

House Study Bill 277

HOUSE FILE \_\_\_\_\_
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON ECONOMIC
DEVELOPMENT)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to and making appropriations to the department of
2 economic development, certain board of regents institutions,
3 the department of workforce development, and the public
4 employment relations board and related matters.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1086HA 81
7 tm/gg/14

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1 1 ECONOMIC DEVELOPMENT
1 2 Section 1. GOALS AND ACCOUNTABILITY.
1 3 1. The goals for the department of economic development
1 4 shall be to expand and stimulate the state economy, increase
1 5 the wealth of Iowans, and increase the population of the
1 6 state.
1 7 2. To achieve the goals in subsection 1, the department of
1 8 economic development shall do all of the following:
1 9 a. Concentrate its efforts on programs and activities that
1 10 result in commercially viable products and services.
1 11 b. Adopt practices and services consistent with free
1 12 market, private sector philosophies.
1 13 c. Ensure economic growth and development throughout the
1 14 state.
1 15 Sec. 2. DEPARTMENT OF ECONOMIC DEVELOPMENT. There is
1 16 appropriated from the general fund of the state to the
1 17 department of economic development for the fiscal year
1 18 beginning July 1, 2005, and ending June 30, 2006, the
1 19 following amounts, or so much thereof as is necessary, to be
1 20 used for the purposes designated:
1 21 1. ADMINISTRATION DIVISION
1 22 a. General administration
1 23 For salaries, support, maintenance, miscellaneous purposes,
1 24 programs, for the transfer to the Iowa state commission grant
1 25 program, and for not more than the following full-time
1 26 equivalent positions:
1 27 ..... \$ 1,956,332
1 28 ..... FTEs 28.75
1 29 b. The department shall work with businesses and
1 30 communities to continually improve the economic development
1 31 climate along with the economic well-being and quality of life
1 32 for Iowans. The administration division shall coordinate with
1 33 other state agencies ensuring that all state departments are
1 34 attentive to the needs of an entrepreneurial culture.
1 35 2. BUSINESS DEVELOPMENT DIVISION
2 1 a. Business development operations
2 2 For business development operations and programs,
2 3 international trade, export assistance, workforce recruitment,
2 4 the partner state program, for transfer to the strategic
2 5 investment fund, for transfer to the value-added agricultural
2 6 products and processes financial assistance fund, salaries,
2 7 support, maintenance, miscellaneous purposes, and for not more
2 8 than the following full-time equivalent positions:
2 9 ..... \$ 6,084,500
2 10 ..... FTEs 57.00
2 11 b. The department shall establish a strong and aggressive
2 12 marketing image to showcase Iowa's workforce, existing
2 13 industry, and potential. A priority shall be placed on
2 14 recruiting new businesses, business expansion, and retaining

2 15 existing Iowa businesses. Emphasis shall also be placed on  
2 16 entrepreneurial development through helping to secure capital  
2 17 for entrepreneurs, and developing networks and a business  
2 18 climate conducive to entrepreneurs and small business.

2 19 c. From the moneys appropriated in this subsection, the  
2 20 department may provide financial assistance in the form of a  
2 21 grant to a community economic development entity for  
2 22 conducting a local workforce recruitment effort designed to  
2 23 recruit former citizens of the state and former students at  
2 24 colleges and universities in the state to meet the needs of  
2 25 local employers.

2 26 d. From the moneys appropriated under this subsection, the  
2 27 department may provide financial assistance to early-stage  
2 28 industry companies being established by women entrepreneurs.

2 29 e. From the moneys appropriated under this subsection, the  
2 30 department may provide financial assistance in the form of  
2 31 grants, loans, or forgivable loans for advanced research and  
2 32 commercialization projects involving value-added agriculture,  
2 33 advanced technology, or biotechnology.

2 34 f. Notwithstanding section 8.33, moneys appropriated in  
2 35 this subsection that remain unencumbered or unobligated at the  
3 1 close of the fiscal year shall not revert but shall remain  
3 2 available for expenditure for the purposes designated until  
3 3 the close of the succeeding fiscal year.

