

Iowa Values Fund House File 683

Last Action:

**Economic Growth
Committee**

April 21, 2003

An Act relating to economic development by creating an Iowa Values Board and Iowa Values Fund, modifying the Value-added Agricultural Products and Processes Financial Assistance Program, providing Endow Iowa Seed Grants and Endow Iowa Tax Credits, providing funding and tax credits for economic development regions, creating workforce training and economic development funds for community colleges, establishing a school financing program for school infrastructure purposes, creating a cultural and entertainment district certification program, increasing the availability of rehabilitation project tax credits, eliminating a small business advisory council, making appropriations, and including effective date and retroactive applicability provisions.



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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 683
IOWA VALUES FUND**

**IOWA VALUES FUND
APPROPRIATIONS**

- Appropriates a total of \$888.0 million from the Iowa Values Fund over five fiscal years to the Department of Economic Development, the Department of Revenue and Finance, the Treasurer of State, the Iowa Values Board, and the State General Fund. The Bill appropriates funds for the following fiscal years:
 - FY 2004 - \$500.0 million.
 - FY 2005 - \$101.0 million.
 - FY 2006 - \$99.0 million.
 - FY 2007 - \$104.0 million.
 - FY 2008 - \$84.0 million.

**DEPARTMENT OF ECONOMIC
DEVELOPMENT**

- Appropriates a total of \$457.0 million over five fiscal years to the Department of Economic Development that includes:
 - \$350.0 million for programs administered by the Department to be appropriated over five fiscal years as follows: (Page 5, Line 19)
 - FY 2004 - \$95.0 million.
 - FY 2005 - \$70.0 million.
 - FY 2006 - \$65.0 million.
 - FY 2007 - \$65.0 million.
 - FY 2008 - \$55.0 million.
 - Of the \$350.0 million appropriated above, at least \$50.0 million must be allocated for value-added agriculture. (Page 6, Line 21)
 - \$2.0 million in FY 2004 for Endow Iowa Seed Grants to lead philanthropic entities. (Page 9, Line 24)
 - \$30.0 million in FY 2004 for financial assistance to economic development regions. (Page 10, Line 24)
 - \$75.0 million for community college workforce development and training funds to be appropriated over five years as follows: (Page 23, Line 34 through Page 26, Line 1)
 - FY 2004 - \$5.0 million.
 - FY 2005 - \$10.0 million.
 - FY 2006 - \$15.0 million.
 - FY 2007 - \$20.0 million.
 - FY 2008 - \$25.0 million.

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 683
IOWA VALUES FUND**

**DEPARTMENT OF REVENUE AND
FINANCE
IOWA VALUES BOARD**

- Appropriates \$300.0 million in FY 2004 to the Department of Revenue and Finance for deposit in the Secure An Advanced Vision for Education Fund. (Page 7, Line 32)
- Appropriates a total of \$57.0 million in FY 2004 to the Iowa Values Board as follows:
 - \$50.0 million in FY 2004 for institutions of higher learning under the Board of Regents and accredited private institutions for accelerating new business creation, a national center for food safety and security, innovation accelerators and business parks, and the following types of facilities: incubator, transgenic plant transgenic animal, protein extraction, containment, bioanalytical, biochemical, chemical, and microbiological support facilities. (Page 8, Line 11)
 - Of the \$50.0 million appropriated above, the Bill requires a minimum of \$25.0 million to be allocated to the Regents Universities as follows: (Page 9, Line 2)
 - Iowa State University - \$10.0 million.
 - University of Iowa - \$10.0 million.
 - University of Northern Iowa - \$5.0 million.
 - \$7.0 million in FY 2004 for financial assistance to State parks and destination parks. (Page 10, Line 2)

GENERAL FUND

- Appropriates a total of \$24.0 million over five fiscal years to the State General Fund for payment of tax credits that includes: (Page 9, Line 9)
 - \$4.0 million for payment of tax credits for rehabilitation projects in certified cultural and entertainment districts. Half of the \$4.0 million is appropriated in FY 2004 and the other half is appropriated in FY 2005.
 - \$20.0 million over five fiscal years for payment of tax credits related to economic development region revolving fund contributions by nongovernmental entities. An appropriation of \$4.0 million is made for FY 2004 and each fiscal year through FY 2008. (Page 11, Line 3)

TREASURER OF STATE

- Appropriates a total of \$49.0 million over four fiscal years to the Treasurer of State for deposit in the following funds:
 - \$45.0 million for the Community Attraction and Tourism Fund. An appropriation of \$15.0 million is made each fiscal year starting in FY 2005, for three fiscal years. (Page 6, Line 34)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 683
IOWA VALUES FUND**

TREASURER OF STATE
(CONTINUED)

SIGNIFICANT CHANGES TO THE
CODE OF IOWA

- Requires an annual allocation of not more than \$2.5 million for trails and bicycle facilities located in or connecting to cultural and entertainment districts. (Page 7, line 15)
- \$5.0 million in FY 2004 for deposit in the Iowa Cultural Trust Fund. (Page 7, Line 19)
- Creates the Iowa Values Fund Board, specifies the duties of the Board, and requires a report to be submitted to the General Assembly by January 15 of each year reviewing the activities of the Board. (Page 1, Line 8 through Page 5, Line 7)
- Creates an Iowa Values Fund under the control of the Iowa Values Board. (Page 5, Line 8)
- Expands the type of entities or activities eligible for assistance under the Value-Added Agriculture Products and Processes Financial Assistance Program (VAAPFAP). (Page 11, Line 30)
- Allows the Department of Economic Development to reserve up to 50.0% of the funds allocated to the Value-Added Agriculture Products and Processes Financial Assistance Program (VAAPFAP) Fund for assisting persons requiring \$500,000 or less in financial assistance. Under current law, the Department is required to reserve up to 50.0% of the funds for assisting persons requiring \$100,000 or less in financial assistance. (Page 13, Line 6)
- Creates the Endow Iowa Program Act and requires the Department of Economic Development to identify a lead philanthropic entity to encourage the development of community foundations in the State. Requires the governing board of the lead philanthropic entity to award Endow Iowa Seed Grants to community affiliate organizations that meet specified criteria, not to exceed \$25,000 per community affiliate organization. (Page 13, Line 34 through Page 16, Line 12)
- Allows tax credits equal to 20.0% of a taxpayer's endowment gift to be applied against personal income tax, corporate income tax, franchise tax, insurance premium tax, and taxes imposed against credit unions under Section 533.24, Code of Iowa. Allows an individual involved in a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual to claim a tax credit and specifies the amount to be claimed. Allows for a tax credit for an endowment gift made to a qualified community foundation for a permanent endowment fund established to benefit a charitable cause in the State. Allows tax credits awarded to be available for utilization for up to five years. Prohibits the tax credits from being applied to a past tax year. (Page 16, Line 13)
- Prohibits the aggregate Endow Iowa tax credits from exceeding \$2.0 million and the tax credits awarded to individuals from exceeding 5.0% of the aggregate. (Page 16, Line 35)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 683
IOWA VALUES FUND**

**SIGNIFICANT CHANGES TO THE
CODE OF IOWA (CONTINUED)**

- Requires the Iowa Values Board to approve an economic development region in order for the region to receive funding and specifies the criteria a region must meet. (Page 18, Line 19)
- Allows an economic development region to establish a revolving fund. Allows a nongovernmental entity that makes a contribution to the economic development region revolving fund at any time prior to FY 2008, to receive tax credits equal to 20.0% of the taxpayers contribution to be applied against personal income tax, corporate income tax, franchise tax, insurance premium tax, and taxes imposed against credit unions under Section 533.24, Code of Iowa. Allows an individual involved in a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual to claim a tax credit and specifies the amount to be claimed. Allows tax credits awarded to be available for utilization for up to seven years. Prohibits the tax credits from being applied to a past tax year or from being transferred. (Page 19, Line 4 through Page 19, Line 28)
- Allows unused economic development region revolving tax credits to carry forward. Caps the aggregate tax credits awarded at \$20.0 million and the tax credits awarded in a given fiscal year at \$4.0 million plus any tax credits carried forward from previous fiscal years. Caps the tax credits to an economic development region at \$4.0 million plus carry forward, divided by the number of regions established. (Page 19, Line 29)
- Allows economic development regions to apply for up to \$30.0 million for:
(Page 20, Line 12 through Page 21, Line 6)
 - Physical Infrastructure needs related to a specific business partner of the region.
 - Businesses in the region affected by business consolidation actions.
 - Implementation of economic development initiatives unique to the region.
 - Implementation of innovative initiatives that do not qualify for assistance due to the initiatives not being considered unique to the region.
- Allows the Iowa Values Board to establish up to three regional economic development revenue sharing pilot projects with technical assistance provided by the Department of Economic Development. (Page 21, Line 7)
- Allows an approved economic development region to apply for and to be considered an economically isolated area upon approval of the Iowa Values Board. Requires at least one county within the region meet specified criteria in order for the region to be considered an economically isolated area. (Page 21, Line 16)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 683
IOWA VALUES FUND**

**SIGNIFICANT CHANGES TO THE
CODE OF IOWA (CONTINUED)**

- Allows an approved economically isolated area to apply to the Department of Economic Development to receive up to \$750,000 over a five-year period for economic development-related marketing assistance for the area. Specifies the economic development region must be able to provide a one-to-one match in order to receive financial assistance. (Page 22, Line 15)
- Creates a workforce training and economic development fund for each community college. (Page 23, Line 20)
- Requires an annual appropriation from the Iowa Values Fund for FY 2004 through FY 2008 to the Department of Economic Development for deposit in the workforce training and economic development funds for community colleges. Requires a General Fund appropriation to the Department of Economic Development for the same purpose starting in FY 2009. Specifies the purpose for which the appropriation is to be expended. (Page 23, Line 34)
- Repeals the local option sales and services tax for school infrastructure on December 31, 2022. Allows the tax revenue to be used for property tax relief and for the construction and improvement of school facilities. (Page 27, Line 27)
- Allows each school district to submit a revenue purpose statement to the county commissioner of elections no later than sixty days prior to the election indicating the specific purposes for which the local option sales and services tax revenue for school infrastructure will be expended and requires the revenues to be expended for the purposes specified in the statement. (Page 29, Line 8)
- Requires school district levies be reduced if the revenue of purpose statement is not submitted sixty days prior to the election and specifies the levies to be reduced and the order for which they are to be reduced. Specifies any moneys that remain after the reduction of levies may be expended for any authorized infrastructure purpose of the school district. (Page 29, Line 28)
- Allows for a change in the use of local option sales and services tax revenue upon approval by a majority of voters in an election. Requires an election on the change in use of revenues to be held only in the school district where the change is proposed to occur. (Page 30, Line 23)
- Creates the Secure an Advanced Vision for Education Fund and specifies the manner by which moneys credited to the Fund are to be distributed. (Page 33, Line 10 through Page 35, Line 2)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 683
IOWA VALUES FUND**

**SIGNIFICANT CHANGES TO THE
CODE OF IOWA (CONTINUED)**

- Requires the Director of the Department of Revenue and Finance to compute the following amounts by June 1 of each year for the next fiscal year: (Page 35, Line 3)
 - Guaranteed school infrastructure amount for each school district.
 - Sales tax capacity per student per school district for each county.
 - Statewide tax revenues per student.
 - Supplemental infrastructure amount.
- Requires the Department of Cultural Affairs to establish and administer a cultural and entertainment district that encourages the revitalization of communities through development of areas for public and private uses related to cultural and entertainment purposes. (Page 39, Line 22)
- Allows a city or county to create and designate a cultural and entertainment district subject to certification by the Departments of Cultural Affairs and Economic Development. Allows two or more cities or counties to apply jointly for certification of a district, specifies the size limit of districts created and requires district certifications to remain in effect for 10 years upon approval. (Page 39, Line 30)
- Requires the Department of Cultural Affairs to encourage development projects through the use of incentives offered through cultural grant programs, the Iowa Cultural Trust, and any other grant programs. (Page 40, Line 8)
- Provides an increase of \$1,000,000 per year for FY 2004 and FY 2005 in the allowable Property Rehabilitation Tax Credits to be used for projects located in certified cultural and entertainment districts. Allows the additional tax credits allocated to projects not approved during a fiscal year to carry forward to be used in the succeeding fiscal year. (Page 40, Line 13)
- Eliminates the Small Business Advisory Council. (Page 40, Line 34)
- Specifies Division III, the Endow Iowa Program Act, takes effect upon enactment and is retroactively applicable to tax years beginning on or after January 1, 2003. (Page 18, Line 12)
- Specifies Division VI, School Infrastructure, is effective upon enactment. (Page 39, Line 17)

EFFECTIVE DATES

House File 683 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
1	3	1	Adds	Sec. 15G.101	Purpose
1	8	2	Adds	Sec. 15G.102	Definitions
1	19	3	Adds	Sec. 15G.103	Iowa Values Board
4	9	4	Adds	Sec. 15G.104(1-7)	Duties of Iowa Values Board
5	8	5	Adds	Sec. 15G.105	Iowa Values Fund
5	32	6.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
7	11	7.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
7	28	8.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
8	7	9.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
8	28	10.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
9	20	11.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
9	33	12.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
10	11	13.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
10	34	14.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
11	17	15.2	Nwthstnd	Sec. 8.33	Nonreversion of Funds
11	30	16.1(a)	Amends	Sec. 15E.111(1)(a)	Extends VAAPFAP Eligibility
13	6	16.1(b)	Amends	Sec. 15E.111(1)(b)	Financial Assistance for VAAPFAP
13	34	17	Adds	Sec. 15E.221	Endow Iowa Program Act Title
14	2	18	Adds	Sec. 15E.222	Endow Iowa Program Act Purpose
14	10	19	Adds	Sec. 15E.223	Endow Iowa Program Act Definitions
14	33	20.1	Adds	Sec. 15E.224(1)	Endow Iowa Seed Grants Lead Philanthropic Entity
15	13	20.2	Adds	Sec. 15E.224(2)	Endow Iowa Seed Grants Criteria for Funding
15	27	20.3	Adds	Sec. 15E.224(3)	Endow Iowa Seed Grants Funding
15	33	20.4	Adds	Sec. 15E.224(4)	Endow Iowa Seed Grants Ranking of Applications
16	10	20.5	Adds	Sec. 15E.225(5)	Endow Iowa Seed Grants Funding for Admin.
16	13	21.1	Adds	Sec. 15E.225(1)	Endow Iowa Tax Credits
16	35	21.2	Adds	Sec. 15E.225(2)	Endow Iowa Tax Credits Cap

Page #	Line #	Bill Section	Action	Code Section	Description
17	5	21.3 & 4	Adds	Sec. 15E.225(3 & 4)	Authorization and Transfer of Endow Iowa Tax Credits
17	9	21.5	Adds	Sec. 15E.225(5)	Registration, Authorization, Distribution of Endow Iowa Tax Credits
17	16	22	Adds	Sec. 15E.226	Lead Philanthropic Entity Annual Report
17	24	23	Adds	Sec. 422.11H	Endow Iowa tax credit - Individual Income Tax
17	29	24	Adds	Sec. 422.33(14)	Endow Iowa tax credit - Corporate Income Tax
17	34	25	Adds	Sec. 422.60(7)	Endow Iowa Tax Credit - Franchise Tax
18	4	26	Adds	Sec. 432.12D	Endow Iowa Tax Credit - Insurance Premium Tax
18	7	27	Adds	Sec. 533.24(un)	Endow Iowa Tax Credit - Credit Union Tax
18	19	29.1	Adds	Sec. 15E.231(1)	Establishment of Economic Development Regions
19	1	29.2	Adds	Sec. 15E.231(2)	Economic Development Regions Revolving Funds
19	4	30.1	Adds	Sec. 15E.232(1)	Economic Development Region Revolving Funds
19	9	30.2(a)	Adds	Sec. 15E.232(2)(a)	Nongovernmental Economic Development Region Revolving Fund Tax Credit
19	29	30.2(b)	Adds	Sec. 15E.232(2)(b)	Economic Development Regions Tax Credit Cap and Carryforward
20	7	30.2(c)	Adds	Sec. 15E.232(2)(c)	Economic Development Regions Tax Credits Admin. Rules
20	12	30.3	Adds	Sec. 15E.232(3)	Economic Development Regions Financial Assistance for Infrastructure
20	23	30.4	Adds	Sec. 15E.232(4)	Economic Development Regions Financial Assistance for Businesses Impacted by Consolidation
20	33	30.5	Adds	Sec. 15E.232(5)	Economic Development Regions Financial Assistance for Unique Initiatives
21	4	30.6	Adds	Sec. 15E.232(6)	Economic Development Regions Financial Assistance for Innovative Initiatives
21	7	30.7	Adds	Sec. 15E.232(7)	Economic Development Regions Revenue Sharing Pilot Project
21	13	30.8	Adds	Sec. 15E.232(8)	Economic Development Regions Funding Cap

