SENATE FILE 2453
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3180)

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

_____ = New Language by the Senate

A BILL FOR

An Act providing for investment by regents institutions in certified innovation funds and including effective date provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

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

(2) Increase research to market conversions.

(3) Strengthen Iowa's innovation ecosystem.

(4) Generate economic benefits for communities throughout Iowa.

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

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

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

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

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

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

long-term investment pools, and assets held subject to donor-imposed restrictions.

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

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

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

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

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

a. Which innovation funds to invest in.

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

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

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

a. Direct commitments.

b. Reallocation of existing assets.

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

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

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

1. The board may grant an institution a one-year waiver from

the requirements of this chapter if adequate innovation fund capacity is not available or market conditions would materially impair prudent investment.

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

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

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

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

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

a. The total endowment assets held by the institution.

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

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

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

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

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

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

and rules adopted pursuant to that section.

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

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

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

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

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