

# **Animal Biotechnology Commercialization Appropriations Bill House File 453**

Last Action:

**House Floor**

March 17, 2003

**An Act relating to animal biotechnology by creating an animal biotechnology commercialization fund, extending the time period during which a life science enterprise may purchase agricultural land, making appropriations, and providing an effective date.**



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**LEGISLATIVE FISCAL BUREAU  
NOTES ON BILLS AND AMENDMENTS (NOBA)**

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**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 453  
ANIMAL BIOTECHNOLOGY COMM. APPROP. BILL**

**FUNDING SUMMARY**

- House File 453 appropriates a total of \$33.0 million, which includes \$23.0 million from tax-exempt bond proceeds of the Restricted Capital Fund and \$10.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) over a period of three fiscal years to the Animal Biotechnology Commercialization Fund and the Board of Regents.

**BOND PROCEEDS**

- Specifies that tax-exempt bond proceeds of the Restricted Capital Fund may be used to provide grants for capital projects. (Page 1, Line 5)

**ANIMAL BIOTECHNOLOGY  
COMMERCIALIZATION FUND**

- Creates the Animal Biotechnology Commercialization Fund to provide grants and loans for the construction of facilities related to animal biotechnology research and commercialization, and biodefense. (Page 1, Line 24)

**RESTRICTED CAPITAL FUND  
APPROPRIATIONS**

- Appropriates \$5.0 million in FY 2003 and \$5.0 million in FY 2004 from the Restricted Capital Fund to the Animal Biotechnology Commercialization Fund for the construction of animal product purification facilities. The appropriations are required to be matched with \$10.0 million in non-State funds. (Page 3, Line 20)
- Appropriates \$10.0 million in FY 2005 from the Restricted Capital Fund to the Animal Biotechnology Commercialization Fund for the construction of commercial animal biodefense pharmaceutical production and processing facilities. (Page 3, Line 27)

**RIIF APPROPRIATIONS**

- Appropriates \$5.0 million for FY 2005 from the RIIF to the Animal Biotechnology Commercialization Fund for the construction of biotechnology-related facilities that implement life science enterprise plans. (Page 4, Line 15)
- Appropriates \$5.0 million for FY 2004 from the RIIF to the Animal Biotechnology Commercialization Fund for the construction of animal product purification facilities. (Page 4, Line 21)
- Requires that any financial assistance funded from the Animal Biotechnology Commercialization Fund with RIIF appropriations be in the form of loans, forgivable loans, loan guarantees, principal or interest buy-downs, equity-like investments, or cost reimbursements for technical or professional management services. Requires repayment of the loans be deposited into the RIIF. (Page 4, Line 27)

**BOARD OF REGENTS**

- Appropriates \$3.0 million in FY 2004 from the Restricted Capital Fund to the Board of Regents for the construction of an animal biotechnology commercial pharmaceutical research center at Iowa State University. (Page 5, Line 12)

**EFFECTIVE DATE**

- This Bill takes effect upon enactment. (Page 5, Line 24)

House File 453 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
1	1	1	Amends	Sec. 10C.6(1)(a)(1)	Life Science Land Acquisition
1	5	2	Amends	Sec. 12E.12(1)(b)(1)	Expenditure of Tax-Exempt Bond Proceeds
1	24	3	Adds	Sec. 15E.221(1)	Animal Biotechnology Commercialization Fund
2	15	3	Adds	Sec. 15E.221(2)	Animal Biotechnology Commercialization Fund
2	21	3	Adds	Sec. 15E.221(2A)	Animal Biotechnology Commercialization Fund
2	23	3	Adds	Sec. 15E.221(3)(a)	Animal Biotechnology Commercialization Fund
2	31	3	Adds	Sec. 15E.221(3)(b)	Animal Biotechnology Commercialization Fund
3	1	3	Adds	Sec. 15E.221(4)	Animal Biotechnology Commercialization Fund
3	4	3	Nwthstnd	Sec. 8.33 and 12C.7	Nonreversion of Funds and Retention of Interest Earnings

1 1 Section 1. Section 10C.6, subsection 1, paragraph a,  
 1 2 subparagraph (1), Code 2003, is amended to read as follows:  
 1 3 (1) The life science enterprise acquires the agricultural  
 1 4 land on or before June 30, ~~2004~~ 2008.

CODE: Extends the date that a life science enterprise may acquire agricultural land from June 30, 2004, to June 30, 2008, for purposes of producing life science products according to the life science enterprise plan.