Page #	Line #	Bill Section	Action	Code Section	Description
21	16	31.1	Adds	Sec. 15E.233(1)	Economically Isolated Areas Criteria
22	15	31.2	Adds	Sec. 15E.233(2)	Economically Isolated Areas Funding
22	23	32	Adds	Sec. 422.111	Economic Development Region Revolving Fund Contribution Tax Credit - Personal Income Tax
22	29	33	Adds	Sec. 422.33(15)	Economic Development Regions Revolving Fund Contribution Tax Credit - Corporate Income Tax
22	35	34	Adds	Sec. 422.60(8)	Economic Development Regions Revolving Fund Contribution Tax Credit - Franchise Tax
23	6	35	Adds	Sec. 432.12E	Economic Development Regions Revolving Fund Contribution Tax Credit - Insurance Premium Tax
23	11	36	Adds	Sec. 533.24	Economic Development Region Revolving Fund Contribution Tax Credit - Credit Union Tax
23	20	37.1(a-b)	Adds	Sec. 260C.18A(1)(a-b)	Workforce Training and Economic Development Funds
23	34	37.2(a-d)	Adds	Sec. 260C.18A(2)(a-d)	Workforce Training and Economic Development Fund Appropriation
25	19	37.3(a-f)	Adds	Sec. 260C.18A(3)(a-f)	Workforce Training and Economic Development Fund Appropriation Cap
26	2	37.4	Adds	Sec. 260C.18A(4)	Workforce Training and Economic Development Fund Allocation
26	7	38	Amends	Sec. 260G.3(2)	Accelerated Career Education Job Credits and Program Costs
27	2	39	Amends	Sec. 296.1	Elimination of Teachers'/Superintendents' Home Improvements with Bond Proceeds
27	27	40	Amends	Sec. 422E.1(2 & 3)	Local Option Sales and Services Tax
28	19	41	Amends	Sec. 422E.2(3)	Ballot Proposition for Local Option Sales and Services Tax for School Infrastructure
29	8	42	Adds	Sec. 422E.2(3A)(a)	Local Option Sales and Services Tax for School Infrastructure Revenue Purpose Statement
29	28	42	Adds	Sec. 422E.2(3A)(b)	Reduction of School District Levies

Page #	Line #	Bill Section	Action	Code Section	Description
30	17	42	Adds	Sec. 422E.2(3A)(c)	FY 2003 Expenditure of Local Option Sales and Services Tax Revenue for School Infrastructure
30	23	43	Amends	Sec. 422E.2(4)	Change in use of Local Option Sales and Services Tax Revenue
31	24	44	Amends	Sec. 422E.3(4)	Deposit of Tax Receipts
32	3	45	Amends	Sec. 422E.3(5)	Remittance of Tax Receipts to School Districts
32	26	45	Amends	Sec. 422E.3(5)(e)	Determination of Remittance of Tax Receipts to School Districts
32	32	46	Amends	Sec. 422E.3(7)	Construction Contractors Refund Payment
33	10	47.1	Adds	Sec. 422E.3A(1)	Secure An Advanced Vision for Education Fund
33	20	47.2	Adds	Sec. 422E.3A(2)	Distribution of Secure An Advanced Vision for Education Fund Money
35	3	47.3(a)	Adds	Sec. 422E.3A(3)(a)	Computation of Per Student Amounts
35	9	47.3(b)	Adds	Sec. 422E.3A(3)(b)	Definition of Per Pupil Measures
36	1	47.4(a)	Adds	Sec. 422E.3A(4)(a)	Distribution of Funds for School Infrastructure
36	19	47.4(b)	Adds	Sec. 422E.3A(4)(b)	School District Use of Funds
36	23	47.5	Adds	Sec. 422E.3A(5)	Allocations in Case of Deficiency
36	33	47.6	Adds	Sec. 422E.3A(6)	Supplemental Infrastructure Expenditure
38	1	48	Amends	Sec. 422E.4	Principal and Interest Repayments on Bonds
39	14	49	Repeals	Sec. 422E.6	Repeals School Infrastructure Funding
39	22	51.1	Adds	Sec. 303.3B(1)	Cultural and Entertainment District Certification Program
39	30	51.2	Adds	Sec. 303.3B(2)	Cultural and Entertainment District Requirements
40	8	51.3	Adds	Sec. 303.3B(3)	Encouragement of Cultural and Entertainment District
40	13	52	Amends	Sec. 404A.4(4)	Tax Credit Increases for Projects in Cultural and Entertainment District
40	34	53	Amends	Sec 15.108(7)	Elimination of Small Business Advisory Council

1 1	DIVISION I	
1 2	IOWA VALUES BOARD AND FUND	
1 3	Section 1. <u>NEW SECTION.</u> 15G.101 PURPOSE.	
1 4	The purpose of this chapter is to identify and assist those	CODE: Specifies the purpose of this Chapter is to identify and assist
1 5	economic and business sectors that have the most potential to	economic and business sectors that have the most potential to
1 6	contribute to the long-term growth and development of the	contribute to the long-term growth and development of the State
1 7	state economy.	economy.
1 8	Sec. 2. <u>NEW SECTION.</u> 15G.102 DEFINITIONS.	
1 9	As used in this chapter, unless the context otherwise	CODE: Defines Board, Department, Director and Fund as used in this
1 10	requires:	Chapter.
1 11	1. "Board" means the Iowa values board established in	
1 12	section 15G.103.	
1 13	2. "Department" means the Iowa department of economic	
1 14	development created in section 15.105.	
1 15	3. "Director" means the director of the department of	
1 16	economic development.	
1 17	4. "Fund" means the Iowa values fund created in section	
1 18	15G.105.	
1 19	Sec. 3. <u>NEW SECTION.</u> 15G.103 IOWA VALUES BOARD.	
1 20	1. The Iowa values board is established consisting of	CODE: Creates the Iowa Values Board within the Department of
1 21	seventeen voting members and five ex officio, nonvoting	Economic Development consisting of 17 voting members and five ex
1 22	members. The board shall be located for administrative	officio, nonvoting members. Specifies the membership of the Board,
1 23	purposes within the department and the director shall provide	term limits, and procedures for election of a chairperson and vice
1 24	office space, staff assistance, and necessary supplies and	chairperson as well as an executive council.
1 25	equipment for the board. The director shall budget funds to	
1 26	pay the compensation and expenses of the board. In performing	
1 27	its functions, the board is performing a public function on	
1 28	behalf of the state and is a public instrumentality of the	
1 29	state.	
1 30	2. The director shall serve as an ex officio member of the	
1 31	board. The legislative ex officio members of the board are	
1 32	two state senators, one appointed by the president of the	

1 33 senate, and one appointed by the minority leader of the
1 34 senate, from their respective parties; and two state
1 35 representatives, one appointed by the speaker and one
2 1 appointed by the minority leader of the house of
2 2 representatives from their respective parties. The
2 3 legislative ex officio members shall have business experience.
2 4 3. The voting members of the board shall be appointed as
2 5 follows:
2 6 a. One individual from the advanced manufacturing
2 7 industry, appointed by the governor.
2 8 b. One individual from the life science industry,
2 9 appointed by the governor.
2 10 c. One individual from the information technology
2 11 industry, appointed by the governor.
2 12 d. One individual from the investment banking industry,
2 13 appointed by the governor.
2 14 e. One individual from the economic development community
2 15 who resides and works in a county with a population ranking in
2 16 the lowest one-third of county populations as measured by the
2 17 2000 census, appointed by the governor.
2 18 f. One individual from the economic development community
2 19 who resides and works in a county with a population ranking in
2 20 the middle one-third of county populations as measured by the
2 21 2000 census, appointed by the governor.
2 22 g. One individual from the economic development community
2 23 who resides and works in a county with a population ranking in
2 24 the highest one-third of county populations as measured by the
2 25 2000 census, appointed by the governor.
2 26 h. One individual from a statewide agricultural
2 27 organization, appointed by the governor.
2 28 i. One representative of a labor union, appointed by the
2 29 governor.
2 30 j. One representative from a private college or
2 31 university, appointed by the governor.
2 32 k. One representative from the community college system,
2 33 appointed by the governor.
2 34 l. One individual with demonstrated significant experience
2 35 in small business, appointed by the governor.

3 1 m. One representative of the university of Iowa, the
3 2 university of northern Iowa, or Iowa state university of
3 3 science and technology, designated by the state board of
3 4 regents.

3 5 n. Two individuals from private industry appointed by the
3 6 house of representatives. One individual shall be appointed
3 7 by the speaker of the house of representatives and one
3 8 individual shall be appointed by the minority leader in the
3 9 house of representatives.

3 10 o. Two individuals from private industry appointed by the
3 11 senate. One individual shall be appointed by the president of
3 12 the senate and one individual shall be appointed by the
3 13 minority leader in the senate.

3 14 4. All appointments shall comply with sections 69.16 and
3 15 69.16A. The appointments listed in subsection 3, paragraphs
3 16 "a" through "l", shall be subject to confirmation by the
3 17 senate. Of the members appointed by the governor, at least
3 18 two members shall be members of the Iowa economic development
3 19 board created in section 15.103. A majority of the voting
3 20 members of the board listed in subsection 3, paragraphs "a"
3 21 through "l", shall be from the private sector.

3 22 5. The voting members of the board listed in subsection 3,
3 23 paragraphs "a" through "l", shall be residents of different
3 24 counties.

3 25 6. The chairperson and vice chairperson shall be elected
3 26 by the voting members of the board from the voting membership
3 27 of the board. In the case of the absence or disability of the
3 28 chairperson and vice chairperson, the voting members of the
3 29 board shall elect a temporary chairperson by a majority vote
3 30 of those members who are present and voting provided a quorum
3 31 is present.

3 32 7. The voting members of the board shall annually elect a
3 33 five-member executive council of the board consisting of
3 34 voting members of the board with at least three of the members
3 35 being from private industry. The board shall determine the
4 1 duties of the council.

4 2 8. The members of the board shall be appointed to three-
4 3 year staggered terms and the terms shall commence and end as

4 4 provided in section 69.19. If a vacancy occurs, a successor
4 5 shall be appointed in the same manner and subject to the same
4 6 qualifications as the original appointment to serve the
4 7 unexpired term.
4 8 9. A majority of the board constitutes a quorum.

4 9 Sec. 4. NEW SECTION. 15G.104 BOARD DUTIES.
4 10 The board shall do all of the following:
4 11 1. Organize.
4 12 2. Oversee and administer the Iowa values fund.
4 13 3. Develop a five-year strategic plan with an annual
4 14 operating plan to share with the Iowa economic development
4 15 board for consideration in the developing of a departmentwide
4 16 strategic plan.
4 17 4. Develop a long-range strategic plan designed to address
4 18 economic development-related issues through the year 2020.
4 19 5. Develop and assist the department in implementing
4 20 activities addressing all of the following economic foundation
4 21 issues of the economy:
4 22 a. Skilled and adaptable human resources.
4 23 b. Access to technologies on which new products and
4 24 processes are based.
4 25 c. Availability of financial capital to support new
4 26 ventures, expansion of existing companies, and reinvestment in
4 27 transition industries.
4 28 d. Support of advanced physical infrastructure for
4 29 transportation, communications, energy and water, and waste
4 30 handling.
4 31 e. A review of the regulatory and taxation environment and
4 32 business climate resulting in recommendations to balance
4 33 competitiveness.
4 34 6. Focus on nondiscriminatory market expansion and foster
4 35 a competitive and open environment. The board shall not be a
5 1 mechanism to allocate markets, fix prices, or stifle
5 2 competition.
5 3 7. By January 15 of each year, submit a written report to
5 4 the general assembly reviewing the activities of the board

CODE: Specifies the duties of the Board and requires a report be submitted by January 15 of each year to the General Assembly reviewing the activities of the Board, including an annual audit of moneys appropriated from the Iowa Values Fund and a statement regarding return on investment.

5 5 during the previous calendar year. The report shall also
 5 6 include an annual audit of moneys appropriated from the fund
 5 7 and a statement regarding return on investments.

5 8 Sec. 5. NEW SECTION. 15G.105 IOWA VALUES FUND.
 5 9 An Iowa values fund is created as a separate fund in the
 5 10 state treasury under the control of the board, consisting of
 5 11 any moneys appropriated by the general assembly and any other
 5 12 moneys available to and obtained or accepted by the board for
 5 13 placement in the fund. Payments of interest, repayments of
 5 14 moneys loaned pursuant to this chapter, and recaptures of
 5 15 grants or loans shall be deposited in the fund. Moneys in the
 5 16 fund are not subject to section 8.33. Notwithstanding section
 5 17 12C.7, interest or earnings on moneys in the fund shall be
 5 18 credited to the fund.

CODE: Creates an Iowa Values Fund in the State Treasury consisting of the following:

- Funds appropriated by the General Assembly.
- Any moneys available to and obtained or accepted by the Board for placement in the Fund.
- Interest accrued on the Fund as well as loan repayments, and recapture of grants and loans made pursuant to this Chapter.

Specifies moneys in the Fund and interest and earnings on moneys in the Fund do not revert at the end of the fiscal year, but remain available in the Fund for use in subsequent fiscal years.

5 19 Sec. 6. DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.
 5 20 1. There is appropriated from the Iowa values fund created
 5 21 in section 15G.105 to the department of economic development
 5 22 for the fiscal period beginning July 1, 2003, and ending June
 5 23 30, 2008, the following amounts, or so much thereof as is
 5 24 necessary, to be used for the purposes designated:
 5 25 For programs administered by the department of economic
 5 26 development:
 5 27 FY 2003-2004..... \$ 95,000,000
 5 28 FY 2004-2005..... \$ 70,000,000
 5 29 FY 2005-2006..... \$ 65,000,000
 5 30 FY 2006-2007..... \$ 65,000,000
 5 31 FY 2007-2008..... \$ 55,000,000

Appropriates a total of \$350,000,000 over five fiscal years from the Iowa Values Fund to the Department of Economic Development for programs administered by the Department.

5 32 2. Notwithstanding section 8.33, moneys that remain
 5 33 unexpended at the end of a fiscal year shall not revert to any
 5 34 fund but shall remain available for expenditure for the
 5 35 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated to the Department shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

6 1 3. Each year that moneys are appropriated under this
6 2 section, the board shall allocate a percentage of the moneys
6 3 for each of the following types of activities:

- 6 4 a. Business start-ups.
- 6 5 b. Business expansion.
- 6 6 c. Business modernization.
- 6 7 d. Business attraction.
- 6 8 e. Business retention.
- 6 9 f. Marketing.

Requires the Iowa Values Board to allocate a percentage of the appropriations for business start-ups, expansion, modernization, attraction, retention and marketing for each year an Iowa Values Fund appropriation is made under this Section.

6 10 4. An applicant for moneys appropriated under this section
6 11 shall be required by the department to include in the
6 12 application a statement regarding the intended return on
6 13 investment. A recipient of moneys appropriated under this
6 14 section shall annually submit a statement to the department
6 15 regarding the progress achieved on the intended return on
6 16 investment stated in the application. The department, in
6 17 cooperation with the department of revenue and finance, shall
6 18 develop a method of identifying and tracking each new job
6 19 created through financial assistance from moneys appropriated
6 20 under this section.

Requires applicants for moneys under this Section to include a statement regarding intended return on investment and requires the recipients to submit an annual progress report regarding intended return on investment stated in the application. Requires the Department of Economic Development, in cooperation with the Department of Revenue and Finance, to develop a method of identifying and tracking new jobs as a result of the financial assistance provided.

6 21 5. Of the moneys appropriated under this section, at least
6 22 \$50,000,000 shall be used for value-added agricultural
6 23 purposes.

Requires an allocation of at least \$50,000,000 for value-added agricultural purposes.

6 24 6. The department may use moneys appropriated under this
6 25 section for information technology purposes and for
6 26 transportation-related purposes. If moneys are used for
6 27 transportation purposes, the transportation purposes must be
6 28 directly related to an economic development project and the
6 29 moneys must be used to leverage other financial assistance
6 30 moneys.

Allows the Department of Economic Development to expend funds appropriated under this Section for information technology and transportation-related expenses. Requires any moneys used for transportation purposes be used to leverage other financial assistance and be directly related to economic development.

6 31 7. Of the moneys appropriated under this section, the

Allows the Department to use 0.25% of the moneys appropriated for

6 32 department may use one-quarter of one percent for
 6 33 administrative purposes.

administration.

6 34 Sec. 7. COMMUNITY ATTRACTION AND TOURISM FUND
 6 35 APPROPRIATION.

Appropriates a total of \$45,000,000 over three fiscal years from the Iowa Values Fund to the Treasurer of State for the Community Attraction and Tourism Fund beginning in FY 2005.

7 1 1. There is appropriated from the Iowa values fund created
 7 2 in section 15G.105 to the office of the treasurer of state for
 7 3 the fiscal period beginning July 1, 2004, and ending June 30,
 7 4 2007, the following amounts, or so much thereof as is
 7 5 necessary, to be used for the purpose designated:

DETAIL: The Community Attraction and Tourism (CAT) Fund will receive an appropriation of \$12,500,000 for FY 2004 from the Restricted Capitals Fund. This appropriation was made by the General Assembly in a prior Legislative Session.

7 6 For deposit in the community attraction and tourism fund
 7 7 created in section 15F.204:
 7 8 FY 2004-2005..... \$ 15,000,000
 7 9 FY 2005-2006..... \$ 15,000,000
 7 10 FY 2006-2007..... \$ 15,000,000

7 11 2. Notwithstanding section 8.33, moneys that remain
 7 12 unexpended at the end of a fiscal year shall not revert to any
 7 13 fund but shall remain available for expenditure for the
 7 14 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated to the Department shall not revert to any fund at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

7 15 3. Not more than \$2,500,000 of the moneys appropriated
 7 16 each fiscal year under this section shall be used for trails
 7 17 and bicycle facilities located in or connecting to cultural
 7 18 and entertainment districts certified under section 303.3B.