3 4 3. COMMUNITY DEVELOPMENT DIVISION

3 5 a. Community development programs

3 6 For salaries, support, maintenance, miscellaneous purposes,  
3 7 community economic development programs, tourism operations,  
3 8 community assistance, the film office, the mainstreet and  
3 9 rural mainstreet programs, the school-to-career program, the  
3 10 community development block grant, and housing and shelter=  
3 11 related programs and for not more than the following full-time  
3 12 equivalent positions:

3 13 ..... \$ 5,533,511  
3 14 ..... FTEs 61.75

3 15 b. The department shall encourage development of  
3 16 communities and quality of life to foster economic growth.  
3 17 The department shall prepare communities for future growth and  
3 18 development through development, expansion, and modernization  
3 19 of infrastructure.

3 20 c. The department shall develop public-private  
3 21 partnerships with Iowa businesses in the tourism industry,  
3 22 Iowa tour groups, Iowa tourism organizations, and political  
3 23 subdivisions in this state to assist in the development of  
3 24 advertising efforts. The department shall, to the fullest  
3 25 extent possible, develop cooperative efforts for advertising  
3 26 with contributions from other sources.

3 27 d. Notwithstanding section 8.33, moneys appropriated in  
3 28 this subsection that remain unencumbered or unobligated at the  
3 29 close of the fiscal year shall not revert to any fund but  
3 30 shall remain available for expenditure for the designated  
3 31 purposes during the succeeding fiscal year.

3 32 4. For allocating moneys for the world food prize:

3 33 ..... \$ 285,000

3 34 Sec. 3. VISION IOWA PROGRAM == FTE AUTHORIZATION. For  
3 35 purposes of administrative duties associated with the vision  
4 1 Iowa program, the department of economic development is  
4 2 authorized an additional 2.25 full-time equivalent positions  
4 3 above those otherwise authorized in this Act.

4 4 Sec. 4. RURAL COMMUNITY 2000 PROGRAM. There is  
4 5 appropriated from loan repayments on loans under the former  
4 6 rural community 2000 program, sections 15.281 through 15.288,  
4 7 Code 2001, to the department of economic development for the  
4 8 fiscal year beginning July 1, 2005, and ending June 30, 2006,  
4 9 the following amounts, or so much thereof as is necessary, to  
4 10 be used for the purposes designated:

4 11 1. For providing financial assistance to Iowa's councils  
4 12 of governments that provide technical and planning assistance  
4 13 to local governments:

4 14 ..... \$ 150,000

4 15 2. For the rural development program for the purposes of  
4 16 the program including the rural enterprise fund and  
4 17 collaborative skills development training:

4 18 ..... \$ 120,000

4 19 Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. There is  
4 20 appropriated from moneys collected by the division of  
4 21 insurance in excess of the anticipated gross revenues under  
4 22 section 505.7, subsection 3, to the department of economic  
4 23 development for the fiscal year beginning July 1, 2005, and  
4 24 ending June 30, 2006, the following amount, or so much thereof  
4 25 as is necessary, for insurance economic development and