1 5 Sec. 2. Section 12E.12, subsection 1, paragraph b,  
 1 6 subparagraph (1), Code 2003, is amended to read as follows:  
 1 7 (1) The tax-exempt bond proceeds restricted capital funds  
 1 8 account. The net proceeds of tax-exempt bonds issued to  
 1 9 provide funds for capital projects, certain debt service, and  
 1 10 attorney fees related to the master settlement agreement which  
 1 11 the state treasurer is authorized and directed to deposit on  
 1 12 behalf of the state shall be deposited in the account and  
 1 13 shall be used to fund capital projects, certain debt service,  
 1 14 and the payment of attorney fees related to the master  
 1 15 settlement agreement. The funding of capital projects may  
 1 16 take the form of grants. With respect to capital projects, it  
 1 17 is the intent of the general assembly to fund capital projects  
 1 18 that qualify as vertical infrastructure projects as defined in  
 1 19 section 8.57, subsection 5, paragraph "c", to the extent  
 1 20 practicable in any fiscal year and without limiting other  
 1 21 qualifying capital expenditures considered and approved by a  
 1 22 constitutional majority of each house of the general assembly  
 1 23 and the governor.

CODE: Clarifies that tax-exempt bond proceeds of the Restricted Capital Fund may be used to provide grants for capital projects.

1 24 Sec. 3. NEW SECTION. 15E.221 ANIMAL BIOTECHNOLOGY  
 1 25 COMMERCIALIZATION FUND.  
 1 26 1. An animal biotechnology commercialization fund is  
 1 27 created in the state treasury under the control of the  
 1 28 department of economic development. Moneys in the fund shall  
 1 29 be used to provide financial assistance in the form of grants  
 1 30 and loans for all of the following:  
 1 31 a. Constructing infrastructure and developing proprietary  
 1 32 biotechnology interests in order to implement life science  
 1 33 enterprise plans approved by the department pursuant to  
 1 34 section 15.104.

CODE: Creates the Animal Biotechnology Commercialization Fund to provide grants and loans for the following types of projects:

- Construction of biotechnology-related facilities that implement life science enterprise plans.
- Construction of animal product purification facilities that must be matched with at least \$10,000,000 in non-State funds.
- Construction of commercial animal biodefense pharmaceutical production and processing facilities in cases where the grant recipient is a party to a federal contract for construction of the facility.

1 35 b. Constructing facilities for the purification of animal  
 2 1 life science products which facilities shall, in part, be  
 2 2 available in a commercially reasonable manner to other  
 2 3 companies engaging in the business of purification of animal  
 2 4 life science products. At least ten million dollars of the  
 2 5 total cost of constructing such a facility must be paid for  
 2 6 through the use of any combination of federal, local, and  
 2 7 private moneys.  
 2 8 c. Constructing commercial animal biodefense  
 2 9 pharmaceutical production and processing facilities in this  
 2 10 state, provided that an Iowa-based qualified life science  
 2 11 enterprise holds an equity interest in the facilities. Prior  
 2 12 to receiving financial assistance under this paragraph, the  
 2 13 recipient must be a party to a federal contract for the  
 2 14 construction of a facility described in this paragraph.

2 15 2. The fund shall consist of moneys appropriated by the  
 2 16 general assembly for deposit in the fund, and other moneys  
 2 17 available to and obtained or accepted by the department for  
 2 18 deposit in the fund. Moneys in the fund are appropriated to  
 2 19 the department to be used for the purposes provided in this  
 2 20 section.

2 21 3. Any financial assistance received from the fund shall  
 2 22 not be used for purposes of purchasing agricultural land.

2 23 4. a. Applications for financial assistance for projects  
 2 24 described in subsection 1, paragraphs "a" and "b", shall be  
 2 25 filed with the department not later than May 30, 2003, and  
 2 26 shall be acted upon by the department not later than June 30,  
 2 27 2003. Administrative rules relating to the time frame for the  
 2 28 approval or disapproval of life science enterprise plans shall  
 2 29 not apply to the time frame for the application process under  
 2 30 this subsection.

CODE: Specifies that the moneys in the Animal Biotechnology Commercialization Fund are appropriated to the Department of Economic Development (DED) to be used for the purposes in Section 15E.221, Code of Iowa.

CODE: Prohibits moneys from the the Animal Biotechnology Commercialization Fund from being used for purchasing agricultural land.

CODE: Requires that applications for projects involving the construction of biotechnology-related facilities and animal product purification facilities be filed with DED no later than May 30, 2003.

Requires the applications to be acted upon by the Department no later than June 30, 2003.