Specifies that not more than \$2,500,000 can be used for trails and bicycle facilities located in or connecting to cultural and entertainment districts.

7 19 Sec. 8. IOWA CULTURAL TRUST FUND APPROPRIATION.

7 20 1. There is appropriated from the Iowa values fund created
 7 21 in section 15G.105 to the office of the treasurer of state,
 7 22 for the fiscal year beginning July 1, 2003, and ending June
 7 23 30, 2004, the following amount, or so much thereof as is
 7 24 necessary, to be used for the purpose designated:
 7 25 For deposit in the Iowa cultural trust fund created in
 7 26 section 303A.4:

Iowa Values Fund appropriation to the Treasurer of State for the deposit in the Iowa Cultural Trust Fund.

DETAIL: The Iowa Cultural Trust Fund was created in FY 2003 but received no State or other funding. Appropriated funds cannot be utilized by the Trust until matched by documented new local investment in local cultural organizations. The principal of the Trust cannot be used or accessed by the Department of Cultural Affairs or the Board of Trustees of the Iowa Cultural Trust for any purpose.

7 27 \$ 5,000,000

Interest earnings are to be deposited in the Cultural Trust Grant Account and used initially for a statewide educational program to assist cultural organizations in endowment development and then to fund grant awards as directed by the Board of Trustees. The grant awards are intended to supplement the operating budgets of nonprofit cultural organizations that meet certain criteria, including criteria related to long-term financial stability and sustainability.

7 28 2. Notwithstanding section 8.33, moneys that remain
7 29 unexpended at the end of a fiscal year shall not revert to any
7 30 fund but shall remain available for expenditure for the
7 31 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated to the Iowa Cultural Trust Fund shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year

7 32 Sec. 9. SECURE AN ADVANCED VISION FOR EDUCATION FUND
7 33 APPROPRIATION.

Iowa Values Fund appropriation to the Department of Revenue and Finance for the deposit in the Secure An Advanced Vision for Education Fund.

7 34 1. There is appropriated from the Iowa values fund created
7 35 in section 15G.105 to the department of revenue and finance,
8 1 for the fiscal year beginning July 1, 2003, and ending June
8 2 30, 2004, the following amount, or so much thereof as is
8 3 necessary, to be used for the purpose designated:
8 4 For deposit in the secure an advanced vision for education
8 5 fund created in section 422E.3A:
8 6 \$300,000,000

DETAIL: Section 47 of this Bill creates the Secure An Advanced Vision for Education Fund.

8 7 2. Notwithstanding section 8.33, moneys that remain
8 8 unexpended at the end of a fiscal year shall not revert to any
8 9 fund but shall remain available for expenditure for the
8 10 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated in this Section shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year

8 11 Sec. 10. UNIVERSITY AND COLLEGE FINANCIAL ASSISTANCE
8 12 APPROPRIATION.

Iowa Values Fund appropriation to the Iowa Values Board for the Board of Regents institutions and accredited private institutions for accelerating new business creation, a national center for food safety and security, innovation accelerators and business parks, and the following types of facilities: incubator, transgenic plant, transgenic

8 13 1. There is appropriated from the Iowa values fund created
8 14 in section 15G.105 to the Iowa values board for the fiscal
8 15 year beginning July 1, 2003, and ending June 30, 2004, the

<p>8 16 following amounts, or so much thereof as is necessary, to be 8 17 used for the purpose designated: 8 18 For financial assistance for institutions of higher 8 19 learning under the control of the state board of regents and 8 20 for accredited private institutions as defined in section 8 21 261.9 for accelerating new business creation, a national 8 22 center for food safety and security, innovation accelerators 8 23 and business parks, incubator facilities, transgenic animal 8 24 facilities, transgenic plant facilities, protein extraction 8 25 facilities, containment facilities, and bioanalytical, 8 26 biochemical, chemical, and microbiological support facilities: 8 27 \$ 50,000,000</p>	<p>animal, protein extraction, containment, bioanalytical, biochemical, chemical, and microbiological support facilities.</p>
<p>8 28 2. Notwithstanding section 8.33, moneys that remain 8 29 unexpended at the end of a fiscal year shall not revert to any 8 30 fund but shall remain available for expenditure for the 8 31 designated purposes during the succeeding fiscal year.</p>	<p>CODE: Specifies moneys appropriated in this Section shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.</p>
<p>8 32 3. In the distribution of moneys appropriated pursuant to 8 33 this section, the Iowa values board shall examine the 8 34 potential for using moneys appropriated pursuant to this 8 35 section to leverage other moneys for financial assistance to 9 1 accredited private institutions.</p>	<p>Requires the Iowa Values Board to examine the potential for using moneys appropriated in this Section to leverage other moneys for financial assistance to accredited private institutions.</p>
<p>9 2 4. Of the moneys appropriated under this section, not less 9 3 than \$10,000,000 in financial assistance shall be awarded to 9 4 the university of Iowa, not less than \$10,000,000 in financial 9 5 assistance shall be awarded to Iowa state university of 9 6 science and technology, and not less than \$5,000,000 in 9 7 financial assistance shall be awarded to the university of 9 8 northern Iowa.</p>	<p>Requires that a minimum of \$25,000,000 be allocated to the three Regents institutions as follows:</p> <ul style="list-style-type: none"> • University of Iowa - \$10,000,000. • Iowa State University - \$10,000,000. • University of Northern Iowa - \$5,000,000.
<p>9 9 Sec. 11. REHABILITATION PROJECT TAX CREDITS APPROPRIATION. 9 10 1. There is appropriated from the Iowa values fund created 9 11 in section 15G.105 to the general fund of the state, for the</p>	<p>Iowa Values Fund appropriations to the General Fund totaling \$4,000,000 for payment of tax credits for projects located in certified cultural and entertainment districts.</p>

9 12 fiscal period beginning July 1, 2003, and ending June 30,
 9 13 2005, the following amounts, or so much thereof as is
 9 14 necessary, to be used for the purpose designated:
 9 15 For payment of tax credits approved pursuant to section
 9 16 404A.4 for projects located in certified cultural and
 9 17 entertainment districts:
 9 18 FY 2003-2004..... \$ 2,000,000
 9 19 FY 2004-2005..... \$ 2,000,000

9 20 2. Notwithstanding section 8.33, moneys that remain
 9 21 unexpended at the end of a fiscal year shall not revert to any
 9 22 fund but shall remain available for expenditure for the
 9 23 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated in this Section shall not revert to any fund at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

9 24 Sec. 12. ENDOW IOWA SEED GRANTS APPROPRIATION.
 9 25 1. There is appropriated from the Iowa values fund created
 9 26 in section 15G.105 to the department of economic development
 9 27 for the fiscal year beginning July 1, 2003, and ending June
 9 28 30, 2004, the following amount, or so much thereof as is
 9 29 necessary, to be used for the purpose designated:
 9 30 For endow Iowa seed grants to lead philanthropic entities
 9 31 pursuant to section 15E.224:
 9 32 \$2,000,000

Iowa Values Fund appropriation to the Department of Economic Development for Endow Iowa Seed Grants to lead philanthropic entities.

9 33 2. Notwithstanding section 8.33, moneys that remain
 9 34 unexpended at the end of a fiscal year shall not revert to any
 9 35 fund but shall remain available for expenditure for the
 10 1 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated in this Section shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

10 2 Sec. 13. STATE PARKS AND DESTINATION PARKS APPROPRIATION.
 10 3 1. There is appropriated from the Iowa values fund created
 10 4 in section 15G.105 to the Iowa values board for the fiscal
 10 5 year beginning July 1, 2003, and ending June 30, 2004, the
 10 6 following amount, or so much thereof as is necessary, to be
 10 7 used for the purpose designated:

Iowa Values Fund appropriation to the Iowa Values Board for State parks and destination parks.

10 8 For the purpose of providing financial assistance for state
 10 9 parks and destination parks:
 10 10 FY 2003-2004..... \$ 7,000,000

10 11 2. Notwithstanding section 8.33, moneys that remain
 10 12 unexpended at the end of a fiscal year shall not revert to any
 10 13 fund but shall remain available for expenditure for the
 10 14 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated in this Section shall not revert to any fund at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

10 15 3. The department of natural resources, in cooperation
 10 16 with the department of economic development, shall submit a
 10 17 plan to the Iowa values board for the expenditure of moneys
 10 18 appropriated under this section. The plan shall focus on
 10 19 improving state parks and destination parks for economic
 10 20 development purposes. Based on the report submitted, the Iowa
 10 21 values board shall provide financial assistance to the
 10 22 department of natural resources for support of state parks and
 10 23 destination parks.

Requires the Department of Natural Resources, in cooperation with the Department of Economic Development, to submit a plan to the Iowa Values Board for the expenditure of moneys under this Section. Requires the focus of the plan to be improving State parks and destination parks for economic development purposes. Requires the Iowa Values Board to provide financial assistance based on the report submitted.

10 24 Sec. 14. ECONOMIC DEVELOPMENT REGION FINANCIAL ASSISTANCE
 10 25 APPROPRIATION.

Iowa Values Fund appropriation to the Department of Economic Development for assistance to economic development regions.

10 26 1. There is appropriated from the Iowa values fund created
 10 27 in section 15G.105 to the department of economic development
 10 28 for the fiscal year beginning July 1, 2003, and ending June
 10 29 30, 2004, the following amount, or so much thereof as is
 10 30 necessary, to be used for the purpose designated:
 10 31 For providing financial assistance under section 15E.232,
 10 32 subsections 3, 4, 5, and 6 and under section 15E.233:
 10 33 \$ 30,000,000

DETAIL: The appropriation is to be used for assistance to economic development regions for:

- Physical infrastructure needs related to a specific business partner of the region.
- Businesses in the region affected by business consolidation actions.
- Implementation of economic development initiatives unique to the region.
- Implementation of innovative initiatives that do not qualify as unique.

10 34 2. Notwithstanding section 8.33, moneys that remain
 10 35 unexpended at the end of a fiscal year shall not revert to any
 11 1 fund but shall remain available for expenditure for the
 11 2 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated to the Department shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

11 3 Sec. 15. ECONOMIC DEVELOPMENT REGION REVOLVING FUND
 11 4 CONTRIBUTION TAX CREDITS APPROPRIATION.

Appropriates \$4,000,000 per year for five fiscal years from the Iowa Values Fund to the General Fund for payment of tax credits awarded to nongovernmental entities that make a contribution to economic development region revolving funds.

11 5 1. There is appropriated from the Iowa values fund created
 11 6 in section 15G.105 to the general fund of the state, for the
 11 7 fiscal period beginning July 1, 2003, and ending June 30,
 11 8 2008, the following amounts, or so much thereof as is
 11 9 necessary, to be used for the purpose designated:

11 10 For payment of tax credits approved pursuant to section
 11 11 15E.232:

11 12 FY 2003-2004.....	\$ 4,000,000
11 13 FY 2004-2005.....	\$ 4,000,000
11 14 FY 2005-2006.....	\$ 4,000,000
11 15 FY 2006-2007.....	\$ 4,000,000
11 16 FY 2007-2008.....	\$ 4,000,000

11 17 2. Notwithstanding section 8.33, moneys that remain
 11 18 unexpended at the end of a fiscal year shall not revert to any
 11 19 fund but shall remain available for expenditure for the
 11 20 designated purposes during the succeeding fiscal year.

CODE: Specifies moneys appropriated shall not revert at the end of the fiscal year, but will remain available for expenditure for the designated purpose during the succeeding fiscal year.

11 21 3. Any moneys appropriated under this section that remain
 11 22 unexpended on June 30, 2008, are appropriated from the general
 11 23 fund of the state to the department of economic development
 11 24 for the fiscal year beginning July 1, 2008, and ending June
 11 25 30, 2009, to be used for providing financial assistance under
 11 26 section 15E.232, subsections 3, 4, 5, and 6.

Requires any moneys appropriated under this Section that remain unexpended at the end of FY 2007 to be appropriated to the Department of Economic Development to be used in FY 2008 for assistance to economic development regions.

11 27 DIVISION II
 11 28 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES
 11 29 FINANCIAL ASSISTANCE PROGRAM

11 30 Sec. 16. Section 15E.111, subsection 1, Code 2003, is
 11 31 amended to read as follows:
 11 32 1. a. The department shall establish a value-added
 11 33 agricultural products and processes financial assistance
 11 34 program. The department shall consult with the Iowa corn
 11 35 growers association and the Iowa soybean association. The
 12 1 purpose of the program is to encourage the increased
 12 2 utilization of agricultural commodities produced in this
 12 3 state. The program shall assist in efforts to revitalize
 12 4 rural regions of this state, by committing resources to
 12 5 provide financial assistance to new or existing value-added
 12 6 production facilities. In awarding financial assistance, the
 12 7 department shall commit resources to assist the following:
 12 8 ~~a.~~ (1) Facilities which are involved in the development of
 12 9 new innovative products and processes related to agriculture.
 12 10 The facility must do either of the following: produce a good
 12 11 derived from an agricultural commodity, if the good is not
 12 12 commonly produced from an agricultural commodity; or use a
 12 13 process to produce a good derived from an agricultural
 12 14 process, if the process is not commonly used to produce the
 12 15 good.
 12 16 ~~b.~~ (2) Renewable fuel production facilities. As used in
 12 17 this section, "renewable fuel" means an energy source which is
 12 18 derived from an organic compound capable of powering
 12 19 machinery, including an engine or power plant.
 12 20 (3) Agricultural business facilities in the agricultural
 12 21 biotechnology industry, agricultural biomass industry, and
 12 22 alternative energy industry. For purposes of this subsection:
 12 23 (a) "Agricultural biomass industry" means businesses that
 12 24 utilize agricultural commodity crops, agricultural by-
 12 25 products, or animal feedstock in the production of chemicals,
 12 26 protein products, or other high-value products.
 12 27 (b) "Agricultural biotechnology industry" means businesses
 12 28 that utilize scientifically enhanced plants or animals that
 12 29 can be raised by producers and used in the production of high-
 12 30 value products.
 12 31 (c) "Alternative energy industry" includes businesses

CODE: Expands the type of entities or activities eligible for assistance under the Value-Added Agriculture Products and Processes Financial Assistance Program (VAAPFAP) to include the following:

- Business facilities in the agricultural biotechnical, agricultural biomass, and alternative energy industries. Definitions of each industry are specified in the Bill.
- Facilities that add value to Iowa agricultural commodities through further processing and development of organic products and emerging markets.
- Producer-owned, value-added businesses, education of producers and management boards in value-added businesses, and other activities that would support the infrastructure in the development of value-added agriculture.

12 32 involved in the production of ethanol or biodiesel or in the
 12 33 production of wind energy.
 12 34 (4) Facilities that add value to Iowa agricultural
 12 35 commodities through further processing and development of
 13 1 organic products and emerging markets.
 13 2 (5) Producer-owned, value-added businesses, education of
 13 3 producers and management boards in value-added businesses, and
 13 4 other activities that would support the infrastructure in the
 13 5 development of value-added agriculture.

13 6 b. Financial assistance awarded under this section may be
 13 7 in the form of a loan, loan guarantee, grant, production
 13 8 incentive payment, or a combination of financial assistance.
 13 9 The department shall not award more than twenty-five percent
 13 10 of the amount allocated to the value-added agricultural
 13 11 products and processes financial assistance fund during any
 13 12 fiscal year to support a single person. The department may
 13 13 finance any size of facility. However, the department ~~shall~~
 13 14 may reserve up to fifty percent of the total amount allocated
 13 15 to the fund, for purposes of assisting persons requiring ~~one~~
 13 16 five hundred thousand dollars or less in financial assistance.
 13 17 The amount shall be reserved until the end of the third
 13 18 quarter of the fiscal year. The department shall not provide
 13 19 financial assistance to support a value-added production
 13 20 facility if the facility or a person owning a controlling
 13 21 interest in the facility has demonstrated a continuous and
 13 22 flagrant disregard for the health and safety of its employees
 13 23 or the quality of the environment. Evidence of such disregard
 13 24 shall include a history of serious or uncorrected violations
 13 25 of state or federal law protecting occupational health and
 13 26 safety or the environment, including but not limited to
 13 27 serious or uncorrected violations of occupational safety and
 13 28 health standards enforced by the division of labor services of
 13 29 the department of workforce development pursuant to chapter
 13 30 84A, or rules enforced by the department of natural resources
 13 31 pursuant to chapter 455B or 459, subchapters II and III.

CODE: Removes the requirement that the Department of Economic Development reserve up to 50.00% of the total amount allocated to the VAAPFAP Fund for assisting persons requiring up to \$100,000 in financial assistance and instead allows the Department to reserve up to 50.00% of the funds for persons requiring up to \$500,000 in financial assistance.

13 32 DIVISION III
13 33 ENDOW IOWA SEED GRANTS AND TAX CREDITS

13 34 Sec. 17. NEW SECTION. 15E.221 SHORT TITLE.
13 35 This division shall be known as and may be cited as the
14 1 "Endow Iowa Program Act".

CODE: Specifies the title of this Division as the Endow Iowa Program Act.

14 2 Sec. 18. NEW SECTION. 15E.222 PURPOSE.
14 3 The purpose of this division is to enhance the quality of
14 4 life for citizens of this state through increased
14 5 philanthropic activity by providing seed capital to citizen
14 6 groups of this state organized to establish endowment funds
14 7 that will address community needs. The purpose of this
14 8 division is also to encourage individuals, businesses, and
14 9 organizations to invest in community foundations.