4 26 international insurance economic development:  
4 27 ..... \$ 100,000  
4 28 Sec. 6. COMMUNITY DEVELOPMENT LOAN FUND. Notwithstanding  
4 29 section 15E.120, subsection 5, there is appropriated from the  
4 30 Iowa community development loan fund all the moneys available  
4 31 during the fiscal year beginning July 1, 2005, and ending June  
4 32 30, 2006, to the department of economic development for the  
4 33 community development program to be used by the department for  
4 34 the purposes of the program.  
4 35 Sec. 7. WORKFORCE DEVELOPMENT FUND. There is appropriated  
5 1 from the workforce development fund account created in section  
5 2 15.342A, to the workforce development fund created in section  
5 3 15.343, for the fiscal year beginning July 1, 2005, and ending  
5 4 June 30, 2006, the following amount, for the purposes of the  
5 5 workforce development fund, and for not more than the  
5 6 following full-time equivalent positions:  
5 7 ..... \$ 4,000,000  
5 8 ..... FTEs 4.00  
5 9 Sec. 8. WORKFORCE DEVELOPMENT ADMINISTRATION. From funds  
5 10 appropriated or transferred to or receipts credited to the  
5 11 workforce development fund created in section 15.343, up to  
5 12 \$400,000 for the fiscal year beginning July 1, 2005, and  
5 13 ending June 30, 2006, may be used for the administration of  
5 14 workforce development activities including salaries, support,  
5 15 maintenance, and miscellaneous purposes and for not more than  
5 16 4.00 full-time equivalent positions.  
5 17 Sec. 9. JOB TRAINING FUND. Notwithstanding section  
5 18 15.251, all remaining moneys in the job training fund on July  
5 19 1, 2005, and any moneys appropriated or credited to the fund  
5 20 during the fiscal year beginning July 1, 2005, shall be  
5 21 transferred to the workforce development fund established  
5 22 pursuant to section 15.343.  
5 23 Sec. 10. IOWA STATE UNIVERSITY.  
5 24 1. There is appropriated from the general fund of the  
5 25 state to the Iowa state university of science and technology  
5 26 for the fiscal year beginning July 1, 2005, and ending June  
5 27 30, 2006, the following amount, or so much thereof as is  
5 28 necessary, to be used for small business development centers,  
5 29 the science and technology research park, the institute for  
5 30 physical research, and for not more than the following full-  
5 31 time equivalent positions:  
5 32 ..... \$ 2,363,557  
5 33 ..... FTEs 56.63  
5 34 2. Of the moneys appropriated in subsection 1, Iowa state  
5 35 university shall allocate at least \$550,000 for purposes of  
6 1 funding small business development centers. Iowa state  
6 2 university may allocate moneys appropriated in subsection 1 to  
6 3 the various small business development centers in any manner  
6 4 necessary to achieve the purposes of this subsection.  
6 5 3. Iowa state university of science and technology shall  
6 6 do all of the following:  
6 7 a. Direct expenditures for research toward projects that  
6 8 will provide economic stimulus for Iowa.  
6 9 b. Provide emphasis to providing services to Iowa-based  
6 10 companies.  
6 11 4. It is the intent of the general assembly that the  
6 12 industrial incentive program focus on Iowa industrial sectors  
6 13 and seek contributions and in-kind donations from businesses,  
6 14 industrial foundations, and trade associations and that moneys  
6 15 for the institute for physical research and technology  
6 16 industrial incentive program shall only be allocated for  
6 17 projects which are matched by private sector moneys for  
6 18 directed contract research or for nondirected research. The  
6 19 match required of small businesses as defined in section  
6 20 15.102, subsection 4, for directed contract research or for  
6 21 nondirected research shall be \$1 for each \$3 of state funds.  
6 22 The match required for other businesses for directed contract  
6 23 research or for nondirected research shall be \$1 for each \$1  
6 24 of state funds. The match required of industrial foundations  
6 25 or trade associations shall be \$1 for each \$1 of state funds.  
6 26 Iowa state university of science and technology shall  
6 27 report annually to the joint appropriations subcommittee on  
6 28 economic development and the legislative services agency the  
6 29 total amount of private contributions, the proportion of  
6 30 contributions from small businesses and other businesses, and  
6 31 the proportion for directed contract research and nondirected  
6 32 research of benefit to Iowa businesses and industrial sectors.  
6 33 Notwithstanding section 8.33, moneys appropriated in this  
6 34 section that remain unencumbered or unobligated at the close  
6 35 of the fiscal year shall not revert but shall remain available  
7 1 for expenditure for the purposes designated until the close of

7 2 the succeeding fiscal year.

7 3 Sec. 11. UNIVERSITY OF IOWA.

7 4 1. There is appropriated from the general fund of the  
7 5 state to the state university of Iowa for the fiscal year  
7 6 beginning July 1, 2005, and ending June 30, 2006, the  
7 7 following amount, or so much thereof as is necessary, to be  
7 8 used for the university of Iowa research park and for the  
7 9 advanced drug development program at the Oakdale research  
7 10 park, including salaries, support, maintenance, equipment,  
7 11 miscellaneous purposes, and for not more than the following  
7 12 full-time equivalent positions:

7 13 ..... \$ 247,005  
7 14 ..... FTEs 6.00

7 15 2. The university of Iowa shall do all of the following:

7 16 a. Direct expenditures for research toward projects that  
7 17 will provide economic stimulus for Iowa.