Specifies that the applications for these projects are exempt from the Administrative Rules that pertain to application processes of life

<p>2 31 b. Applications for financial assistance for projects  2 32 described in subsection 1, paragraph "c", shall be filed with  2 33 the department not later than July 1, 2005, and financial  2 34 assistance provided to such projects shall be expended not  2 35 later than June 30, 2006.</p>	<p>science enterprise plans.</p>
<p>3 1 5. A financial assistance award approved under this  3 2 section may involve the disbursement of moneys from the fund  3 3 over a period of more than one year.</p>	<p>CODE: Permits the Animal Biotechnology Commercialization Fund to be disbursed over more than a one-year period.</p>
<p>3 4 6. Notwithstanding section 8.33, all moneys in the animal  3 5 biotechnology commercialization fund which remain unexpended  3 6 or unobligated at the close of the fiscal year shall not  3 7 revert, but shall remain available for expenditure for  3 8 subsequent fiscal years. Notwithstanding section 12C.7,  3 9 interest or earnings on moneys in the fund shall be credited  3 10 to the fund.</p>	<p>CODE: Establishes the Animal Biotechnology Commercialization Fund as a revolving fund and allows interest earned by the Fund to remain in the Fund.</p>
<p>3 11 Sec. 4. TAX-EXEMPT BOND PROCEEDS RESTRICTED CAPITAL FUNDS  3 12 ACCOUNT OF THE TOBACCO SETTLEMENT TRUST FUND --  APPROPRIATION.</p>	<p>Appropriates funds to the Animal Biotechnology Commercialization Fund from the tax-exempt bond proceeds of the Restricted Capital Fund.</p>
<p>3 13 1. There is appropriated from the tax-exempt bond proceeds  3 14 restricted capital funds account of the tobacco settlement  3 15 trust fund established in section 12E.12 to the department of  3 16 economic development for the fiscal period beginning July 1,  3 17 2002, and ending June 30, 2005, the following amounts, or so  3 18 much thereof as is necessary, to be used for the purposes  3 19 designated:</p>	
<p>3 20 a. For deposit in the animal biotechnology  3 21 commercialization fund created in section 15E.221 to be used  3 22 for purposes of projects described in section 15E.221,</p>	<p>Restricted Capital Fund appropriations for FY 2003 and FY 2004 to the Animal Biotechnology Commercialization Fund for the construction of animal product purification facilities.</p>

3 23 subsection 1, paragraph "b":		
3 24 FY 2002-2003 .....	\$ 5,000,000	
3 25 FY 2003-2004 .....	\$ 5,000,000	
3 26 FY 2004-2005 .....	\$ 0	
3 27 b. For deposit in the animal biotechnology		Restricted Capital Fund appropriation for FY 2005 to the Animal
3 28 commercialization fund created in section 15E.221 to be used		Biotechnology Commercialization Fund for the construction of
3 29 for purposes of projects described in section 15E.221,		commercial animal biodefense pharmaceutical production and
3 30 subsection 1, paragraph "c":		processing facilities.
3 31 FY 2002-2003 .....	\$ 0	
3 32 FY 2003-2004 .....	\$ 0	
3 33 FY 2004-2005 .....	\$ 10,000,000	
3 34 2. Any financial assistance awarded from the animal		Requires that any financial assistance funded from tax-exempt bond
3 35 biotechnology commercialization fund using moneys from the		proceeds of the Restricted Capital Funds be awarded in the form of
4 1 appropriations made under this section shall be in the form of		grants.
4 2 grants.		
4 3 3. Any moneys remaining in the fund from the		Requires that any unexpended funds from Restricted Capital Fund
4 4 appropriations under this section that are unexpended or		appropriations remaining as of June 30, 2006, revert to the Restricted
4 5 unobligated on June 30, 2006, shall revert to the tax-exempt		Capital Fund.
4 6 bond proceeds restricted capital funds account of the tobacco		
4 7 settlement trust fund on June 30, 2006.		
4 8 Sec. 5. REBUILD IOWA INFRASTRUCTURE FUND -- APPROPRIATION.		Appropriates funds to the Animal Biotechnology Commercialization
4 9 1. There is appropriated from the rebuild Iowa		Fund from the Rebuild Iowa Infrastructure Fund.
4 10 infrastructure fund created in section 8.57, subsection 5,		
4 11 paragraph "a", to the department of economic development for		
4 12 the fiscal period beginning July 1, 2003, and ending June 30,		
4 13 2005, the following amounts, or so much thereof as is		
4 14 necessary, to be used for the purposes designated:		
4 15 a. For deposit in the animal biotechnology		Rebuild Iowa Infrastructure Fund appropriation for FY 2005 to the
4 16 commercialization fund created in section 15E.221 to be used		Animal Biotechnology Commercialization Fund for the construction of

