. The board shall compile the reports received pursuant to  
22 subsection 1 and submit a consolidated annual report to the  
23 general assembly by December 1 of each year.

24 Sec. 6. NEW SECTION. **262C.6 Standards for innovation  
25 funds.**

26 Innovation funds receiving investment under this chapter  
27 must support the commercialization of institution technologies,  
28 spinouts, or research-derived innovations and report such efforts  
29 through existing reporting and compliance obligations under  
30 section 15E.52 and rules adopted pursuant to that section. This  
31 section shall not be construed to require additional reporting  
32 beyond that required under section 15E.52 and rules adopted  
33 pursuant to that section.

34 Sec. 7. NEW SECTION. **262C.7 List of innovation funds.**

35 The economic development authority shall maintain a public

1 list of all innovation funds eligible for investment by an  
2 institution pursuant to this chapter. The authority shall notify  
3 the board of any changes to the list.

4 Sec. 8. NEW SECTION. **262C.8 Implementation and construction**  
5 **of chapter.**

6 Implementation of this chapter shall not alter donor  
7 intent and shall be carried out in a manner consistent with  
8 applicable restrictions and fiduciary obligations. This chapter  
9 shall not be construed to alter donor intent, beneficiary  
10 designation, an institution's spending policy, or the permissible  
11 use of endowment distributions. This chapter addresses  
12 only investment allocation and implementation consistent with  
13 applicable fiduciary standards.

14 Sec. 9. EFFECTIVE DATE. This Act, being deemed of immediate  
15 importance, takes effect upon enactment.

16 EXPLANATION

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

19 This bill requires the university of Iowa, Iowa state  
20 university, and the university of northern Iowa (institutions)  
21 to ensure that no less than 1 percent of their respective total  
22 endowment assets are invested by July 1, 2027, in one or more  
23 innovation funds certified by the economic development authority  
24 under Code section 15E.52.

25 The bill provides that each institution shall retain  
26 discretion to determine which innovation funds to invest in, when  
27 investments are made, and the structure of commitments. The  
28 bill authorizes an institution to implement investments through  
29 direct commitments, reallocation of existing assets, or rolling  
30 commitments as capital is called. Investments made pursuant to  
31 the bill shall be managed in accordance with generally accepted  
32 institutional fiduciary standards applicable to endowment funds.

33 The bill authorizes the state board of regents (board) to  
34 grant an institution a one-year waiver from the requirements of  
35 the bill if adequate innovation fund capacity is not available or

1 market conditions would materially impair prudent investment. If  
2 an institution fails to comply with the bill without receiving a  
3 waiver, the bill authorizes the board to direct the institution  
4 to carry out corrective action within a specified time frame,  
5 after which the board may withhold up to 0.5 percent of the  
6 moneys appropriated to the institution through the board in the  
7 fiscal year until the institution becomes fully compliant.

8 The bill requires each institution to submit an annual report  
9 to the board with specified content on investments under the bill  
10 and requires the board to submit a consolidated report to the  
11 general assembly by December 1 of each year.

12 The bill requires innovation funds receiving investment  
13 under the bill to support the commercialization of institution  
14 technologies, spinouts, or research-derived innovations and  
15 report such efforts through existing reporting and compliance  
16 obligations.

17 The bill requires the economic development authority to  
18 maintain a public list of all innovation funds eligible for  
19 investment by an institution and notify the board of any changes  
20 to the list.

21 The bill includes standards for implementation and  
22 construction of the bill relating to donor intent and other  
23 matters.

24 The bill takes effect upon enactment.