CODE: Specifies the purpose of the Endow Iowa Program Act.

14 10 Sec. 19. NEW SECTION. 15E.223 DEFINITIONS.
14 11 As used in this division, unless the context otherwise
14 12 requires:
14 13 1. "Board" means the governing board of the lead
14 14 philanthropic entity identified by the department pursuant to
14 15 section 15E.224.
14 16 2. "Business" means a business operating within the state
14 17 and includes individuals operating a sole proprietorship or
14 18 having rental, royalty, or farm income in this state and
14 19 includes a consortium of businesses.
14 20 3. "Community affiliate organization" means a group of
14 21 five or more community leaders or advocates organized for the
14 22 purpose of increasing philanthropic activity in an identified
14 23 community or geographic area in this state with the intention
14 24 of establishing a community affiliate endowment fund.
14 25 4. "Endowment gift" means an irrevocable contribution to a
14 26 permanent endowment held by a qualified community foundation.
14 27 5. "Lead philanthropic entity" means the entity identified
14 28 by the department pursuant to section 15E.224.

CODE: Provides definitions utilized in this Division.

14 29 6. "Qualified community foundation" means a community
14 30 foundation organized or operating in this state that meets or
14 31 exceeds the national standards established by the national
14 32 council on foundations.

14 33 Sec. 20. NEW SECTION. 15E.224 ENDOW IOWA SEED GRANTS.

14 34 1. The department shall identify a lead philanthropic
14 35 entity for purposes of encouraging the development of
15 1 qualified community foundations in this state. A lead
15 2 philanthropic entity shall meet all of the following
15 3 qualifications:
15 4 a. The entity shall be a nonprofit entity which is exempt
15 5 from federal income taxation pursuant to section 501(c)(3) of
15 6 the Internal Revenue Code.
15 7 b. The entity shall be a statewide organization with
15 8 membership consisting of organizations, such as community,
15 9 corporate, and private foundations, whose principal function
15 10 is the making of grants within this state of Iowa.
15 11 c. The entity shall have a minimum of forty members and
15 12 that membership shall include qualified community foundations.

15 13 2. A lead philanthropic entity may receive a grant from
15 14 the department. The board shall use the grant moneys to award
15 15 endow Iowa seed grants to community affiliate organizations
15 16 that do all of the following:
15 17 a. Provide the board with all information required by the
15 18 board.
15 19 b. Demonstrate a dollar-for-dollar funding match in a form
15 20 approved by the board.
15 21 c. Identify a qualified community foundation to hold all
15 22 funds.
15 23 d. Provide a plan to the board demonstrating the method
15 24 for distributing grant moneys received from the board to
15 25 charities within the community or geographic area as defined
15 26 by the community affiliate organization.

CODE: Requires the Department of Economic Development to identify a lead philanthropic entity to encourage the development of qualified community foundations in the State and specifies criteria that the entity must meet.

CODE: Allows a lead philanthropic entity to receive grants from the Department of Economic Development and requires the governing board of the entity to use the grants to award Endow Iowa Seed Grants to community affiliate organizations that meet certain criteria as specified in the Bill.

15 27 3. Endow Iowa seed grants shall not exceed twenty-five
15 28 thousand dollars per community affiliate organization unless a
15 29 community affiliate organization demonstrates a multiple
15 30 county or regional approach. Endow Iowa seed grants may be
15 31 awarded on an annual basis with not more than three grants
15 32 going to one county in a fiscal year.

CODE: Requires Iowa Seed Grants to be limited to \$25,000 per community affiliate organization unless the organization demonstrates a multiple county or regional approach. Allows the Grants to be awarded on an annual basis not to exceed three grants to one county in a fiscal year.

15 33 4. In ranking applications for grants, the board shall
15 34 consider a variety of factors including the following:
15 35 a. The demonstrated need for financial assistance to
16 1 create a community affiliate endowment fund.
16 2 b. The potential for future philanthropic activity in the
16 3 area represented by or being considered for assistance.
16 4 c. The proportion of the funding match being provided.
16 5 d. The demonstrated need for the creation of a community
16 6 affiliate endowment fund in the applicant's geographic area.
16 7 e. The identification of community needs and the manner in
16 8 which additional funding will address those needs.
16 9 f. The geographic diversity of awards.

CODE: Specifies a variety of factors required for consideration when ranking applications for Endow Iowa Seed Grants.

16 10 5. Of any moneys received by a lead philanthropic entity
16 11 from the state, not more than five percent of such moneys
16 12 shall be used by the entity for administrative purposes.

CODE: Requires not more than 5.00% of the moneys received by a lead philanthropic organization be used for administration.

16 13 Sec. 21. NEW SECTION. 15E.225 ENDOW IOWA TAX CREDIT.

16 14 1. For tax years beginning on or after January 1, 2003, a
16 15 tax credit shall be allowed against the taxes imposed in
16 16 chapter 422, divisions II, III, and V, and in chapter 432, and
16 17 against the moneys and credits tax imposed in section 533.24
16 18 equal to twenty percent of a taxpayer's endowment gift to a
16 19 qualified community foundation. An individual may claim a tax
16 20 credit under this section of a partnership, limited liability
16 21 company, S corporation, estate, or trust electing to have
16 22 income taxed directly to the individual. The amount claimed
16 23 by the individual shall be based upon the pro rata share of

CODE: Allows tax credits equal to 20.00% of the taxpayer's endowment gift to be applied against personal income tax, corporate income tax, franchise tax, insurance premium tax, and taxes imposed against credit unions under Section 533.24, Code of Iowa.

Allows an individual involved in a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual to claim a tax credit and specifies the amount to be claimed.

Allows for a tax credit for an endowment gift made to a qualified community foundation for a permanent endowment fund established

16 24 the individual's earnings from the partnership, limited
16 25 liability company, S corporation, estate, or trust. A tax
16 26 credit shall be allowed only for an endowment gift made to a
16 27 qualified community foundation for a permanent endowment fund
16 28 established to benefit a charitable cause in this state. Any
16 29 tax credit in excess of the taxpayer's tax liability for the
16 30 tax year may be credited to the tax liability for the
16 31 following five years or until depleted, whichever occurs
16 32 first. A tax credit shall not be carried back to a tax year
16 33 prior to the tax year in which the taxpayer claims the tax
16 34 credit.

to benefit a charitable cause in the State.

Allows tax credits awarded to be available for utilization for up to five years. Prohibits the tax credits from being applied to a past tax year.

17 35 2. The aggregate amount of tax credits authorized pursuant
17 1 to this section shall not exceed a total of two million
17 2 dollars. The maximum amount of tax credits granted to a
17 3 taxpayer shall not exceed five percent of the aggregate amount
17 4 of tax credits authorized.

CODE: Prohibits the aggregate tax credits awarded under this Section from exceeding \$2,000,000 and the tax credits awarded to individuals from exceeding 5.00% of the aggregate amount of tax credits authorized.

DETAIL: Tax credits to an individual are limited to \$100,000.

17 5 3. A tax credit shall not be transferable to any other
17 6 taxpayer.
17 7 4. A tax credit shall not be authorized pursuant to this
17 8 section after December 31, 2005.

Prohibits tax credits from being transferred and prohibits tax credits from being authorized after December 31, 2005.

17 9 5. The department shall develop a system for registration
17 10 and authorization of tax credits under this section and shall
17 11 control the distribution of all tax credits to taxpayers
17 12 providing an endowment gift subject to this section. The
17 13 department shall adopt administrative rules pursuant to
17 14 chapter 17A for the qualification and administration of
17 15 endowment gifts.

CODE: Requires the Department of Economic Development to develop a system to register, authorize, and distribute tax credits to taxpayers providing an endowment gift and requires the Department to adopt administrative rules for the qualification and administration of endowment gifts.

17 16 Sec. 22. NEW SECTION. 15E.226 REPORTS -- AUDITS.
17 17 By January 31 of each year, the lead philanthropic entity,
17 18 in cooperation with the department, shall publish an annual

CODE: Requires the lead philanthropic entity to publish and submit an annual report by January 31 to the Governor and the General Assembly regarding activities conducted.

17 19 report of the activities conducted pursuant to this division
17 20 during the previous calendar year and shall submit the report
17 21 to the governor and the general assembly. The annual report
17 22 shall include a listing of endowment funds and the amount of
17 23 tax credits authorized by the department.

17 24 Sec. 23. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.
17 25 The tax imposed under this division, less the credits
17 26 allowed under sections 422.12 and 422.12B, shall be reduced by
17 27 an endow Iowa tax credit authorized pursuant to section
17 28 15E.225.

CODE: Requires, after accounting for deductions and earned income tax credits, that personal income tax liability be reduced by the Endow Iowa Tax Credit.

17 29 Sec. 24. Section 422.33, Code 2003, is amended by adding
17 30 the following new subsection:
17 31 NEW SUBSECTION. 14. The taxes imposed under this division
17 32 shall be reduced by an endow Iowa tax credit authorized
17 33 pursuant to section 15E.225.

CODE: Requires corporate income tax liability to be reduced by the Endow Iowa Tax Credit.

17 34 Sec. 25. Section 422.60, Code 2003, is amended by adding
17 35 the following new subsection:
18 1 NEW SUBSECTION. 7. The taxes imposed under this division
18 2 shall be reduced by an endow Iowa tax credit authorized
18 3 pursuant to section 15E.225.

CODE: Requires franchise tax liability to be reduced by the Endow Iowa Tax Credit.

18 4 Sec. 26. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.
18 5 The tax imposed under this chapter shall be reduced by an
18 6 endow Iowa tax credit authorized pursuant to section 15E.225.

CODE: Requires insurance premium tax liability to be reduced by the Endow Iowa Tax Credit.

18 7 Sec. 27. Section 533.24, Code 2003, is amended by adding
18 8 the following new unnumbered paragraph:
18 9 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
18 10 imposed under this section shall be reduced by an endow Iowa
18 11 tax credit authorized pursuant to section 15E.225.

CODE: Requires taxes imposed against credit unions to be reduced by the Endow Iowa Tax Credit.

18 12 Sec. 28. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
 18 13 This division of this Act, being deemed of immediate
 18 14 importance, takes effect upon enactment and is retroactively
 18 15 applicable to January 1, 2003, for tax years beginning on or
 18 16 after that date.

Specifies this Division takes effect upon enactment and is retroactively applicable to tax years beginning on or after January 1, 2003.

18 17 DIVISION IV
 18 18 ECONOMIC DEVELOPMENT REGIONS

18 19 Sec. 29. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
 18 20 REGIONS.

CODE: Requires the Iowa Values Board approve an economic development region in order for the region to receive funding and specifies the region must meet the following criteria:

18 21 1. In order for an economic development region to receive
 18 22 moneys from the Iowa values fund created in section 15G.105,
 18 23 the organization of an economic development region must be
 18 24 approved by the Iowa values board established in section
 18 25 15G.103. The board shall approve an economic development
 18 26 region that meets the following criteria:
 18 27 a. The region consists of not less than three contiguous
 18 28 counties. Upon the recommendation of the director of the
 18 29 department of economic development, this paragraph may be
 18 30 waived by the board.
 18 31 b. The region establishes a single, focused economic
 18 32 development effort, approved by the board, that shall include
 18 33 the development of a regional development plan and regional
 18 34 marketing strategies. Regional marketing strategies must be
 18 35 focused on marketing the region collectively.

- Consist of not less than three contiguous counties unless waived by the Board upon recommendation of the Director of Economic Development.
- Establish a single-focus economic development effort that contains a regional development plan and marketing strategies that market the region collectively.

19 1 2. An approved economic development region may create an
 19 2 economic development region revolving fund as provided in
 19 3 section 15E.232.

CODE: Allows an economic development region to establish a revolving fund.

19 4 Sec. 30. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT
 19 5 REGION REVOLVING FUNDS -- TAX CREDITS.

CODE: Allows an economic development region to establish a revolving fund.

19 6 1. An economic development region approved pursuant to
 19 7 section 15E.231 may create an economic development region

19 8 revolving fund.

19 9 2. a. A nongovernmental entity making a contribution to
19 10 an economic development region revolving fund at any time
19 11 prior to July 1, 2008, may claim a tax credit equal to twenty
19 12 percent of the amount contributed to the revolving fund. The
19 13 tax credit shall be allowed against taxes imposed in chapter
19 14 422, divisions II, III, and V, and in chapter 432, and against
19 15 the moneys and credits tax imposed in section 533.24. An
19 16 individual may claim under this subsection the tax credit of a
19 17 partnership, limited liability company, S corporation, estate,
19 18 or trust electing to have income taxed directly to the
19 19 individual. The amount claimed by the individual shall be
19 20 based upon the pro rata share of the individual's earnings
19 21 from the partnership, limited liability company, S
19 22 corporation, estate, or trust. Any tax credit in excess of
19 23 the taxpayer's liability for the tax year may be credited to
19 24 the tax liability for the following seven years or until
19 25 depleted, whichever occurs first. A tax credit shall not be
19 26 carried back to a tax year prior to the tax year in which the
19 27 taxpayer redeems the tax credit. A tax credit under this
19 28 section is not transferable.

CODE: Allows a nongovernmental entity that makes a contribution to the economic development region revolving fund at any time prior to FY 2008, to receive tax credits equal to 20.00% of the contribution to be applied against personal income tax, corporate income tax, franchise tax, insurance premium tax, and taxes imposed against credit unions.

Allows an individual involved in a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual to claim a tax credit and specifies the amount to be claimed. Allows tax credits to remain available for up to seven years. Prohibits the tax credits from being applied to a past tax year or from being transferred.

19 29 b. The aggregate amount of tax credits authorized pursuant
19 30 to this subsection shall not total more than twenty million
19 31 dollars. The total amount of tax credits authorized during a
19 32 fiscal year shall not exceed four million dollars plus any
19 33 unused tax credits carried over from previous years. Any tax
19 34 credits which remain unused for a fiscal year may be carried
19 35 forward to the succeeding fiscal year. The maximum amount of
20 1 tax credits that may be authorized in a fiscal year for
20 2 contributions made to a specific economic development region
20 3 revolving fund is equal to four million dollars plus any
20 4 unused tax credits carried over from previous years divided by
20 5 the number of economic development region revolving funds
20 6 existing in the state.

CODE: Allows unused tax credits to carry forward. Caps the aggregate tax credits awarded at \$20,000,000 and the tax credits awarded in a given fiscal year at \$4,000,000 plus any tax credits carried forward from previous fiscal years. Caps the tax credits to an economic development region at \$4,000,000 plus carry forward, divided by the number of regions established.

20 7 c. The department of economic development shall administer
20 8 the authorization of tax credits under this section and shall,
20 9 in cooperation with the department of revenue and finance,
20 10 adopt rules pursuant to chapter 17A necessary for the
20 11 administration of this section.

CODE: Requires the Department of Economic Development, in coordination with the Department of Revenue and Finance, to establish administrative rules for authorization of tax credits.

20 12 3. An approved economic development region may apply for
20 13 financial assistance from the Iowa values fund to assist with
20 14 physical infrastructure needs related to a specific business
20 15 partner. In order to receive financial assistance pursuant to
20 16 this subsection, the economic development region must
20 17 demonstrate all of the following:
20 18 a. The ability to provide matching moneys on a one to one
20 19 basis.
20 20 b. The commitment of the specific business partner.
20 21 c. That all other funding alternatives have been
20 22 exhausted.

CODE: Allows an approved economic development region to apply for financial assistance for physical infrastructure needs related to a specific business partner. Specifies the following criteria must be met to receive the funding:

- Must be able to provide matching moneys on a one-to-one basis.
- Must have the commitment of the specific business partner.
- Must have exhausted all other funding alternatives.

20 23 4. An approved economic development region may apply for
20 24 financial assistance from the Iowa values fund to assist an
20 25 existing business located in the economic development region
20 26 impacted by business consolidation actions. Business
20 27 consolidation actions include a substantial or total closure
20 28 of an existing business due to consolidating the existing
20 29 business out of state. In order to receive financial
20 30 assistance pursuant to this subsection, the economic
20 31 development region must demonstrate the ability to provide
20 32 matching moneys on a one-to-one basis.

CODE: Allows an approved economic development region to apply for financial assistance to assist an existing business impacted by business consolidation actions and defines business consolidation actions. Specifies the economic development region must provide a one-to-one match to receive assistance.

20 33 5. An approved economic development region may apply for
20 34 financial assistance to implement economic development
20 35 initiatives unique to the region. In order to receive
21 1 financial assistance pursuant to this subsection, the economic
21 2 development region must demonstrate the ability to provide
21 3 matching moneys on a one-to-one basis.

CODE: Allows an approved economic development region to apply for financial assistance for implementing economic development initiatives unique to the region. Specifies the economic development region must provide a one-to-one match to receive assistance.

21 4 6. An approved economic development region may apply for
21 5 financial assistance to implement innovative initiatives that
21 6 do not qualify for assistance under subsection 5.

CODE: Allows an approved economic development region to apply for financial assistance for implementing innovative initiatives that do not qualify as unique to the region.

21 7 7. The board may establish and administer a regional
21 8 economic development revenue sharing pilot project for one or
21 9 more regions. Not more than three pilot projects shall be
21 10 established. The department of economic development shall
21 11 provide technical assistance to the regions participating in a
21 12 pilot project.

CODE: Allows the Iowa Values Board to establish up to three regional economic development revenue sharing pilot projects with technical assistance provided by the Department of Economic Development.

