

tion 16 of the Constitution of the State of Iowa. All other items in House File 2759 are hereby approved as of this date.

Sincerely,
THOMAS J. VILSACK, Governor

CHAPTER 1176

APPROPRIATIONS — ECONOMIC DEVELOPMENT

H.F. 2459

AN ACT relating to and making appropriations to the department of economic development, certain board of regents institutions, the department of workforce development, the Iowa finance authority, and the public employment relations board, and related matters, and providing effective and retroactive applicability dates.

Be It Enacted by the General Assembly of the State of Iowa:

ECONOMIC DEVELOPMENT

Section 1. GOALS AND ACCOUNTABILITY.

- 1. The goals for the department of economic development shall be to expand and stimulate the state economy, increase the wealth of Iowans, and increase the population of the state.
- 2. To achieve the goals in subsection 1, the department of economic development shall do all of the following:
 - a. Concentrate its efforts on programs and activities that result in commercially viable products and services.
 - b. Adopt practices and services consistent with free market, private sector philosophies.
 - c. Ensure economic growth and development throughout the state.

Sec. 2. DEPARTMENT OF ECONOMIC DEVELOPMENT. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATION DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, programs, for transfer to the Iowa state commission grant program, and for not more than the following full-time equivalent positions:

.....	\$	1,990,845
.....	FTEs	28.75

b. The department shall work with businesses and communities to continually improve the economic development climate along with the economic well-being and quality of life for Iowans. The administration division shall coordinate with other state agencies ensuring that all state departments are attentive to the needs of an entrepreneurial culture.

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For business development operations and programs, international trade, export assistance, workforce recruitment, the partner state program, for transfer to the strategic investment fund, for transfer to the value-added agricultural products and processes financial assistance fund, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	6,215,394
.....	FTEs	57.00

b. The department shall establish a strong and aggressive marketing image to showcase Iowa’s workforce, existing industry, and potential. A priority shall be placed on recruiting new businesses, business expansion, and retaining existing Iowa businesses. Emphasis shall also be placed on entrepreneurial development through helping to secure capital for entrepreneurs, and developing networks and a business climate conducive to entrepreneurs and small business.

c. A business creating jobs with economic development assistance through moneys appropriated in this subsection shall be subject to contract provisions stating that new and retained jobs shall be filled by individuals who are citizens of the United States who reside within the United States, or any person authorized to work in the United States pursuant to federal law, including legal resident aliens in the United States. Any vendor who receives such public moneys shall adhere to such contract provisions and provide periodic assurances as the state shall require, that the jobs are filled solely by citizens of the United States who reside within the United States, or any person authorized to work in the United States pursuant to federal law, including legal resident aliens in the United States.

d. From the moneys appropriated in this subsection, the department may provide financial assistance in the form of a grant to a community economic development entity for conducting a local workforce recruitment effort designed to recruit former citizens of the state and former students at colleges and universities in the state to meet the needs of local employers.

e. From the moneys appropriated under this subsection, the department may provide financial assistance to early-stage industry companies being established by women entrepreneurs.

f. From the moneys appropriated under this subsection, the department may provide financial assistance in the form of grants, loans, or forgivable loans for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology.

g. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

3. COMMUNITY DEVELOPMENT DIVISION

a. Community development programs

For salaries, support, maintenance, miscellaneous purposes, community economic development programs, tourism operations, community assistance, the film office, the mainstreet and rural mainstreet programs, the school-to-career program, the community development block grant, and housing and shelter-related programs and for not more than the following full-time equivalent positions:

.....	\$	5,654,173
.....	FTEs	61.26

b. The department shall encourage development of communities and quality of life to foster economic growth. The department shall prepare communities for future growth and development through development, expansion, and modernization of infrastructure.

c. The department shall develop public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

d. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert to any fund but shall

remain available for expenditure for the designated purposes during the succeeding fiscal year.

e. The department shall not charge a nonprofit, public entity a fee for placement of informational materials in a welcome center.

4. For allocating moneys for the world food prize:
 \$ 400,000

Sec. 3. VISION IOWA PROGRAM — FTE AUTHORIZATION. For purposes of administrative duties associated with the vision Iowa program, the department of economic development is authorized an additional 2.25 full-time equivalent positions above those otherwise authorized in this Act.

Sec. 4. RURAL COMMUNITY 2000 PROGRAM. There is appropriated from loan repayments on loans under the former rural community 2000 program, sections 15.281 through 15.288, Code 2001, to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For providing financial assistance to Iowa's councils of governments that provide technical and planning assistance to local governments:
 \$ 150,000

2. For the rural development program for the purposes of the program including the rural enterprise fund and collaborative skills development training:
 \$ 120,000

Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, for insurance economic development and international insurance economic development:

..... \$ 100,000

Sec. 6. COMMUNITY DEVELOPMENT LOAN FUND. Notwithstanding section 15E.120, subsection 5, there is appropriated from the Iowa community development loan fund all the moneys available during the fiscal year beginning July 1, 2006, and ending June 30, 2007, to the department of economic development for the community development program to be used by the department for the purposes of the program.

