

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:

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
12 assets 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
21 a small, diversified portion of institution endowments,
22 consistent with commonly accepted endowment investment
23 practices and 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
35 limited to foundation-managed endowments, quasi-endowments,

1 long-term investment pools, and assets held subject to
2 donor-imposed 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 funds.**

8 1. By July 1, 2027, each institution shall ensure that
9 no less than one percent of its total endowment assets are
10 invested in one or more innovation funds. The one percent
11 allocation shall not include any portion of its total
12 endowment assets that is subject to donor restrictions or
13 other expressions of donor intent that expressly prohibit such
14 investment. The one percent allocation shall not include any
15 portion of its total endowment assets that is subject to donor
16 restrictions or other expressions of donor intent that are
17 contrary to such investment. The one percent allocation shall
18 be calculated based on the average quarterly market value of
19 endowment assets for the most recently completed fiscal year.

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

22 a. Which innovation funds to invest in.

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

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

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

29 a. Direct commitments.

30 b. Reallocation of existing assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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