21 13 8. Financial assistance under subsections 3, 4, 5, and 6
21 14 and section 15E.233 shall be limited to a total of thirty
21 15 million dollars.

CODE: Requires financial assistance to economic development regions for physical infrastructure needs, assistance to businesses impacted by consolidation actions, and implementation of unique and innovative initiatives be limited to a total of \$30,000,000.

21 16 Sec. 31. NEW SECTION. 15E.233 ECONOMICALLY ISOLATED
21 17 AREAS.

21 18 1. An approved economic development region may apply to
21 19 the Iowa values board for approval to be designated as an
21 20 economically isolated area. In order to be considered an
21 21 economically isolated area, the region must have at least one
21 22 county that meets all of the following criteria:

CODE: Allows an approved economic development region to be designated an economically isolated area upon approval of the Iowa Values Board. Requires at least one county within the region to meet all the following criteria to be designated an economically isolated area:

21 23 a. A majority of the land area of the county is located at
21 24 least forty miles away from a major commercial area, as
21 25 determined by the board. Major commercial areas include all
21 26 of the following:

- A majority of the land area of the county is located at least 40 miles from a major commercial area specified in the Bill.
- The county has either a per capita income or an annualized weekly wage for employees in private business that ranks in the lowest 25 counties in the State in calendar year 2000.

21 27 (1) Burlington.
21 28 (2) Carroll.
21 29 (3) Cedar Rapids.
21 30 (4) Clinton.
21 31 (5) Council Bluffs.
21 32 (6) Davenport.
21 33 (7) Des Moines.
21 34 (8) Dubuque.

21 35 (9) Fort Dodge.
22 1 (10) Iowa City.
22 2 (11) Marshalltown.
22 3 (12) Mason City.
22 4 (13) Ottumwa.
22 5 (14) Sioux City.
22 6 (15) Spencer.
22 7 (16) Storm Lake.
22 8 (17) Waterloo.
22 9 b. The county has at least one of the following:
22 10 (1) Per capita income that ranks in the lowest twenty-five
22 11 counties in the state based on the 2000 census.
22 12 (2) An annualized average weekly wage for employees in
22 13 private business that ranks in the lowest twenty-five counties
22 14 in the state in calendar year 2000.

22 15 2. An approved economically isolated area may apply to the
22 16 department of economic development for up to seven hundred
22 17 fifty thousand dollars over a five-year period for purposes of
22 18 economic-development-related marketing assistance for the
22 19 area. In order to receive financial assistance pursuant to
22 20 this subsection, the economic development region must
22 21 demonstrate the ability to provide matching moneys on a one-
22 22 to-one basis.

22 23 Sec. 32. NEW SECTION. 422.111 ECONOMIC DEVELOPMENT
22 24 REGION REVOLVING FUND TAX CREDIT.
22 25 The taxes imposed under this division, less the credits
22 26 allowed under sections 422.12 and 422.12B, shall be reduced by
22 27 an economic development region revolving fund contribution tax
22 28 credit authorized pursuant to section 15E.232.

22 29 Sec. 33. Section 422.33, Code 2003, is amended by adding
22 30 the following new subsection:
22 31 NEW SUBSECTION. 15. The taxes imposed under this division

CODE: Allows an approved economically isolated area to apply to the Department of Economic Development to receive up to \$750,000 over a five-year period for economic development-related marketing assistance for the area. Specifies the economic development region must provide a one-to-one match in order to receive financial assistance.

CODE: Requires, after accounting for deductions and earned income tax credits, that personal income tax liability be reduced by the economic development region revolving fund contribution tax credit.

CODE: Requires corporate income tax liability to be reduced by the economic development region revolving fund contribution tax credit.

22 32 shall be reduced by an economic development region revolving
 22 33 fund contribution tax credit authorized pursuant to section
 22 34 15E.232.

22 35 Sec. 34. Section 422.60, Code 2003, is amended by adding
 23 1 the following new subsection:
 23 2 NEW SUBSECTION. 8. The taxes imposed under this division
 23 3 shall be reduced by an economic development region revolving
 23 4 fund contribution tax credit authorized pursuant to section
 23 5 15E.232.

CODE: Requires franchise tax liability to be reduced by the economic development region revolving fund contribution tax credit.

23 6 Sec. 35. NEW SECTION. 432.12E ECONOMIC DEVELOPMENT
 23 7 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.
 23 8 The tax imposed under this chapter shall be reduced by an
 23 9 economic development region tax credit authorized pursuant to
 23 10 section 15E.232.

CODE: Requires insurance premium tax liability to be reduced by the economic development region revolving fund contribution tax credit.

23 11 Sec. 36. Section 533.24, Code 2003, is amended by adding
 23 12 the following new unnumbered paragraph after unnumbered
 23 13 paragraph 4:
 23 14 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
 23 15 imposed under this section shall be reduced by an economic
 23 16 development region revolving fund contribution tax credit
 23 17 authorized pursuant to section 15E.232.

CODE: Requires taxes imposed on credit unions to be reduced by the economic development region revolving fund contribution tax credit.

23 18 DIVISION V
 23 19 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

23 20 Sec. 37. NEW SECTION. 260C.18A WORKFORCE TRAINING AND
 23 21 ECONOMIC DEVELOPMENT FUNDS.
 23 22 1. a. A workforce training and economic development fund
 23 23 is created for each community college. Moneys shall be
 23 24 deposited and expended from a fund as provided under this
 23 25 section.

CODE: Creates a workforce training and economic development fund for each community college that consists of the following:

- Funds appropriated by the General Assembly
- Any other moneys available to and obtained or accepted by the Department of Economic Development from federal or private sources for placement in the funds.

23 26 b. Moneys in the funds shall consist of any moneys
 23 27 appropriated by the general assembly and any other moneys
 23 28 available to and obtained or accepted by the department of
 23 29 economic development from federal sources or private sources
 23 30 for placement in the funds. Notwithstanding section 8.33,
 23 31 moneys in the funds at the end of each fiscal year shall not
 23 32 revert to any other fund but shall remain in the funds for
 23 33 expenditure in subsequent fiscal years.

23 34 2. On July 1 of each year for the fiscal year beginning
 23 35 July 1, 2003, through the fiscal year beginning July 1, 2007,
 24 1 moneys from the Iowa values fund created in section 15G.105
 24 2 are appropriated to the department of economic development for
 24 3 deposit in the workforce training and economic development
 24 4 funds in amounts determined pursuant to subsection 3. On July
 24 5 1 of each year for fiscal years beginning on or after July 1,
 24 6 2008, moneys from the general fund of the state are
 24 7 appropriated to the department of economic development for
 24 8 deposit in the workforce training and economic development
 24 9 funds in amounts determined pursuant to subsection 3. Moneys
 24 10 deposited in the funds and disbursed to community colleges for
 24 11 a fiscal year shall be expended for the following purposes,
 24 12 provided seventy percent of the moneys shall be used on
 24 13 projects in the areas of advanced manufacturing, information
 24 14 technology and insurance, and life sciences which include the
 24 15 areas of biotechnology, health care technology, and nursing
 24 16 care technology:

24 17 a. Projects in which an agreement between a community
 24 18 college and an employer located within the community college's
 24 19 merged area meet all of the requirements of the accelerated
 24 20 career education program under chapter 260G.

24 21 b. Projects in which an agreement between a community
 24 22 college and a business meet all the requirements of the Iowa
 24 23 jobs training Act under chapter 260F. However, when moneys
 24 24 are provided through the Iowa values fund for such projects,
 24 25 sections 260F.6, subsections 1 and 2, and section 260F.8 shall
 24 26 not apply and projects shall be approved by the Iowa values

CODE: Requires an annual appropriation from the Iowa Values Fund for FY 2004 through FY 2008 to the Department of Economic Development for deposit in the community college workforce training and economic development funds. Requires a General Fund appropriation to the Department of Economic Development for the same purpose starting in FY 2009. Requires moneys from the funds to be expended by the community colleges for the following purposes, provided 70.00% of the moneys will be used on projects in the areas of advanced manufacturing, information technology and insurance, and life sciences that include the areas of biotechnology, health care technology, and nursing care technology:

- The Accelerated Career Education Program.
- The Jobs Training Programs under Section 260F, Code of Iowa.
- The development and implementation of career academies as defined in the Bill.
- Programs and courses that provide vocational and technical training as well as in-service training and retraining.

Requires the State Board of Education to adopt administrative rules for the development and implementation of career academies.

24 27 board.
 24 28 c. For the development and implementation of career
 24 29 academies designed to provide new career preparation
 24 30 opportunities for high school students that are formally
 24 31 linked with postsecondary career and technical education
 24 32 programs. For purposes of this section, "career academy"
 24 33 means a program of study that combines a minimum of two years
 24 34 of secondary education with an associate degree, or the
 24 35 equivalent, career preparatory program in a nonduplicative,
 25 1 sequential course of study that is standards based, integrates
 25 2 academic and technical instruction, utilizes work-based and
 25 3 worksite learning where appropriate and available, utilizes an
 25 4 individual career planning process with parent involvement,
 25 5 and leads to an associate degree or postsecondary diploma or
 25 6 certificate in a career field that prepares an individual for
 25 7 entry and advancement in a high-skill and reward career field
 25 8 and further education. The state board of education, in
 25 9 conjunction with the division of community colleges and
 25 10 workforce preparation of the department of education, shall
 25 11 adopt administrative rules for the development and
 25 12 implementation of such career academies pursuant to section
 25 13 256.11, subsection 5, paragraph "h", section 260C.1, and Title
 25 14 II of Pub. L. No. 105-332, Carl D. Perkins Vocational and
 25 15 Technical Education Act of 1998.
 25 16 d. Programs and courses that provide vocational and
 25 17 technical training, and programs for in-service training and
 25 18 retraining under section 260C.1, subsections 2 and 3.

25 19 3. The maximum cumulative total amount of moneys that may
 25 20 be deposited in all the workforce training and economic
 25 21 development funds for distribution to community colleges in a
 25 22 fiscal year shall be determined as follows:
 25 23 a. Five million dollars for the fiscal year beginning July
 25 24 1, 2003.
 25 25 b. Ten million dollars for the fiscal year beginning July
 25 26 1, 2004.
 25 27 c. Fifteen million dollars for the fiscal year beginning

CODE: Specifies the maximum amount of moneys that can be deposited in all workforce training and development funds for distribution to a community college as follows:

- FY 2004 - \$5,000,000.
- FY 2005 - \$10,000,000.
- FY 2006 - \$15,000,000.
- FY 2007 - \$20,000,000.
- FY 2008 - \$25,000,000.

25 28 July 1, 2005.

25 29 d. Twenty million dollars for the fiscal year beginning

25 30 July 1, 2006.

25 31 e. Twenty-five million dollars for the fiscal year

25 32 beginning July 1, 2007.

25 33 f. For the fiscal year beginning July 1, 2008, and each

25 34 succeeding fiscal year, the Iowa values board shall make a

25 35 determination if sufficient moneys exist in the Iowa values

26 1 fund to distribute to community colleges.

Requires the Iowa Values Board to make a determination in FY 2009 and each fiscal year thereafter if there are sufficient moneys in the Iowa Values Fund to distribute to the community colleges.

26 2 4. The department of economic development shall allocate

26 3 the moneys appropriated pursuant to this section to the

26 4 community college workforce training and economic development

26 5 funds utilizing the same distribution formula used for the

26 6 allocation of state general aid to the community colleges.

CODE: Requires the Department of Economic Development to allocate the moneys in this Section to the community college workforce training and economic development funds utilizing the same distribution formula used for allocation of State general aid to the community colleges.

26 7 Sec. 38. Section 260G.3, subsection 2, Code 2003, is

26 8 amended to read as follows:

26 9 2. An agreement may include reasonable and necessary
26 10 provisions to implement the accelerated career education
26 11 program. If an agreement that utilizes program job credits is

26 12 entered into, the community college and the employer shall

26 13 notify the department of revenue and finance as soon as

26 14 possible. The community college shall also file a copy of the

26 15 agreement with the department of economic development as

26 16 required in section 260G.4B. The agreement shall provide for

26 17 program costs, including deferred costs, which may be paid

26 18 from any of the following sources:

26 19 a. Program job credits which the employer receives based

26 20 on the number of program job positions agreed to by the

26 21 employer to be available under the agreement.

26 22 b. Cash or in-kind contributions by the employer toward

26 23 the program cost. At a minimum, the employer contribution

26 24 shall be twenty percent of the program costs.

26 25 c. Tuition, student fees, or special charges fixed by the

26 26 board of directors to defray program costs.

CODE: Requires the community colleges and an employer involved in an agreement under the Accelerated Career Education (ACE) Program to notify the Department of Revenue and Finance as soon as possible if the agreement involves the utilization of Program Job Credits. Adds moneys from a workforce training and economic development fund to the sources of funding from which Program costs may be paid.

26 27 d. Guarantee by the employer of payments to be received
 26 28 under paragraphs "a" and "b".
 26 29 e. Moneys from a workforce training and economic
 26 30 development fund created in section 260C.18A, based on the
 26 31 number of program job positions agreed to by the employer to
 26 32 be available under the agreement, the amount of which shall be
 26 33 calculated in the same manner as the program job credits
 26 34 provided for in section 260G.4A.

26 35 DIVISION VI
 27 1 SCHOOL INFRASTRUCTURE

27 2 Sec. 39. Section 296.1, Code 2003, is amended to read as
 27 3 follows:
 27 4 296.1 INDEBTEDNESS AUTHORIZED.
 27 5 Subject to the approval of the voters ~~thereof~~, school
 27 6 districts are ~~hereby~~ authorized to contract indebtedness and
 27 7 to issue general obligation bonds to provide funds to defray
 27 8 the cost of purchasing, building, furnishing, reconstructing,
 27 9 repairing, improving or remodeling a schoolhouse or
 27 10 schoolhouses and additions thereto, gymnasium, stadium, field
 27 11 house, school bus garage, ~~teachers' or superintendent's home~~
 27 12 ~~or homes~~, and procuring a site or sites therefor, or
 27 13 purchasing land to add to a site already owned, or procuring
 27 14 and improving a site for an athletic field, or improving a
 27 15 site already owned for an athletic field, and for any one or
 27 16 more of such purposes. Taxes for the payment of ~~said the~~
 27 17 bonds shall be levied in accordance with chapter 76, and ~~said~~
 27 18 ~~the~~ bonds shall mature within a period not exceeding twenty
 27 19 years from date of issue, shall bear interest at a rate or
 27 20 rates not exceeding that permitted by chapter 74A and shall be
 27 21 of such form as the board of directors of ~~such the~~ school
 27 22 district shall by resolution provide, but the aggregate
 27 23 indebtedness of any school district shall not exceed five
 27 24 percent of the actual value of the taxable property within
 27 25 ~~said the~~ school district, as ascertained by the last preceding

CODE: Eliminates teachers' or superintendents' homes from the list of infrastructure improvements that can be financed by the sale of general obligation bonds.

27 26 state and county tax lists.

27 27 Sec. 40. Section 422E.1, subsections 2 and 3, Code 2003,
27 28 are amended to read as follows:

27 29 2. The maximum rate of tax shall be one percent. The tax
27 30 shall be imposed without regard to any other local sales and
27 31 services tax authorized in chapter 422B, and is repealed at
27 32 the expiration of a period of ten years of imposition or a
27 33 shorter period as provided in the ballot proposition.

27 34 However, all local option sales and services taxes for school
27 35 infrastructure purposes are repealed December 31, 2022.

28 1 3. Local sales and services tax moneys received by a
28 2 county for school infrastructure purposes pursuant to this
28 3 chapter shall be utilized ~~solely~~ for school infrastructure
28 4 needs or property tax relief. For purposes of this chapter,
28 5 "school infrastructure" means those activities for which a
28 6 school district is authorized to contract indebtedness and
28 7 issue general obligation bonds under section 296.1, except
28 8 those activities related to a teacher's or superintendent's
28 9 home or homes. These activities include the construction,
28 10 reconstruction, repair, purchasing, or remodeling of
28 11 schoolhouses, stadiums, gyms, fieldhouses, and bus garages and
28 12 the procurement of schoolhouse construction sites and the
28 13 making of site improvements and those activities for which
28 14 revenues under section 298.3 or 300.2 may be spent.

28 15 Additionally, "school infrastructure" includes the payment or
28 16 retirement of outstanding bonds previously issued for school
28 17 infrastructure purposes as defined in this subsection, and the
28 18 payment or retirement of bonds issued under section 422E.4.

28 19 Sec. 41. Section 422E.2, subsection 3, Code 2003, is
28 20 amended to read as follows:

28 21 3. The county commissioner of elections shall submit the
28 22 question of imposition of a local sales and services tax for
28 23 school infrastructure purposes at a state general election or
28 24 at a special election held at any time other than the time of

CODE: Repeals the local option sales and services tax for school infrastructure on December 31, 2022. Allows the tax revenue to be used for property tax relief and to finance the same type of projects through the Physical Plant and Equipment Levy and the Educational and Recreational Tax.

CODE: Requires the content of the ballot proposition regarding local option sales and services tax for school infrastructure to be similar to the petition of the board of supervisors or motions of a school district requesting the election and requires the ballot to include the rate of tax, imposition and repeal date, and the specific purpose for which the revenue will be expended. Eliminates the responsibility of the board of supervisors to set the rate of tax.