Sec. 7. WORKFORCE DEVELOPMENT FUND. There is appropriated from the workforce development fund account created in section 15.342A, to the workforce development fund created in section 15.343, for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, for the purposes of the workforce development fund, and for not more than the following full-time equivalent positions:

..... \$ 4,000,000
 FTEs 4.00

Sec. 8. WORKFORCE DEVELOPMENT ADMINISTRATION. From funds appropriated or transferred to or receipts credited to the workforce development fund created in section 15.343, up to \$400,000 for the fiscal year beginning July 1, 2006, and ending June 30, 2007, may be used for the administration of workforce development activities including salaries, support, maintenance, and miscellaneous purposes and for not more than 4.00 full-time equivalent positions.

Sec. 9. JOB TRAINING FUND. Notwithstanding section 15.251, all remaining moneys in the job training fund on July 1, 2006, and any moneys appropriated or credited to the fund during the fiscal year beginning July 1, 2006, shall be transferred to the workforce development fund established pursuant to section 15.343.

* Item veto; see message at end of the Act

Sec. 10. IOWA FINANCE AUTHORITY. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the entrepreneurs with disabilities program:
..... \$ 200,000

Sec. 11. IOWA STATE UNIVERSITY.

1. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for small business development centers, the science and technology research park, the institute for physical research, and for not more than the following full-time equivalent positions:

..... \$ 2,463,557
..... FTEs 56.63

2. Of the moneys appropriated in subsection 1, Iowa state university shall allocate at least \$650,000 for purposes of funding small business development centers. Iowa state university may allocate moneys appropriated in subsection 1 to the various small business development centers in any manner necessary to achieve the purposes of this subsection.

3. Iowa state university of science and technology shall do all of the following:

- a. Direct expenditures for research toward projects that will provide economic stimulus for Iowa.
b. Provide emphasis to providing services to Iowa-based companies.

4. It is the intent of the general assembly that the industrial incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university of science and technology shall report annually to the joint appropriations subcommittee on economic development and the legislative services agency the total amount of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 12. UNIVERSITY OF IOWA.

1. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the university of Iowa research park and for the advanced drug development program at the Oakdale research park, including salaries, support, maintenance, equipment, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 247,005
..... FTEs 6.00

2. The university of Iowa shall do all of the following:

- a. Direct expenditures for research toward projects that will provide economic stimulus for Iowa.
b. Provide emphasis to providing services to Iowa-based companies.

3. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 13. UNIVERSITY OF NORTHERN IOWA.

1. There is appropriated from the general fund of the state to the university of northern Iowa for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the metal casting institute, and for the institute of decision making, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,291
.....	FTEs	4.75

2. The university of northern Iowa shall do all of the following:

- a. Direct expenditures for research toward projects that will provide economic stimulus for Iowa.
- b. Provide emphasis to providing services to Iowa-based companies.

3. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 14. BOARD OF REGENTS REPORT. The state board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the secretary of the senate, the chief clerk of the house of representatives, and the legislative services agency by January 15, 2007.

Sec. 15. DEPARTMENT OF WORKFORCE DEVELOPMENT.

1. There is appropriated from the general fund of the state to the department of workforce development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, for the division of labor services, the division of workers' compensation, the workforce development state and regional boards, the new employment opportunity fund, immigration services centers, for transfer to the elevator safety fund, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	5,278,800
.....	FTEs	89.45

Of the moneys appropriated in this subsection, the department shall allocate \$225,000 for purposes of reducing the backlog of cases before the commissioner of workers' compensation and for increasing support for the voluntary compliance program.

2. There is appropriated from the general fund of the state to the department of workforce development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the field office operating fund and for not more than the following full-time equivalent positions:

.....	\$	5,856,655
.....	FTEs	86.04

3. From the contractor registration fees, the division of labor services shall reimburse the department of inspections and appeals for all costs associated with hearings under chapter 91C, relating to contractor registration.

4. The division of workers' compensation shall continue charging a \$65 filing fee for workers' compensation cases. The filing fee shall be paid by the petitioner of a claim. However, the fee can be taxed as a cost and paid by the losing party, except in cases where it would impose an undue hardship or be unjust under the circumstances. The moneys generated by the filing fee allowed under this subsection are appropriated to the department of workforce development to be used for purposes of administering the division of workers' compensation.

