

Senate File 2453 - Reprinted

SENATE FILE 2453
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3180)

(As Amended and Passed by the Senate March 10, 2026)

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 not include any portion of its total endowment assets that
13 is subject to donor restrictions or other expressions of donor
14 intent that expressly prohibit such investment. The one percent
15 allocation shall not include any portion of its total endowment
16 assets that is subject to donor restrictions or other expressions
17 of donor intent that are contrary to such investment. The
18 one percent allocation shall be calculated based on the average
19 quarterly market value of endowment assets for the most recently
20 completed fiscal year.

21 2. An institution shall retain discretion to determine all of
22 the following:

23 a. Which innovation funds to invest in.

24 b. When investments are made, subject to the requirements of
25 this chapter.

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

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

30 a. Direct commitments.

31 b. Reallocation of existing assets.

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

34 4. Investments made pursuant to this chapter shall be managed
35 in accordance with generally accepted institutional fiduciary

1 standards applicable to endowment funds.

2 Sec. 4. NEW SECTION. **262C.4 Waiver — penalty for**
3 **noncompliance.**

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

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

11 a. Direct the institution to carry out corrective action
12 within a specified time frame.

13 b. If the institution fails to complete the corrective action
14 required under paragraph "a" within the time frame specified by
15 the board, withhold up to one-half of one percent of the moneys
16 appropriated to the institution through the board in the fiscal
17 year until the institution becomes fully compliant.

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

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

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

22 b. The amount and percentage of total endowment assets
23 invested in innovation funds.

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

26 d. The expected or realized economic impact in Iowa of the
27 investments.

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

31 Sec. 6. NEW SECTION. **262C.6 Standards for innovation**
32 **funds.**

33 Innovation funds receiving investment under this chapter
34 must support the commercialization of institution technologies,
35 spinouts, or research-derived innovations and report such efforts

1 through existing reporting and compliance obligations under
2 section 15E.52 and rules adopted pursuant to that section. This
3 section shall not be construed to require additional reporting
4 beyond that required under section 15E.52 and rules adopted
5 pursuant to that section.

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

7 The economic development authority shall maintain a public
8 list of all innovation funds eligible for investment by an
9 institution pursuant to this chapter. The authority shall notify
10 the board of any changes to the list.

11 Sec. 8. NEW SECTION. **262C.8 Implementation and construction**
12 **of chapter.**

13 Implementation of this chapter shall not alter donor
14 intent and shall be carried out in a manner consistent with
15 applicable restrictions and fiduciary obligations. This chapter
16 shall not be construed to alter donor intent, beneficiary
17 designation, an institution's spending policy, or the permissible
18 use of endowment distributions. This chapter addresses
19 only investment allocation and implementation consistent with
20 applicable fiduciary standards.

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