28 25 a city regular election. The election shall not be held
 28 26 sooner than sixty days after publication of notice of the
 28 27 ballot proposition. The ballot proposition shall specify the
 28 28 rate of tax, the date the tax will be imposed and repealed,
 28 29 and shall contain a statement as to the specific purpose or
 28 30 purposes for which the revenues shall be expended. The
 28 31 content of the ballot proposition shall be substantially
 28 32 similar to the petition of the board of supervisors or motions
 28 33 of a school district or school districts requesting the
 28 34 election as provided in subsection 2, as applicable, including
 28 35 the rate of tax, imposition and repeal date, and the specific
 29 1 purpose or purposes for which the revenues will be expended.
 29 2 The dates for the imposition and repeal of the tax shall be as
 29 3 provided in subsection 1. The rate of tax shall not be more
 29 4 than one percent ~~as set by the county board of supervisors.~~
 29 5 The state commissioner of elections shall establish by rule
 29 6 the form for the ballot proposition which form shall be
 29 7 uniform throughout the state.

29 8 Sec. 42. Section 422E.2, Code 2003, is amended by adding
 29 9 the following new subsection:
 29 10 **NEW SUBSECTION.** 3A. a. Each school district located
 29 11 within the county may submit a revenue purpose statement to
 29 12 the county commissioner of elections no later than sixty days
 29 13 prior to the election indicating the specific purpose or
 29 14 purposes for which the local sales and services tax for school
 29 15 infrastructure revenue and supplemental school infrastructure
 29 16 amount revenue will be expended. The revenues received
 29 17 pursuant to this chapter shall be expended for the purposes
 29 18 indicated in the revenue purpose statement. The revenue
 29 19 purpose statement may include information regarding the school
 29 20 district's use of the revenues to provide for property tax
 29 21 relief or debt reduction. A copy of the revenue purpose
 29 22 statement shall be made available for public inspection in
 29 23 accordance with chapter 22, shall be posted at the appropriate
 29 24 polling places of each school district during the hours that
 29 25 the polls are open, and be published in a newspaper of general

CODE: Allows each school district to submit a revenue purpose statement to the county commissioner of elections no later than 60 days prior to the election indicating the specific purposes for which the local option sales and services tax revenue for school infrastructure will be expended and requires the revenues to be expended for the purposes specified in the statement. Specifies information that may be included in the statement and requires a copy of the statement be posted at the polling places of each school district during the hours the polls are open, and published in a newspaper of general circulation within the school district no sooner than 20 days and no later than 10 days prior to the election.

29 26 circulation in the school district no sooner than twenty days
29 27 and no later than ten days prior to the election.

29 28 b. If a revenue purpose statement is not submitted sixty
29 29 days prior to the election or revenues remain after fulfilling
29 30 the purpose specified in the revenue purpose statement, the
29 31 revenues shall be used to reduce the following levies in the
29 32 following order:

29 33 (1) Bond levies under sections 298.18 and 298.18A and all
29 34 other debt levies, until the moneys received or the levies are
29 35 reduced to zero.

30 1 (2) The regular physical plant and equipment levy under
30 2 section 298.2, until the moneys received or the levy is
30 3 reduced to zero.

30 4 (3) The voter-approved physical plant and equipment levy
30 5 and income surtax, if any, under section 298.2, until the
30 6 moneys received or the levy and income surtax, if any, is
30 7 reduced to zero.

30 8 (4) The public educational and recreational levy under
30 9 section 300.2, until the moneys received or the levy is
30 10 reduced to zero.

30 11 (5) The schoolhouse tax levy under section 278.1,
30 12 subsection 7, Code 1989, until the moneys received or the levy
30 13 is reduced to zero.

30 14 Any money remaining after the reduction of the levies
30 15 specified in this paragraph "b" may be used for any authorized
30 16 infrastructure purpose of the school district.

30 17 c. Counties holding an election on the local sales and
30 18 services tax for school infrastructure purposes on or after
30 19 April 1, 2003, but before July 1, 2003, which approve the
30 20 imposition of the tax at the election shall expend the
30 21 revenues for any authorized infrastructure purpose of the
30 22 school district.

30 23 Sec. 43. Section 422E.2, subsection 4, Code 2003, is

CODE: Requires levies to be reduced if the revenue of purpose statement is not submitted 60 days prior to the election and specifies the levies to be reduced and the order of reduction. Specifies any moneys that remain after the reduction of levies may be expended for any authorized infrastructure purpose of the school district.

CODE: Requires counties approving the imposition of the local option sales and services tax for school infrastructure purposes at an election on or after April 1, 2003, but before July 1, 2003, to expend the revenues for any authorized infrastructure purpose of the school district.

CODE: Allows for a change in the use of local option sales and

30 24 amended to read as follows:
 30 25 4. a. The tax may be repealed or the rate increased, but
 30 26 not above one percent, or decreased, or the use of the
 30 27 revenues changed after an election at which a majority of
 30 28 those voting on the question of repeal, ~~or~~ rate change, or
 30 29 change in use favored the repeal, ~~or~~ rate change, or change in
 30 30 use. The election at which the question of repeal, ~~or~~ rate
 30 31 change, or change in use is offered shall be called and held
 30 32 in the same manner and under the same conditions as provided
 30 33 in this section for the election on the imposition of the tax.
 30 34 However, an election on the change in use shall only be held
 30 35 in the school district where the change in use is proposed to
 31 1 occur. The election may be held at any time but not sooner
 31 2 than sixty days following publication of the ballot
 31 3 proposition. However, the tax shall not be repealed before it
 31 4 has been in effect for one year.
 31 5 b. Within ten days of the election at which a majority of
 31 6 those voting on the question favors the imposition, repeal, or
 31 7 change in the rate of the tax, the county auditor shall give
 31 8 written notice of the result of the election by sending a copy
 31 9 of the abstract of the votes from the favorable election to
 31 10 the director of revenue and finance. Election costs shall be
 31 11 apportioned among school districts within the county on a pro
 31 12 rata basis in proportion to the number of registered voters in
 31 13 each school district who reside within the county and the
 31 14 total number of registered voters within the county.
 31 15 c. A local option sales and services tax shall not be
 31 16 repealed or reduced in rate if obligations are outstanding
 31 17 which are payable as provided in section 422E.4, unless funds
 31 18 sufficient to pay the principal, interest, and premium, if
 31 19 any, on the outstanding obligations at and prior to maturity
 31 20 have been properly set aside and pledged for that purpose.
 31 21 However, this paragraph does not apply to the repeal of the
 31 22 tax on December 31, 2022, as specified in section 422E.1,
 31 23 subsection 2.

services tax revenue upon approval by a majority of voters in an
 election. Requires an election on the change in use of revenues to be
 held only in the school district where the change is proposed.
 Specifies that the statutory requirement that a local option sales and
 services tax not be repealed or reduced in rate if obligations are
 outstanding, does not apply to the repeal of the tax on December 31,
 2022.

31 25 amended to read as follows:

31 26 4. The director of revenue and finance shall credit tax
 31 27 receipts and interest and penalties from the local sales and
 31 28 services tax for school infrastructure purposes to an account
 31 29 within the ~~county's local sales and services tax fund, as~~
 31 30 ~~created in section 422B.10, subsection 4~~ secure an advanced
 31 31 vision for education fund, as provided in section 422E.3A,
 31 32 maintained in the name of the school district or school
 31 33 districts located within the county. If the director is
 31 34 unable to determine from which county any of the receipts were
 31 35 collected, those receipts shall be allocated among the
 32 1 possible counties based on allocation rules adopted by the
 32 2 director.

Finance to deposit the tax receipts and interest and penalties from the local sales and services tax for school infrastructure into the Secure An Advanced Vision for Education Fund rather than a county's local sales and services tax fund.

32 3 Sec. 45. Section 422E.3, subsection 5, unnumbered
 32 4 paragraph 1, Code 2003, is amended to read as follows:
 32 5 d. (1) If more than one school district, or a portion of
 32 6 a school district, is located within the county, tax receipts
 32 7 shall be remitted to each school district or portion of a
 32 8 school district in which the county tax is imposed in a pro
 32 9 rata share based upon the ratio which the ~~percentage of actual~~
 32 10 enrollment for the school district that attends school in the
 32 11 county bears to the ~~percentage of~~ the total combined actual
 32 12 enrollments for all school districts that attend school in the
 32 13 county.
 32 14 (2) The combined actual enrollment for a county, for
 32 15 purposes of this section, shall be determined for each county
 32 16 ~~imposing a sales and services tax for school infrastructure~~
 32 17 ~~purposes~~ by the department of management based on the actual
 32 18 enrollment figures reported by October 1 to the department of
 32 19 management by the department of education pursuant to section
 32 20 257.6, subsection 1. The combined actual enrollment count
 32 21 shall be forwarded to the director of ~~the department of~~
 32 22 ~~management~~ revenue and finance by March 1, annually, for
 32 23 purposes of supplying estimated tax payment figures and making
 32 24 estimated tax payments pursuant to this section for the
 32 25 following fiscal year.

CODE: Requires a ratio of actual enrollment for a school district that is located in the county to the total combined actual enrollments for all school districts that are located in the county be used in determining the tax receipts to be remitted to a school district rather than a ratio of the percentage of the actual enrollment to the percentage of total enrollment. Requires the actual enrollment for each county to be determined regardless of whether or not the county imposes a sales and services tax for school infrastructure and requires the enrollment count to be forwarded to the Department of Revenue and Finance rather than the Department of Management.

32 26 e. Notwithstanding the amount of tax receipts credited to
 32 27 the account within the secure an advanced vision for education
 32 28 fund maintained in the name of a school district, the amount
 32 29 of tax receipts the school district shall receive from the tax
 32 30 imposed in the county shall be determined as provided in
 32 31 section 422E.3A, subsection 2.

CODE: Requires the amount of tax receipts received by a school district to be determined as specified in Section 47 of this Bill.

32 32 Sec. 46. Section 422E.3, subsection 7, Code 2003, is
 32 33 amended to read as follows:

CODE: Replaces the Local Sales and Services Tax Fund with the Secure An Advanced Vision for Education Fund from which refunds to construction contractors are to be paid.

32 34 7. Construction contractors may make application to the
 32 35 department for a refund of the additional local sales and
 33 1 services tax paid under this chapter by reason of taxes paid
 33 2 on goods, wares, or merchandise under the conditions specified
 33 3 in section 422B.11. The refund shall be paid by the
 33 4 department from the appropriate school district's account in
 33 5 ~~the local sales and services tax~~ secure an advanced vision for
 33 6 education fund. The penalty provisions contained in section
 33 7 422B.11, subsection 3, shall apply regarding an erroneous
 33 8 application for refund of local sales and services tax paid
 33 9 under this chapter.

33 10 Sec. 47. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION
 33 11 FOR EDUCATION FUND.

CODE: Creates the Secure An Advanced Vision for Education Fund and specifies moneys to be credited to the Fund.

33 12 1. A secure an advanced vision for education fund is
 33 13 created as a separate and distinct fund in the state treasury
 33 14 under the control of the department of revenue and finance.
 33 15 Moneys in the fund include revenues credited to the fund
 33 16 pursuant to this chapter, appropriations made to the fund, and
 33 17 other moneys deposited into the fund. Any amounts disbursed
 33 18 from the fund shall be utilized for school infrastructure
 33 19 purposes or property tax relief.

33 20 2. The moneys credited in a fiscal year to the secure an
 33 21 advanced vision for education fund shall be distributed as
 33 22 follows:

CODE: Specifies distribution of funds.

33 23 a. A school district that is located in whole or in part
33 24 in a county that voted on and approved prior to April 1, 2003,
33 25 the local sales and services tax for school infrastructure
33 26 purposes and that has a sales tax capacity per student above
33 27 the guaranteed school infrastructure amount shall receive an
33 28 amount equal to its pro rata share of the local sales and
33 29 services tax receipts as provided in section 422E.3,
33 30 subsection 5, paragraph "d".

33 31 b. (1) A school district that is located in whole or in
33 32 part in a county that voted on and approved prior to April 1,
33 33 2003, the local sales and services tax for school
33 34 infrastructure purposes and that has a sales tax capacity per
33 35 student below its guaranteed school infrastructure amount
34 1 shall receive an amount equal to its pro rata share of the
34 2 local sales and services tax receipts as provided in section
34 3 422E.3, subsection 5, paragraph "d", plus an amount equal to
34 4 its supplemental school infrastructure amount.

34 5 (2) A school district that is located in whole or in part
34 6 in a county that voted on and approved on or after April 1,
34 7 2003, the local sales and services tax for school
34 8 infrastructure purposes shall receive an amount equal to its
34 9 pro rata share of the local sales and services tax receipts as
34 10 provided in section 422E.3, subsection 5, paragraph "d", not
34 11 to exceed its guaranteed school infrastructure amount.
34 12 However, if the school district's pro rata share is less than
34 13 its guaranteed school infrastructure amount, the district
34 14 shall receive an additional amount equal to its supplemental
34 15 school infrastructure amount.

34 16 (3) A school district that is located in whole or in part
34 17 in a county that voted on and approved the continuation of on
34 18 or after April 1, 2003, the local sales and services tax for
34 19 school infrastructure purposes shall receive an amount equal
34 20 to its pro rata share of the local sales and services tax
34 21 receipts as provided in section 422E.3, subsection 5,
34 22 paragraph "d", not to exceed its guaranteed school
34 23 infrastructure amount. However, if the school district's pro
34 24 rata share is less than its guaranteed school infrastructure
34 25 amount, the district shall receive an additional amount equal

34 26 to its supplemental school infrastructure amount.
 34 27 (4) The amount distributed under this paragraph "b" which
 34 28 a school district receives shall not exceed the guaranteed
 34 29 school infrastructure amount. A school district qualifying
 34 30 for a supplemental school infrastructure amount pursuant to
 34 31 this paragraph "b" shall not receive more than the guaranteed
 34 32 school infrastructure amount in any subsequent year.
 34 33 c. In the case of a school district located in more than
 34 34 one county, the amount to be distributed to the school
 34 35 district shall be separately computed for each county based
 35 1 upon the school district's actual enrollment that attends
 35 2 school in the county.

35 3 3. a. The director of revenue and finance by June 1
 35 4 preceding each fiscal year shall compute the guaranteed school
 35 5 infrastructure amount for each school district, each school
 35 6 district's sales tax capacity per student for each county, the
 35 7 statewide tax revenues per student, and the supplemental
 35 8 school infrastructure amount for the coming fiscal year.

CODE: Requires the Director of the Department of Revenue and Finance to calculate the following amounts by June 1 of each preceding fiscal year for the coming fiscal year:

- Guaranteed school infrastructure amount for each school district.
- Sales tax capacity per student per school district for each county.
- Statewide tax revenues per student.
- Supplemental infrastructure amount.

35 9 b. For purposes of distributions under subsection 2:
 35 10 (1) "Guaranteed school infrastructure amount" means for a
 35 11 school district the statewide tax revenues per student,
 35 12 multiplied by the quotient of the tax rate percent imposed in
 35 13 the county, divided by one percent and multiplied by the
 35 14 quotient of the number of quarters the tax is imposed during
 35 15 the fiscal year divided by four quarters.
 35 16 (2) "Sales tax capacity per student" means for a school
 35 17 district the estimated amount of revenues that a school
 35 18 district receives or would receive if a local sales and
 35 19 services tax for school infrastructure purposes is imposed at
 35 20 one percent in the county pursuant to section 422E.2, divided
 35 21 by the school district's actual enrollment as determined in
 35 22 section 422E.3, subsection 5, paragraph "d".

CODE: Defines guaranteed school infrastructure, sales tax capacity per student, Statewide tax revenues per student, and supplemental school infrastructure amount.

35 23 (3) "Statewide tax revenues per student" means the amount
 35 24 determined by estimating the total revenues that would be
 35 25 generated by a one percent local option sales and services tax
 35 26 for school infrastructure purposes if imposed by all the
 35 27 counties during the entire fiscal year and dividing this
 35 28 estimated revenue amount by the sum of the combined actual
 35 29 enrollment for all counties as determined in section 422E.3,
 35 30 subsection 5, paragraph "d", subparagraph (2).
 35 31 (4) "Supplemental school infrastructure amount" means the
 35 32 guaranteed school infrastructure amount for the school
 35 33 district less its pro rata share of local sales and services
 35 34 tax for school infrastructure purposes as provided in section
 35 35 422E.3, subsection 5, paragraph "d".

36 1 4. a. For the purposes of distribution under subsection
 36 2 2, paragraph "b", subparagraph (1), a school district with a
 36 3 sales tax capacity per student below its guaranteed school
 36 4 infrastructure amount shall use the amount equal to the
 36 5 guaranteed school infrastructure amount less the pro rata
 36 6 share amount in accordance with section 422E.3, subsection 5,
 36 7 paragraph "d", for the purpose of paying principal and
 36 8 interest on outstanding bonds previously issued for school
 36 9 infrastructure purposes as defined in section 422E.1,
 36 10 subsection 3. Any money remaining after the payment of all
 36 11 principal and interest on outstanding bonds previously issued
 36 12 for infrastructure purposes may be used for any authorized
 36 13 infrastructure purpose of the school district. If a majority
 36 14 of the voters in the school district approves the use of
 36 15 revenue pursuant to a revenue purpose statement in an election
 36 16 held after July 1, 2003, in the school district pursuant to
 36 17 section 422E.2, the school district may use the amount for the
 36 18 purposes specified in its revenue purpose statement.