7 18 b. Provide emphasis to providing services to Iowa-based  
7 19 companies.

7 20 3. The board of regents shall submit a report on the  
7 21 progress of regents institutions in meeting the strategic plan  
7 22 for technology transfer and economic development to the  
7 23 secretary of the senate, the chief clerk of the house of  
7 24 representatives, and the legislative services agency by  
7 25 January 15, 2006.

7 26 4. Notwithstanding section 8.33, moneys appropriated in  
7 27 this section that remain unencumbered or unobligated at the  
7 28 close of the fiscal year shall not revert but shall remain  
7 29 available for expenditure for the purposes designated until  
7 30 the close of the succeeding fiscal year.

7 31 Sec. 12. UNIVERSITY OF NORTHERN IOWA.

7 32 1. There is appropriated from the general fund of the  
7 33 state to the university of northern Iowa for the fiscal year  
7 34 beginning July 1, 2005, and ending June 30, 2006, the  
7 35 following amount, or so much thereof as is necessary, to be  
8 1 used for the metal casting institute, and for the institute of  
8 2 decision making, including salaries, support, maintenance,  
8 3 miscellaneous purposes, and for not more than the following  
8 4 full-time equivalent positions:

8 5 ..... \$ 361,291  
8 6 ..... FTEs 4.75

8 7 2. The university of northern Iowa shall do all of the  
8 8 following:

8 9 a. Direct expenditures for research toward projects that  
8 10 will provide economic stimulus for Iowa.

8 11 b. Provide emphasis to providing services to Iowa-based  
8 12 companies.

8 13 3. Notwithstanding section 8.33, moneys appropriated in  
8 14 this section that remain unencumbered or unobligated at the  
8 15 close of the fiscal year shall not revert but shall remain  
8 16 available for expenditure for the purposes designated until  
8 17 the close of the succeeding fiscal year.

8 18 Sec. 13. DEPARTMENT OF WORKFORCE DEVELOPMENT.

8 19 1. There is appropriated from the general fund of the  
8 20 state to the department of workforce development for the  
8 21 fiscal year beginning July 1, 2005, and ending June 30, 2006,  
8 22 the following amount, or so much thereof as is necessary, for  
8 23 the division of labor services, the division of workers'  
8 24 compensation, the workforce development state and regional  
8 25 boards, the new employment opportunity fund, immigration  
8 26 services centers, for transfer to the boiler safety fund, for  
8 27 transfer to the elevator safety fund, salaries, support,  
8 28 maintenance, miscellaneous purposes, and for not more than the  
8 29 following full-time equivalent positions:

8 30 ..... \$ 5,151,919  
8 31 ..... FTEs 86.45

8 32 2. From the contractor registration fees, the division of  
8 33 labor services shall reimburse the department of inspections  
8 34 and appeals for all costs associated with hearings under  
8 35 chapter 91C, relating to contractor registration.

9 1 3. The division of workers' compensation shall continue  
9 2 charging a \$65 filing fee for workers' compensation cases.  
9 3 The filing fee shall be paid by the petitioner of a claim.  
9 4 However, the fee can be taxed as a cost and paid by the losing  
9 5 party, except in cases where it would impose an undue hardship  
9 6 or be unjust under the circumstances. The moneys generated by  
9 7 the filing fee allowed under this subsection are appropriated  
9 8 to the department of workforce development to be used for  
9 9 purposes of administering the division of workers'  
9 10 compensation.

9 11 4. The department of workforce development shall maintain  
9 12 pilot immigration service centers that offer one-stop services

9 13 to deal with the multiple issues related to immigration and  
9 14 employment. The pilot centers shall be designed to support  
9 15 workers, businesses, and communities with information,  
9 16 referrals, job placement assistance, translation, language  
9 17 training, resettlement, as well as technical and legal  
9 18 assistance on such issues as forms and documentation. Through  
9 19 the coordination of local, state, and federal service  
9 20 providers, and through the development of partnerships with  
9 21 public, private, and nonprofit entities with established  
9 22 records of international service, these pilot centers shall  
9 23 seek to provide a seamless service delivery system for new  
9 24 Iowans.