4 17	for purposes of projects described in section 15E.221,	biotechnology-related facilities that implement life science enterprise
4 18	subsection 1, paragraph "a":	plans.
4 19	FY 2003-2004 ..... \$ 0	
4 20	FY 2004-2005 ..... \$ 5,000,000	
4 21	b. For deposit in the animal biotechnology	Rebuild Iowa Infrastructure Fund appropriation for FY 2004 to the
4 22	commercialization fund created in section 15E.221 to be used	Animal Biotechnology Commercialization Fund for the construction of
4 23	for purposes of projects described in section 15E.221,	animal product purification facilities.
4 24	subsection 1, paragraph "b":	
4 25	FY 2003-2004 ..... \$ 5,000,000	
4 26	FY 2004-2005 ..... \$ 0	
4 27	2. Any financial assistance awarded from the animal	Requires that any financial assistance funded from the Animal
4 28	biotechnology commercialization fund using moneys from the	Biotechnology Commercialization Fund with Rebuild Iowa
4 29	appropriations made under this section shall be in the form of	Infrastructure Fund appropriations be in the form of loans, forgivable
4 30	loans, forgivable loans, loan guarantees, principal buy-downs,	loans, loan guarantees, principal or interest buy-downs, equity-like
4 31	interest buy-downs, equity-like investments, or cost	investments, or cost reimbursements for technical or professional
4 32	reimbursement for technical or professional management	management services.
4 33	services. For purposes of this subsection, "equity-like	
4 34	investments" means the provision of assistance in such a	Defines equity-like investment and specifies that an equity-like
4 35	manner that the potential return on investment to the provider	investment includes royalty or warrant arrangements, or other
5 1	varies according to the profitability of the company assisted.	investment arrangements.
5 2	"Equity-like investments" includes royalty arrangements,	
5 3	warrant arrangements, or other similar forms of investments.	Requires the repayment of the principal and interest from Animal
5 4	Repayments of principal and interest on loans made from the	Biotechnology Commercialization Fund loans to be deposited into the
5 5	animal biotechnology commercialization fund shall be deposited	Rebuild Iowa Infrastructure Fund.
5 6	in the rebuild Iowa infrastructure fund.	
5 7	3. Any moneys remaining in the animal biotechnology	Requires that any unexpended funds from the Rebuild Iowa
5 8	commercialization fund from the appropriations under this	Infrastructure Fund appropriations remaining as of June 30, 2006,
5 9	section that are unexpended or unobligated on June 30, 2006,	revert to the Rebuild Iowa Infrastructure Fund.
5 10	shall revert to the rebuild Iowa infrastructure fund on June	
5 11	30, 2006.	
5 12	Sec. 6. STATE BOARD OF REGENTS APPROPRIATION. There is	Restricted Capital Fund appropriation for FY 2004 to the Board of



5 13 appropriated from the tax-exempt bond proceeds restricted  
 5 14 capital funds account of the tobacco settlement trust fund  
 5 15 established in section 12E.12 to the state board of regents  
 5 16 for the fiscal year beginning July 1, 2003, and ending June  
 5 17 30, 2004, the following amount, or so much thereof as is  
 5 18 necessary, to be used for the purpose designated:  
 5 19 For the construction of an animal biotechnology commercial  
 5 20 pharmaceutical research center to be built in cooperation with  
 5 21 the establishment by private and local sources of an animal  
 5 22 biotechnology business development center:  
 5 23 ..... \$ 3,000,000

Regents for the construction of an animal biotechnology commercial pharmaceutical research center.

DETAIL: The facility will be constructed at Iowa State University.

5 24 Sec. 7. EFFECTIVE DATE. This Act, being deemed of  
 5 25 immediate importance, takes effect upon enactment.

Specifies that this Bill is effective upon enactment.

5 26 HF 453  
 5 27 tm/es/25

# Trans., Infra., and Capitals

## Non General Fund

H.F. 453	S-House Act. FY 2003 <u>(1)</u>	House Action FY 2004 <u>(2)</u>	House Action FY 2005 <u>(3)</u>	Page & Line Number <u>(4)</u>
<b><u>DED Capitals</u></b>				
Purification Facilities-RCF	\$ 5,000,000	\$ 5,000,000	\$ 0	PG 3 LN 20
Comm Biodefense Facilities-RCF	0	0	10,000,000	PG 3 LN 27
Biotech. Infrastructure-RIIF	0	0	5,000,000	PG 4 LN 15
Purification Facilities-RIIF	0	5,000,000	0	PG 4 LN 21
<b>Total DED Capitals</b>	<b>\$ 5,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ 15,000,000</b>	
<b><u>Regents Capital</u></b>				
ISU-Animal Biotech Center-RCF	\$ 0	\$ 3,000,000	\$ 0	PG 5 LN 12
<b>Total Trans., Infra., and Capitals</b>	<b>\$ 5,000,000</b>	<b>\$ 13,000,000</b>	<b>\$ 15,000,000</b>	