36 19 b. Nothing in this section shall prevent a school district
 36 20 from using its sales tax capacity per student or guaranteed
 36 21 school infrastructure amount to pay principal and interest on

CODE: Requires, for purposes of distribution, a school district with a sales tax capacity per student below the guaranteed school infrastructure amount to use the guaranteed school infrastructure amount less the pro rata share based on actual enrollment for the school district that attends school in the county to the total combined actual enrollments for all school districts that attend school in the county for paying principal and interest on outstanding bonds previously issued for school infrastructure. Allows moneys remaining after principal and interest payments are made to be used for any authorized infrastructure purpose of the school district or for purposes specified in the revenue purpose statement approved by voters in an election held after July 1, 2003.

CODE: Specifies that nothing in this Section shall prevent a school district from using the sales tax capacity per student or the guaranteed school infrastructure amount to pay principal and interest

36 22 obligations issued pursuant to section 422E.4.

on obligations.

36 23 5. In the case of a deficiency in the fund to pay the
36 24 supplemental school infrastructure amounts in full, the amount
36 25 available in the fund less the sales and services tax revenues
36 26 for school infrastructure purposes attributed to each school
36 27 district should be allocated based on the proportion of actual
36 28 enrollment in the district to the combined actual enrollment
36 29 in the counties where the sales and services tax for school
36 30 infrastructure purposes has been imposed and the school
36 31 districts in the counties qualify for the supplemental school
36 32 infrastructure amount.

CODE: Specifies how allocations from the Fund are to be made in case of a deficiency in the Fund to pay the supplemental school infrastructure amount in full.

36 33 6. A school district with less than two hundred fifty
36 34 actual enrollment or less than one hundred actual enrollment
36 35 in the high school shall not expend the supplemental school
37 1 infrastructure amount received for new construction or for
37 2 payments for bonds issued for new construction against the
37 3 supplemental school infrastructure amount without prior
37 4 application to the department of education and receipt of a
37 5 certificate of need pursuant to this subsection. However, a
37 6 certificate of need is not required for the payment of
37 7 outstanding bonds issued for new construction pursuant to
37 8 section 296.1, before April 1, 2003. A certification of need
37 9 is also not required for repairing schoolhouses or buildings,
37 10 equipment, technology, or transportation equipment for
37 11 transporting students as provided in section 298.3, or for
37 12 construction necessary for compliance with the federal
37 13 Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-
37 14 12117. In determining whether a certificate of need shall be
37 15 issued, the department shall consider all of the following:
37 16 a. Enrollment trends in the grades that will be served at
37 17 the new construction site.
37 18 b. The infeasibility of remodeling, reconstructing, or
37 19 repairing existing buildings.
37 20 c. The fire and health safety needs of the school

CODE: Prohibits school districts with less than 250 students or less than 100 high school students from expending supplemental infrastructure amounts after April 1, 2003, for new construction or payment of bonds issued for new construction without a certificate of need issued by the Department of Education. Specifies certain circumstances or activities for exemption from a certificate of need and specifies criteria required to be considered by the Department when determining when a certificate should be issued.

37 21 district.
 37 22 d. The distance, convenience, cost of transportation, and
 37 23 accessibility of the new construction site to the students to
 37 24 be served at the new construction site.
 37 25 e. Availability of alternative, less costly, or more
 37 26 effective means of serving the needs of the students.
 37 27 f. The financial condition of the school district,
 37 28 including the effect of the decline of the budget guarantee
 37 29 and unspent balance.
 37 30 g. The broad and long-term ability of the school district
 37 31 to support the facility and the quality of the academic
 37 32 program.
 37 33 h. Cooperation with other educational entities including
 37 34 other school districts, area education agencies, postsecondary
 37 35 institutions, and local communities.

38 1 Sec. 48. Section 422E.4, unnumbered paragraphs 1 and 2,
 38 2 Code 2003, are amended to read as follows:
 38 3 The board of directors of a school district shall be
 38 4 authorized to issue negotiable, interest-bearing school bonds,
 38 5 without election, and utilize tax receipts derived from the
 38 6 sales and services tax for school infrastructure purposes and
 38 7 the supplemental school infrastructure amount distributed
 38 8 pursuant to section 422E.3A, subsection 2, paragraph "b", for
 38 9 principal and interest repayment. Proceeds of the bonds
 38 10 issued pursuant to this section shall be utilized solely for
 38 11 school infrastructure needs as school infrastructure is
 38 12 defined in section 422E.1, subsection 3. Issuance of bonds
 38 13 pursuant to this section shall be permitted only in a district
 38 14 which has imposed a local sales and services tax for school
 38 15 infrastructure purposes pursuant to section 422E.2. The
 38 16 provisions of sections 298.22 through 298.24 shall apply
 38 17 regarding the form, rate of interest, registration,
 38 18 redemption, and recording of bond issues pursuant to this
 38 19 section, with the exception that the maximum period during
 38 20 which principal on the bonds is payable shall not exceed a
 38 21 ~~ten-year period, or~~ the date of repeal stated on the ballot

CODE: Authorizes the board of directors of a school district to utilize the supplemental school infrastructure amount distributed for principal and interest repayments. Removes the 10-year limitation for paying principal on a bond issued under this Section. Allows a school district, where a local option sales and services tax is imposed, to enter into a 28E agreement with a community college or an area education agency and specifies the purposes for which each is to expend its portion of the tax revenue.

38 22 proposition.
 38 23 A school district in which a local option sales tax for
 38 24 school infrastructure purposes has been imposed shall be
 38 25 authorized to enter into a chapter 28E agreement with one or
 38 26 more cities or a county whose boundaries encompass all or a
 38 27 part of the area of the school district. A city or cities
 38 28 entering into a chapter 28E agreement shall be authorized to
 38 29 expend its designated portion of the local option sales and
 38 30 services tax revenues for any valid purpose permitted in this
 38 31 chapter or authorized by the governing body of the city. A
 38 32 county entering into a chapter 28E agreement with a school
 38 33 district in which a local option sales tax for school
 38 34 infrastructure purposes has been imposed shall be authorized
 38 35 to expend its designated portion of the local option sales and
 39 1 services tax revenues to provide property tax relief within
 39 2 the boundaries of the school district located in the county.
 39 3 A school district where a local option sales and services tax
 39 4 is imposed is also authorized to enter into a chapter 28E
 39 5 agreement with another school district, a community college,
 39 6 or an area education agency which is located partially or
 39 7 entirely in or is contiguous to the county where the tax is
 39 8 imposed. The school district or community college shall only
 39 9 expend its designated portion of the local option sales and
 39 10 services tax for infrastructure purposes. The area education
 39 11 agency shall only expend its designated portion of the local
 39 12 option school infrastructure sales tax for infrastructure and
 39 13 maintenance purposes.

39 14 Sec. 49. NEW SECTION. 422E.6 REPEAL.
 39 15 This chapter is repealed June 30, 2023, for fiscal years
 39 16 beginning after that date.

CODE: Repeals the Chapter on school infrastructure funding on June 30, 2023.

39 17 Sec. 50. EFFECTIVE DATE. This division of this Act, being
 39 18 deemed of immediate importance, takes effect upon enactment.

Specifies that Division VI of this Bill related to school infrastructure, takes effect upon enactment.

39 20 CULTURAL AND ENTERTAINMENT DISTRICTS --
39 21 REHABILITATION PROJECT TAX CREDITS

39 22 Sec. 51. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
39 23 DISTRICTS.

39 24 1. The department of cultural affairs shall establish and
39 25 administer a cultural and entertainment district certification
39 26 program. The program shall encourage the revitalization of
39 27 communities through the development of areas within a city or
39 28 county for public and private uses related to cultural and
39 29 entertainment purposes.

CODE: Requires the Department of Cultural Affairs to establish and administer a cultural and entertainment district that encourages the revitalization of communities through development of areas for public and private uses related to cultural and entertainment purposes.

39 30 2. A city or county may create and designate a cultural
39 31 and entertainment district subject to certification by the
39 32 department of cultural affairs, in consultation with the
39 33 department of economic development. A cultural and
39 34 entertainment district shall consist of a geographic area not
39 35 exceeding one square mile in size. A cultural and
40 1 entertainment district certification shall remain in effect
40 2 for ten years following the date of certification. Two or
40 3 more cities or counties may apply jointly for certification of
40 4 a district that extends across a common boundary. Through the
40 5 adoption of administrative rules, the department of cultural
40 6 affairs shall develop a certification application for use in
40 7 the certification process.

CODE: Allows a city or county to create and designate a cultural and entertainment district subject to certification by the Departments of Cultural Affairs and Economic Development. Requires the Department of Cultural Affairs through the adoption of administrative rules to develop a certification application. Allows two or more cities or counties to apply jointly for certification of a district, specifies the size limit of districts created and requires district certifications to remain in effect for 10 years upon approval.

40 8 3. The department of cultural affairs shall encourage
40 9 development projects and activities located in certified
40 10 cultural and entertainment districts through incentives under
40 11 cultural grant programs pursuant to section 303.3, chapter
40 12 303A, and any other grant programs.

CODE: Requires the Department of Cultural Affairs to encourage development projects through the use of incentives offered through cultural grant programs.

40 13 Sec. 52. Section 404A.4, subsection 4, Code 2003, is
40 14 amended to read as follows:
40 15 4. The total amount of tax credits that may be approved

CODE: Allows for an increase of \$1,000,000 for FY 2004 and FY 2005 in the allowable tax credits under this Section to be used for projects located in certified cultural and entertainment districts. Allows

40 16 for a fiscal year under this chapter shall not exceed two
 40 17 million four hundred thousand dollars. For the fiscal years
 40 18 beginning July 1, 2003, and July 1, 2004, an additional one
 40 19 million dollars of tax credits may be approved each fiscal
 40 20 year for purposes of projects located in cultural and
 40 21 entertainment districts certified pursuant to section 303.3B.
 40 22 Any of the additional tax credits allocated for projects
 40 23 located in certified cultural and entertainment districts that
 40 24 are not approved during a fiscal year may be carried over to
 40 25 the succeeding fiscal year. Tax credit certificates shall be
 40 26 issued on the basis of the earliest awarding of certifications
 40 27 of completion as provided in subsection 1. The departments of
 40 28 economic development and revenue and finance shall each adopt
 40 29 rules to jointly administer this subsection and shall provide
 40 30 by rule for the method to be used to determine for which
 40 31 fiscal year the tax credits are approved.

the additional tax credits allocated to projects not approved during a
 fiscal year to carry forward to be used in the succeeding fiscal year.

40 32 DIVISION VIII
 40 33 SMALL BUSINESS ADVISORY COUNCIL

40 34 Sec. 53. Section 15.108, subsection 7, paragraph h, Code
 40 35 2003, is amended by striking the paragraph.

CODE: Eliminates the Small Business Advisory Council.

41 1 EXPLANATION
 41 2 This bill relates to economic development by creating an
 41 3 Iowa values board and Iowa values fund, modifying the value-
 41 4 added agricultural products and processes financial assistance
 41 5 program, providing endow Iowa seed grants and endow Iowa tax
 41 6 credits, providing funding and tax credits for economic
 41 7 development regions, creating workforce training and economic
 41 8 development funds for community colleges, establishing a
 41 9 school financing program for school infrastructure purposes,
 41 10 creating a cultural and entertainment district certification
 41 11 program, increasing the availability of the rehabilitation tax
 41 12 credits, and eliminating a small business advisory council.

41 13 DIVISION I -- This division of the bill creates an Iowa
41 14 values board and fund.

41 15 The division creates an Iowa values board consisting of 17
41 16 voting members and five ex officio, nonvoting members. The
41 17 division provides that the board shall be located for
41 18 administrative purposes within the department of economic
41 19 development. The division provides that, in performing its
41 20 functions, the board is performing a public function on behalf
41 21 of the state and is a public instrumentality of the state.

41 22 The division provides that all voting members of the board
41 23 shall be residents of different counties and the chairperson
41 24 and vice chairperson shall be elected by the voting members of
41 25 the board from the voting membership of the board. The
41 26 division provides that the voting members of the board shall
41 27 annually elect a five-member executive council of the board
41 28 consisting of voting members of the board. The division
41 29 provides that the members of the board shall be appointed to
41 30 three-year staggered terms.

41 31 The division provides that the board shall do all of the
41 32 following:

- 41 33 1. Organize.
- 41 34 2. Oversee and administer the Iowa values fund.
- 41 35 3. Develop a five-year strategic plan with an annual
42 1 operating plan to share with the Iowa economic development
42 2 board for consideration in the developing of a departmentwide
42 3 strategic plan.
- 42 4 4. Develop a long-range strategic plan designed to address
42 5 economic development-related issues through the year 2020.
- 42 6 5. Develop and assist the department in implementing
42 7 activities addressing skilled and adaptable human resources;
42 8 access to technologies on which new products and processes are
42 9 based; availability of financial capital to support new
42 10 ventures, expansion of existing companies, and reinvestment in
42 11 transition industries; support of advanced physical
42 12 infrastructure for transportation, communications, energy and
42 13 water, and waste handling; and a review of the regulatory and
42 14 taxation environment and business climate resulting in
42 15 recommendations to balance competitiveness.

42 16 6. Focus on nondiscriminatory market expansion and foster
42 17 a competitive and open environment.

42 18 7. By January 15 of each year, submit a written report to
42 19 the general assembly reviewing the activities of the board
42 20 during the previous calendar year.

42 21 The division creates an Iowa values fund as a separate fund
42 22 in the state treasury under the control of the board,
42 23 consisting of any moneys appropriated by the general assembly
42 24 and any other moneys available to and obtained or accepted by
42 25 the board for placement in the fund.

42 26 The division makes the following appropriations from the
42 27 Iowa values fund:

42 28 1. To the department of economic development for the
42 29 fiscal period beginning July 1, 2003, and ending June 30,
42 30 2008, \$350 million for programs administered by the department
42 31 of economic development. The division provides that each year
42 32 that moneys are appropriated under this section, the board
42 33 shall allocate a percentage of the moneys for business start-
42 34 ups, business expansion, business modernization, business
42 35 attraction, business retention, and marketing. The division
43 1 requires applicants for moneys appropriated from the Iowa
43 2 values fund to include in the application a statement
43 3 regarding the intended return on investment. The division
43 4 requires recipients of the moneys to annually submit a
43 5 statement to the department of economic development regarding
43 6 the progress achieved on the intended return on investment
43 7 stated in the application and the department of economic
43 8 development shall forward the information received to the
43 9 department of revenue and finance. The division requires at
43 10 least \$50 million of the moneys appropriated to be used for
43 11 value-added agricultural purposes. The division allows moneys
43 12 appropriated to be used for information technology and
43 13 transportation-related purposes. The division allows the
43 14 department to use one-quarter of 1 percent of the moneys
43 15 appropriated for administrative purposes.

43 16 2. To the office of the treasurer of state for the fiscal
43 17 period beginning July 1, 2004, and ending June 30, 2007, \$45
43 18 million for deposit in the community attraction and tourism

43 19 fund. The division requires that not more than \$2.5 million
43 20 of the moneys appropriated each fiscal year shall be used for
43 21 trails and bicycle facilities located in or connecting to
43 22 certified cultural and entertainment districts.

43 23 3. To the office of the treasurer of state, for the fiscal
43 24 year beginning July 1, 2003, and ending June 30, 2004, \$5
43 25 million for deposit in the Iowa cultural trust fund.

43 26 4. To the department of revenue and finance, for the
43 27 fiscal year beginning July 1, 2003, and ending June 30, 2004,
43 28 \$300 million for deposit in the secure an advanced vision for
43 29 education fund created in the bill.

43 30 5. To the Iowa values board for the fiscal year beginning
43 31 July 1, 2003, and ending June 30, 2004, \$50 million for
43 32 financial assistance for institutions of higher learning under
43 33 the control of the state board of regents and accredited
43 34 private institutions for accelerating new business creation, a
43 35 national center for food safety and security, innovation
44 1 accelerators and business parks, incubator facilities,
44 2 transgenic animal facilities, transgenic plant facilities,
44 3 protein extraction facilities, containment facilities, and
44 4 bioanalytical, biochemical, chemical, and microbiological
44 5 support facilities.

44 6 6. To the general fund of the state, for the fiscal period
44 7 beginning July 1, 2003, and ending June 30, 2005, \$2 million
44 8 each fiscal year for payment of rehabilitation project tax
44 9 credits for projects located in certified cultural and
44 10 entertainment districts.

44 11 7. To the department of economic development for the
44 12 fiscal year beginning July 1, 2003, and ending June 30, 2004,
44 13 \$2 million for endow Iowa seed grants to lead philanthropic
44 14 entities.

44 15 8. To the Iowa values board for the fiscal year beginning
44 16 July 1, 2003, and ending June 30, 2004, \$7 million for
44 17 purposes of providing financial assistance for state parks and
44 18 destination parks. The division requires the department of
44 19 natural resources, in cooperation with the department of
44 20 economic development, to submit a plan to the Iowa values
44 21 board for the expenditure of moneys appropriated to the board

44 22 for financial assistance for state parks and destination
44 23 parks. The plan shall focus on improving state parks and
44 24 destination parks for economic development purposes.
44 25 9. To the department of economic development for the
44 26 fiscal year beginning July 1, 2003, and ending June 30, 2004,
44 27 \$30 million for providing financial assistance to economic
44 28 development regions and economically isolated areas.
44 29 10. To the general fund of the state, for the fiscal
44 30 period beginning July 1, 2003, and ending June 30, 2008, \$20
44 31 million for payment of economic development region revolving
44 32 fund tax credits.