9 25 5. Notwithstanding section 8.33, moneys appropriated in  
9 26 this section that remain unencumbered or unobligated at the  
9 27 close of the fiscal year shall not revert but shall remain  
9 28 available for expenditure for the purposes designated until  
9 29 the close of the succeeding fiscal year.

9 30 Sec. 14. EMPLOYMENT SECURITY CONTINGENCY FUND. There is  
9 31 appropriated from the special employment security contingency  
9 32 fund to the department of workforce development for the fiscal  
9 33 year beginning July 1, 2005, and ending June 30, 2006, the  
9 34 following amounts, or so much thereof as is necessary, for the  
9 35 purposes designated:

10 1 DIVISION OF WORKERS' COMPENSATION

10 2 For salaries, support, maintenance, and miscellaneous  
10 3 purposes:

10 4 ..... \$ 471,000

10 5 Any remaining additional penalty and interest revenue may  
10 6 be allocated and used to accomplish the mission of the  
10 7 department.

10 8 Sec. 15. PUBLIC EMPLOYMENT RELATIONS BOARD. There is  
10 9 appropriated from the general fund of the state to the public  
10 10 employment relations board for the fiscal year beginning July  
10 11 1, 2005, and ending June 30, 2006, the following amount, or so  
10 12 much thereof as is necessary, for the purposes designated:

10 13 For salaries, support, maintenance, miscellaneous purposes,  
10 14 and for not more than the following full-time equivalent  
10 15 positions:

10 16 ..... \$ 923,850

10 17 ..... FTEs 10.00

10 18 Sec. 16. NEW SECTION. 96.51 FIELD OFFICE OPERATING FUND.

10 19 A field office operating fund is created in the state  
10 20 treasury under the control of the department of workforce  
10 21 development. The fund is separate and distinct from the  
10 22 unemployment compensation fund. All moneys properly credited  
10 23 to and deposited in the fund are annually appropriated to the  
10 24 department of workforce development to be used for personnel  
10 25 and nonpersonnel costs of operating field offices.

10 26 Sec. 17. VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES  
10 27 FINANCIAL ASSISTANCE FUND MONEYS. The office of renewable  
10 28 fuels and coproducts may apply to the department of economic  
10 29 development for moneys in the value-added agricultural  
10 30 products and processes financial assistance fund for deposit  
10 31 in the renewable fuels and coproducts fund created in section  
10 32 159A.7.

10 33 Sec. 18. IOWA FINANCE AUTHORITY AUDIT. The auditor of  
10 34 state is requested to review the audit of the Iowa finance  
10 35 authority performed by the auditor hired by the authority.

11 1 The auditor of state is also requested to conduct a  
11 2 performance audit of the authority to determine the  
11 3 effectiveness of the authority and the programs of the  
11 4 authority.

11 5 Sec. 19. APPLICATION FOR DEPARTMENT OF ECONOMIC  
11 6 DEVELOPMENT MONEYS. For the fiscal year beginning July 1,  
11 7 2005, any entity that was specifically identified in 2001 Iowa  
11 8 Acts, chapter 188, to receive funding from the department of  
11 9 economic development, excluding any entity identified to  
11 10 receive a direct appropriation beginning July 1, 2005, may  
11 11 apply to the department for assistance through the appropriate  
11 12 program. The department shall provide application criteria  
11 13 necessary to implement this section.

11 14 Sec. 20. SHELTER ASSISTANCE FUND. In providing moneys  
11 15 from the shelter assistance fund to homeless shelter programs  
11 16 in the fiscal year beginning July 1, 2005, and ending June 30,  
11 17 2006, the department of economic development shall explore the  
11 18 potential of allocating moneys to homeless shelter programs  
11 19 based in part on their ability to move their clients toward  
11 20 self-sufficiency.