5. The department of workforce development shall maintain pilot immigration services centers that offer one-stop services to deal with the multiple issues related to immigration and employment. The pilot centers shall be designed to support workers, businesses, and communities with information, referrals, job placement assistance, translation, language training, resettlement, as well as technical and legal assistance on such issues as forms and documentation. Through the coordination of local, state, and federal service providers, and through the development of partnerships with public, private, and nonprofit entities with established records of international service, these pilot centers shall seek to provide a seamless service delivery system for new Iowans.

6. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 16. ACCOUNTABILITY — AUDIT.

1. The department of workforce development shall establish accountability measures for all subcontractors. By January 15, 2007, the department shall submit a written report to the chairpersons and ranking members of the joint appropriations subcommittee on economic development which shall include a list of contracts held by the department and accountability measures in effect for each contract.

2. The auditor of state shall annually conduct an audit of the department of workforce development and shall report the findings of such annual audit, including the accountability of programs of the department, to the chairpersons and ranking members of the joint appropriations subcommittee on economic development. The department shall pay for the costs associated with the audit.

3. The legislative services agency shall conduct an annual review of salaries paid to employees of entities organized under chapter 28E and salaries paid under a contract with the department of workforce development. The legislative services agency shall report its findings to the chairpersons and ranking members of the joint appropriations subcommittee on economic development.

Sec. 17. EMPLOYMENT SECURITY CONTINGENCY FUND. There is appropriated from the special employment security contingency fund to the department of workforce development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, for the purposes designated:

For the division of workers' compensation, salaries, support, maintenance, and miscellaneous purposes:

..... \$ 471,000

Any remaining additional penalty and interest revenue may be allocated and used to accomplish the mission of the department.

Sec. 18. UNEMPLOYMENT COMPENSATION RESERVE FUND. Notwithstanding section 96.9, subsection 8, paragraph "e", there is appropriated from interest earned on the unemployment compensation reserve fund to the department of workforce development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount for deposit in the field office operating fund:

..... \$ 4,000,000

Sec. 19. PUBLIC EMPLOYMENT RELATIONS BOARD. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 1,030,607

..... FTEs 10.00

Sec. 20. Section 15G.111, subsection 6, paragraph b, Code Supplement 2005, is amended to read as follows:

b. Of the moneys appropriated in this subsection, the department shall transfer three hundred fifty thousand dollars each fiscal year for the fiscal period beginning July 1, 2005, and ending June 30, 2015, to Iowa state university of science and technology, for purposes of providing financial assistance to establish small business development centers in areas of the state previously served by a small business development center, to develop business succession plans, and to maintain existing small business development centers. Of the three hundred fifty thousand dollars transferred each fiscal year pursuant to this paragraph, not more than one hundred thousand dollars shall be used for business succession activities. Financial assistance for a small business development center shall not exceed fifty thousand dollars per fiscal year and shall not be awarded unless the city or county where the center is located or scheduled to be located demonstrates the ability to obtain local matching moneys on a dollar-for-dollar basis for at least twenty-five percent of the cost of the center. ~~An award of financial assistance to a small business development center under this paragraph shall not exceed twenty thousand dollars.~~

Sec. 21. Section 91C.1, Code 2005, is amended to read as follows:

91C.1 DEFINITION — EXEMPTION.

1. As used in this chapter, unless the context otherwise requires, “contractor” means a person who engages in the business of construction, as the term “construction” is defined in the Iowa administrative code for purposes of the Iowa employment security law. However, a person who earns less than one two thousand dollars annually or who performs work or has work performed on the person’s own property is not a contractor for purposes of this chapter. The state, its boards, commissions, agencies, departments, and its political subdivisions including school districts and other special purpose districts, are not contractors for purposes of this chapter.

2. If a contractor’s registration application shows that the contractor is self-employed, does not pay more than one two thousand dollars annually to employ other persons in the business, and does not work with or for other contractors in the same phases of construction, the contractor is exempt from the fee requirements under this chapter.

Sec. 22. Section 96.7A, subsection 3, Code 2005, is amended to read as follows:

3. FY 2006-2007	\$	3,262,500
		0

*Sec. 23. TRAVEL POLICY.

1. For the fiscal year beginning July 1, 2006, each department or independent agency receiving an appropriation in this Act shall review the employee policy for daily or short-term travel including but not limited to the usage of motor pool vehicles under the department of administrative services, employee mileage reimbursement for the use of a personal vehicle, and the usage of private automobile rental companies. Following the review, the department or agency shall implement revisions in the employee policy for daily or short-term travel as necessary to minimize oil consumption and maximize cost savings.