44 33 DIVISION II -- This division of the bill relates to the
44 34 value-added agricultural products and processes financial
44 35 assistance program.

45 1 The division adds three new purposes for which financial
45 2 assistance may be received under the program. The division
45 3 adds the following purposes:

45 4 1. Agricultural business facilities in the agricultural
45 5 biotechnology industry, agricultural biomass industry, and
45 6 alternative energy industry.

45 7 2. Facilities that add value to Iowa agricultural
45 8 commodities through further processing and development of
45 9 organic products and emerging markets.

45 10 3. Producer-owned, value-added businesses, education of
45 11 producers and management boards in value-added businesses, and
45 12 other activities that would support the infrastructure in the
45 13 development of value-added agriculture.

45 14 The division provides that the department of economic
45 15 development may reserve up to 50 percent of the total amount
45 16 allocated to the fund, for purposes of assisting persons
45 17 requiring \$500,000 or less in financial assistance.
45 18 Currently, the department is required to reserve up to 50
45 19 percent of the total amount allocated to the fund for purposes
45 20 of assisting persons requiring \$100,000 or less in financial
45 21 assistance.

45 22 DIVISION III -- This division of the bill relates to endow
45 23 Iowa seed grants made by a lead philanthropic entity
45 24 identified by the department of economic development and

45 25 corresponding tax credits.

45 26 The division requires the department to identify a lead
45 27 philanthropic entity for purposes of encouraging the
45 28 development of qualified community foundations in the state.

45 29 The division provides that a lead philanthropic entity shall
45 30 be a nonprofit entity which is exempt from federal income
45 31 taxation pursuant to section 501(c)(3) of the Internal Revenue
45 32 Code; be a statewide organization with membership consisting
45 33 of organizations, such as community, corporate, and private
45 34 foundations, whose principal function is the making of grants
45 35 within the state; and have a minimum of 40 members with that
46 1 membership including Iowa community foundations meeting the
46 2 standards established by the national council on foundations.

46 3 The division provides that a lead philanthropic entity may
46 4 receive a grant from the department which shall be used to
46 5 award endow Iowa seed grants to community affiliate
46 6 organizations meeting certain criteria. The division defines
46 7 "community affiliate organizations" as a group of five or more
46 8 community leaders or advocates organized for the purpose of
46 9 increasing philanthropic activity in an identified community
46 10 or geographic area in this state with the intention of
46 11 establishing a community affiliate endowment fund. The
46 12 division provides that endow Iowa seed grants shall not exceed
46 13 \$25,000 per community affiliate organization unless a
46 14 community affiliate organization demonstrates a multiple
46 15 county or regional approach. The division provides that endow
46 16 Iowa seed grants may be awarded on an annual basis with not
46 17 more than three grants going to one county in a fiscal year.

46 18 The division limits a lead philanthropic entity to using not
46 19 more than 5 percent of moneys received from the state for
46 20 administrative purposes.

46 21 The division provides that for tax years beginning on or
46 22 after January 1, 2003, a tax credit shall be allowed against
46 23 individual and corporate income taxes, the franchise tax for
46 24 financial institutions, the insurance premium tax, and the
46 25 moneys and credits tax for credit unions equal to 20 percent
46 26 of a taxpayer's endowment gift to a qualified community
46 27 foundation. The division provides that a tax credit shall be

46 28 allowed only for an endowment gift made to a qualified
46 29 community foundation for a permanent endowment fund
46 30 established to benefit a charitable cause in the state. The
46 31 division provides that any tax credit in excess of the
46 32 taxpayer's tax liability for the tax year may be credited to
46 33 the tax liability for the following five years or until
46 34 depleted, whichever occurs first, and a tax credit cannot be
46 35 carried back to a tax prior to the tax year in which the
47 1 taxpayer claims the tax credit. The division provides that
47 2 the aggregate amount of tax credits authorized shall not
47 3 exceed a total of \$2 million. The division limits the amount
47 4 of tax credits granted to a taxpayer to 5 percent of the
47 5 aggregate amount of tax credits authorized. The division
47 6 provides that the tax credit shall not be transferable to any
47 7 other taxpayer. The division provides that a tax credit shall
47 8 not be authorized after December 31, 2005. The division
47 9 requires the department to develop a system for registration
47 10 and authorization of tax credits and to control distribution
47 11 of all tax credits to taxpayers providing an endowment gift.
47 12 The division provides that, by January 31 of each year, the
47 13 lead philanthropic entity, in cooperation with the department,
47 14 shall publish an annual report of the activities conducted
47 15 pursuant to this division during the previous calendar year
47 16 and shall submit the report to the governor and the general
47 17 assembly.
47 18 This division of the bill takes effect upon enactment and
47 19 is retroactively applicable to January 1, 2003, for tax years
47 20 beginning on or after that date.
47 21 DIVISION IV -- This division of the bill relates to
47 22 economic development regions, economic development region
47 23 revolving funds, and related tax credits.
47 24 The division provides that in order for an economic
47 25 development region to receive moneys from the Iowa values
47 26 fund, the organization of the economic development region must
47 27 be approved by the Iowa values board. The division provides
47 28 that the board shall approve an economic development region
47 29 that consists of not less than three contiguous counties and
47 30 establishes a single, focused economic development effort,

47 31 approved by the board, that shall include the development of a
47 32 regional development plan and regional marketing strategies.
47 33 The division provides that an approved economic development
47 34 region may create an economic development region revolving
47 35 fund.

48 1 The division provides that a nongovernmental entity making
48 2 a contribution to an economic development region revolving
48 3 fund at any time prior to July 1, 2008, may claim a tax credit
48 4 equal to 20 percent of the amount contributed to the revolving
48 5 fund. The tax credit shall be allowed against personal and
48 6 corporate income tax, the franchise tax for financial
48 7 institutions, the insurance premium tax, and the moneys and
48 8 credits tax for credit unions. The division provides that any
48 9 tax credit in excess of the taxpayer's liability for the tax
48 10 year may be credited to the tax liability for the following
48 11 seven years or until depleted, whichever occurs first. The
48 12 division provides that the tax credit shall not be carried
48 13 back to a tax year prior to the tax year in which the taxpayer
48 14 redeems the tax credit and is not transferable. The division
48 15 provides that the aggregate amount of tax credits authorized
48 16 shall not total more than \$20 million. The division provides
48 17 that the total amount of tax credits authorized during a
48 18 fiscal year shall not exceed \$4 million plus any unused tax
48 19 credits carried over from previous years. Any tax credits
48 20 which remain unused for a fiscal year may be carried forward
48 21 to the succeeding fiscal year. The division provides that the
48 22 maximum amount of tax credits that may be authorized in a
48 23 fiscal year for contributions made to a specific economic
48 24 development region revolving fund is equal to \$4 million plus
48 25 any unused tax credits carried over from previous years
48 26 divided by the number of economic development region revolving
48 27 funds existing in the state.

48 28 The division provides that an approved economic development
48 29 region may apply for financial assistance from the Iowa values
48 30 fund to assist with physical infrastructure needs related to a
48 31 specific business partner. The division provides that an
48 32 approved economic development region may apply for financial
48 33 assistance from the Iowa values fund to assist an existing

48 34 business located in the economic development region impacted
48 35 by business consolidation actions. The division provides that
49 1 an approved economic development region may apply for
49 2 financial assistance to implement economic development
49 3 initiatives unique to the region. The division provides that
49 4 an approved economic development region may apply for
49 5 financial assistance to implement innovative initiatives that
49 6 do not qualify for other financial assistance from the fund.
49 7 The division requires the Iowa values board to establish and
49 8 administer a regional economic development revenue sharing
49 9 pilot project for one or more regions. The division provides
49 10 that direct financial assistance under this section of the
49 11 division shall total not more than \$30 million.

49 12 The division provides that an approved economic development
49 13 region may apply to the Iowa values board for approval as an
49 14 economically isolated area. In order to be considered an
49 15 economically isolated area, the region must have at least one
49 16 county that has a majority of the land area of the county
49 17 located at least 40 miles away from a major commercial area,
49 18 as determined by the board, and the county has either a per
49 19 capita income that ranks in the lowest 25 counties in the
49 20 state based on the 2000 census or has an annualized average
49 21 weekly wage for employees in private business that ranks in
49 22 the lowest 25 counties in the state in calendar year 2000.

49 23 The division provides that an approved economically isolated
49 24 area is eligible to apply to the department of economic
49 25 development for up to \$750,000 over a five-year period for
49 26 purposes of economic-development-related marketing assistance
49 27 for the area.

49 28 DIVISION V -- This division of the bill relates to
49 29 workforce training and economic development funds for
49 30 community colleges and makes related appropriations.

49 31 The division creates one workforce training and economic
49 32 development fund for each community college. The division
49 33 provides that moneys in the funds shall consist of any moneys
49 34 appropriated by the general assembly and any other moneys
49 35 available to and obtained or accepted by the department of
50 1 economic development from federal sources or private sources

50 2 for placement in the funds.
50 3 The division provides that, on July 1 of each year for the
50 4 fiscal year beginning July 1, 2003, through the fiscal year
50 5 beginning July 1, 2007, moneys from the Iowa values fund are
50 6 appropriated to the department of management for deposit in
50 7 the separate workforce training and economic development
50 8 funds. The division provides that, on July 1 of each year for
50 9 fiscal years beginning on or after July 1, 2008, moneys from
50 10 the general fund of the state are appropriated to the
50 11 department of economic development for deposit in the
50 12 workforce training and economic development funds.

50 13 The division provides that moneys deposited in the funds
50 14 and disbursed to community colleges for a fiscal year shall be
50 15 expended for the following purposes, provided 70 percent of
50 16 the moneys shall be used on projects in the areas of advanced
50 17 manufacturing, information technology and insurance, and life
50 18 sciences which include the areas of biotechnology, health care
50 19 technology, and nursing care technology:

50 20 1. Projects in which an agreement between a community
50 21 college and an employer located within the community college's
50 22 merged area meet all of the requirements of the accelerated
50 23 career education program under Code chapter 260G. The
50 24 division makes conforming amendments to Code chapter 260G.

50 25 2. Projects in which an agreement between a community
50 26 college and a business meet all the requirements of the Iowa
50 27 jobs training Act under Code chapter 260F.

50 28 3. Career academies.

50 29 4. Programs and courses that provide vocational and
50 30 technical training, and programs for in-service training and
50 31 retraining.

50 32 The division provides a method for calculating the maximum
50 33 cumulative total amount of moneys that may be deposited in all
50 34 the workforce training and economic development funds for
50 35 distribution to community colleges in a fiscal year. The
51 1 division provides that the department of economic development
51 2 shall allocate the appropriated moneys to the community
51 3 college workforce training and economic development funds
51 4 utilizing the same distribution formula used for the

51 5 allocation of state general aid to community colleges.
51 6 DIVISION VI -- This division of the bill amends the current
51 7 local option sales and services tax for school infrastructure
51 8 purposes by establishing a shared financing program.
51 9 Specifically, the division provides that counties that impose
51 10 the local option sales and services tax on or after April 1,
51 11 2003, will have their tax collections placed in a "secure an
51 12 advanced vision for education" fund created in the division.
51 13 Each school district within such counties will receive from
51 14 this fund the amount per pupil collected in its county not to
51 15 exceed the school district's guaranteed per pupil amount. If
51 16 the amount per pupil amount collected is less than the
51 17 guaranteed per pupil amount, the school district would receive
51 18 a supplemental amount per pupil equal to the difference.
51 19 School districts located in counties that have imposed the tax
51 20 prior to April 1, 2003, would also have their tax collections
51 21 deposited into the fund but would receive all of the tax
51 22 collected in the county without limitation by the guaranteed
51 23 per pupil amount. However, a school district that receives
51 24 less than its guaranteed per pupil amount would receive a
51 25 supplemental amount per pupil equal to the difference. A
51 26 school district's guaranteed per pupil amount equals the
51 27 amount per pupil that a statewide one cent local option sales
51 28 and services tax would raise if the school district has
51 29 imposed the full one cent tax for the entire fiscal year. If
51 30 the tax is imposed for less than one cent or for less than the
51 31 entire fiscal year, a proportional amount would be the
51 32 guaranteed per pupil amount.
51 33 The division provides for the school districts to file a
51 34 revenue purpose statement that would indicate how much may be
51 35 used for infrastructure purposes and how much may be used for
52 1 property tax relief. This statement must be approved by the
52 2 electorate and can be part of the ballot proposition on the
52 3 question of the imposition of the tax. If such a statement is
52 4 not voted on or if any moneys remain after using revenue for
52 5 the purposes indicated on the statement, the moneys received
52 6 or in excess are to be used to reduce property tax levies.
52 7 These levies and the order to be reduced are: bond levies,

52 8 physical plant and equipment levy, public educational and
52 9 recreational levy, and the schoolhouse levy.
52 10 The division prohibits school districts of 250 pupils or
52 11 less or less than 100 pupils in high school from using any
52 12 moneys received which are in excess of their guaranteed per
52 13 pupil amount for new construction without receiving a
52 14 certificate of need for such new construction.
52 15 The division also eliminates the authority of a school
52 16 district to incur indebtedness for the purpose of a teacher's
52 17 or a superintendent's housing.
52 18 The division provides for the repeal of all local option
52 19 taxes on December 31, 2022.
52 20 This division of the bill takes effect upon enactment.
52 21 DIVISION VII -- This division of the bill relates to the
52 22 certification of cultural and entertainment districts and
52 23 rehabilitation project tax credits.
52 24 The division requires the department of cultural affairs to
52 25 establish and administer a cultural and entertainment district
52 26 certification program designed to encourage the revitalization
52 27 of communities through the development of areas within a city
52 28 or county for public and private uses related to cultural and
52 29 entertainment purposes. The division provides that a city or
52 30 county may create and designate a cultural and entertainment
52 31 district consisting of a geographic area not exceeding one
52 32 square mile in size subject to certification by the department
52 33 of cultural affairs, in consultation with the department of
52 34 economic development. The division provides that a cultural
52 35 and entertainment district certification shall remain in
53 1 effect for 10 years following the date of certification. The
53 2 division allows two or more cities or counties to jointly
53 3 apply for certification of a district that extends across a
53 4 common boundary. The division requires the department of
53 5 cultural affairs to encourage development projects and
53 6 activities located in certified cultural and entertainment
53 7 districts through incentives under cultural grant programs.
53 8 The division increases the amount of rehabilitation project
53 9 tax credits that may be approved during the fiscal years
53 10 beginning July 1, 2003, and July 1, 2004, by an additional \$1

53 11 million each fiscal year for purposes of projects located in
53 12 cultural and entertainment districts certified pursuant to
53 13 Code section 303.3B, as created in the division. The division
53 14 provides that any of the additional tax credits allocated for
53 15 projects located in certified cultural and entertainment
53 16 districts that are not approved during a fiscal year may be
53 17 carried over to the succeeding fiscal year. Currently, \$2.4
53 18 million of rehabilitation tax credits may be approved each
53 19 fiscal year.

53 20 DIVISION VIII -- This division of the bill eliminates a
53 21 small business advisory council within the department of
53 22 economic development.

53 23 LSB 3440YH 80
53 24 tm/cf/24

Economic Development

Non General Fund

H.F. 683	Estimated FY 2004	Estimated FY 2005	Estimated FY 2006	Estimated FY 2007	Estimated FY 2008	Total	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Dept. of Economic Development</u>							
General Programs	\$ 95,000,000	\$ 70,000,000	\$ 65,000,000	\$ 65,000,000	\$ 55,000,000	\$ 350,000,000	PG 5 LN 19
Endow Iowa Seed Grants	2,000,000	0	0	0	0	2,000,000	PG 9 LN 24
Economic Development Regions	30,000,000	0	0	0	0	30,000,000	PG 10 LN 24
Workforce Dev. And Training	5,000,000	10,000,000	15,000,000	20,000,000	25,000,000	75,000,000	PG 25 LN 19
Total Dept. of Economic Development	\$ 132,000,000	\$ 80,000,000	\$ 80,000,000	\$ 85,000,000	\$ 80,000,000	\$ 457,000,000	
<u>Dept. of Revenue and Finance</u>							
Secure Advanced Vision for Education	\$ 300,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000,000	PG 7 LN 32
<u>Iowa Values Board</u>							
Regents and Accredited Private Institutions	\$ 50,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000,000	PG 8 LN 11
State Parks and Destination Parks	7,000,000	0	0	0	0	7,000,000	PG 10 LN 2
Total Iowa Values Board	\$ 57,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,000,000	
<u>State General Fund</u>							
Rehabilitation Tax Credits	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 4,000,000	PG 9 LN 9
Econ. Dev. Region Revolving Fund Tax Credits	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	20,000,000	PG 11 LN 3
Total State General Fund	\$ 6,000,000	\$ 6,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 24,000,000	
<u>Treasurer of State</u>							
Community Attraction & Tourism Fund	\$ 0	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 0	\$ 45,000,000	PG 6 LN 34
Iowa Cultural Trust Fund	5,000,000					5,000,000	PG 7 LN 19
Total Treasurer of State	\$ 5,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 0	\$ 50,000,000	
Total Iowa Values Fund	\$ 500,000,000	\$ 101,000,000	\$ 99,000,000	\$ 104,000,000	\$ 84,000,000	\$ 888,000,000	