11 21 Sec. 21. UNEMPLOYMENT COMPENSATION PROGRAM.

11 22 Notwithstanding section 96.9, subsection 4, paragraph "a",  
11 23 moneys credited to the state by the secretary of the treasury

11 24 of the United States pursuant to section 903 of the Social  
11 25 Security Act shall be appropriated to the department of  
11 26 workforce development and shall be used by the department for  
11 27 the administration of the unemployment compensation program  
11 28 only. This appropriation shall not apply to any fiscal year  
11 29 beginning after December 31, 2005.

11 30 EXPLANATION

11 31 This bill makes appropriations and transfers from the  
11 32 general fund of the state to the department of economic  
11 33 development, the university of Iowa, the university of  
11 34 northern Iowa, Iowa state university, the department of  
11 35 workforce development, and the public employment relations  
12 1 board for the 2005=2006 fiscal year.

12 2 The bill provides that the goals for the department of  
12 3 economic development shall be to expand and stimulate the  
12 4 state economy, increase the wealth of Iowans, and increase the  
12 5 population of the state.

12 6 The bill appropriates from loan repayments on loans under  
12 7 the former rural community 2000 program to the department of  
12 8 economic development moneys for providing financial assistance  
12 9 to Iowa's councils of governments that provide technical and  
12 10 planning assistance to local governments and for the rural  
12 11 development program for the purposes of the program including  
12 12 the rural enterprise fund and collaborative skills development  
12 13 training.

12 14 The bill appropriates moneys collected by the division of  
12 15 insurance in excess of the anticipated gross revenues to the  
12 16 department of economic development for purposes of insurance  
12 17 economic development and international insurance economic  
12 18 development.

12 19 The bill appropriates moneys from the Iowa community  
12 20 development loan fund to the department of economic  
12 21 development for purposes of the community development program.

12 22 The bill appropriates moneys from the workforce development  
12 23 fund account to the workforce development fund.

12 24 The bill provides that moneys appropriated or transferred  
12 25 to or receipts credited to the workforce development fund may  
12 26 be used for administration of workforce development  
12 27 activities.

12 28 The bill provides that all moneys remaining in the job  
12 29 training fund on July 1, 2005, and any moneys appropriated or  
12 30 credited to the fund during the fiscal year beginning July 1,  
12 31 2005, shall be transferred to the workforce development fund.

12 32 The bill appropriates moneys from the special employment  
12 33 security contingency fund to the department of workforce  
12 34 development for the division of workers' compensation and  
12 35 immigration services centers.

13 1 The bill creates a field office operating fund in the state  
13 2 treasury under the control of the department of workforce  
13 3 development as a fund separate and distinct from the  
13 4 unemployment compensation fund. The bill provides that all  
13 5 moneys properly credited to and deposited in the fund are  
13 6 annually appropriated to the department of workforce  
13 7 development to be used for personnel and nonpersonnel costs of  
13 8 operating field offices.

13 9 The bill allows the office of renewable fuels and  
13 10 coproducts to apply to the department of economic development  
13 11 for moneys in the value-added agricultural products and  
13 12 processes financial assistance fund for deposit in the  
13 13 renewable fuels and coproducts fund.

13 14 The bill provides that, for the fiscal year beginning July  
13 15 1, 2005, any entity that was specifically identified in 2001  
13 16 Iowa Acts, chapter 188, to receive funding from the department  
13 17 of economic development, excluding any entity identified to  
13 18 receive a direct appropriation beginning July 1, 2005, may  
13 19 apply to the department for assistance through the appropriate  
13 20 program.

13 21 The bill provides that, in providing moneys from the  
13 22 shelter assistance fund to homeless shelter programs, the  
13 23 department of economic development shall explore the potential  
13 24 of allocating moneys to programs based in part on their  
13 25 ability to move their clients toward self-sufficiency.

13 26 The bill appropriates moneys from moneys credited to the  
13 27 state by the secretary of the treasury of the United States  
13 28 pursuant to the Social Security Act to the department of  
13 29 workforce development for the administration of the  
13 30 unemployment compensation program only.