2. Each department or independent agency subject to subsection 1 shall report to the general assembly’s standing committees on government oversight regarding the policy revisions implemented and the consumption reduction and savings realized from the changes. An initial report shall be submitted on or before December 1, 2006, and a follow-up report shall be submitted on or before December 1, 2007.*

Sec. 24. VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE FUND MONEYS. The office of renewable fuels and coproducts may apply to the department of economic development for moneys in the value-added agricultural products

* Item veto; see message at end of the Act

and processes financial assistance fund for deposit in the renewable fuels and coproducts fund created in section 159A.7.

Sec. 25. IOWA FINANCE AUTHORITY AUDIT. The auditor of state is requested to review the audit of the Iowa finance authority performed by the auditor hired by the authority. The auditor of state is also requested to conduct a performance audit of the authority to determine the effectiveness of the authority and the programs of the authority.

Sec. 26. APPLICATION FOR DEPARTMENT OF ECONOMIC DEVELOPMENT MONIES. For the fiscal year beginning July 1, 2006, any entity that was specifically identified in 2001 Iowa Acts, chapter 188, to receive funding from the department of economic development, excluding any entity identified to receive a direct appropriation beginning July 1, 2006, may apply to the department for assistance through the appropriate program. The department shall provide application criteria necessary to implement this section.

Sec. 27. SHELTER ASSISTANCE FUND. In providing moneys from the shelter assistance fund to homeless shelter programs in the fiscal year beginning July 1, 2006, and ending June 30, 2007, the department of economic development shall explore the potential of allocating moneys to homeless shelter programs based in part on their ability to move their clients toward self-sufficiency.

Sec. 28. UNEMPLOYMENT COMPENSATION PROGRAM. Notwithstanding section 96.9, subsection 4, paragraph "a", moneys credited to the state by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act shall be appropriated to the department of workforce development and shall be used by the department for the administration of the unemployment compensation program only. This appropriation shall not apply to any fiscal year beginning after December 31, 2006.

Sec. 29. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. The section of this Act amending section 15G.111, relating to business succession plans at small business development centers, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to June 9, 2005.

Approved May 31, 2006, with exceptions noted.

THOMAS J. VILSACK, *Governor*

Dear Mr. Secretary:

I hereby transmit House File 2459, an Act relating to and making appropriations to the Department of Economic Development, certain Board of Regents institutions, the Department of Workforce Development, the Iowa Finance Authority, and the Public Employee Relations Board, related matters, and providing effective and retroactive applicability dates.

House File 2459 is approved on this date with the following exceptions, which I hereby disapprove:

I am unable to approve the item designated as Section 2, Subsection 3, paragraph e in its entirety. It is critically important that the State's interstate welcome centers remain open seven days a week and allowed to serve the nearly 250,000 travelers that visit those centers annually. Currently, the brochure enrollment revenue that comes from non-profit organizations is used for staffing these centers. Without those funds, the centers would be closed several days a week.

I am unable to approve the item designated as Section 23. Not only does this language create an unnecessary bureaucratic step in the efficient operation of state government, but it also calls into question the cost-savings produced by the state motor pool while disregarding the benefits that the state of Iowa derives from maintaining a state motor pool.

The cost-savings of maintaining a state motor pool are clear. In meetings with legislators and the private sector this legislative session and prior legislative sessions, the Department of Administrative Services (DAS) has continually shown that it provides a cost-effective service and the private sector has not shown that they can provide a similar service for the same or a lesser amount. It should also be noted that the state motor pool is a marketplace service that currently competes with the private sector for its state customer business.

In addition, this language only addresses the fiscal impact of the state motor pool and does not recognize other benefits of maintaining a state motor pool. The State of Iowa benefits greatly from having accessibility to a full service, on-site motor pool team with the sole responsibility of maintaining the state motor pool, which ensures convenience to the motor pool's customers, state agencies. In signing Executive Order 41, I requested that DAS take the initiative to move its fleet towards flexible fuel vehicles (vehicles that can either use E-85 or soy biodiesel). By December of 2007, 90% of eligible motor pool vehicles will be flexible fuel vehicles, which will encourage and contribute to the use of renewable fuels.

The state motor pool consistently provides cost-effective services to state agencies that enhance the ability of state government to operate efficiently and promotes Iowa's image as a leader in renewable energy.

For the above reasons, I respectfully disapprove of the designated items in accordance with Article 3, Section 16 of the Constitution of the State of Iowa. All other items in House File 2459 are hereby approved as of this date.

Sincerely,
THOMAS J. VILSACK, Governor

CHAPTER 1177

APPROPRIATIONS — ADMINISTRATION AND REGULATION

H.F. 2521

AN ACT relating to and making appropriations to certain state departments, agencies, funds, and certain other entities, providing for regulatory authority, and other properly related matters and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I ADMINISTRATION AND REGULATION APPROPRIATIONS

Section 1. DEPARTMENT OF ADMINISTRATIVE SERVICES. There is appropriated