

House File 2450 - Introduced

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BY COMMITTEE ON ECONOMIC
GROWTH AND TECHNOLOGY

(SUCCESSOR TO HSB 622)

A BILL FOR

1 An Act relating to economic development and energy shortages
2 under the purview of the economic development authority and
3 governor, and providing penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

ECONOMIC DEVELOPMENT PROGRAMS

Section 1. Section 15.106B, subsection 5, paragraph b, Code 2024, is amended by striking the paragraph.

Sec. 2. NEW SECTION. 15.106E **Application or award — prohibition.**

1. The authority may prohibit a person from receiving an award of financial assistance, or from being selected as a vendor to provide goods or services to the authority in any of the following circumstances:

a. An act or omission by the person seriously affects or threatens public health, public safety, or the environment.

b. The person is charged with or convicted of a crime involving dishonesty.

c. An act or omission by the person indicates a lack of integrity or honesty.

d. The person violates the terms of an agreement or transaction that detrimentally impacts the integrity of a program administered by the authority, or other governmental entity as defined in section 8A.101.

e. A compelling cause exists that is relevant to and affects the person's obligations under the programs administered by the authority, or is relevant to and affects the provision of goods and services to the authority by a vendor.

2. Upon a determination by the authority, a person shall be prohibited from receiving an award of financial assistance, or from being selected as a vendor pursuant to subsection 1. The authority shall provide written notice to the prohibited person stating the reason for the prohibition. The authority may immediately disqualify a prohibited person from receiving financial assistance, or from being selected as a vendor.

3. The authority shall adopt rules as necessary pursuant to chapter 17A to administer this section.

Sec. 3. Section 15.108, subsection 2, Code 2024, is amended by striking the subsection and inserting in lieu thereof the

1 following:

2 2. *Marketing.* To aid in all of the following:

3 a. The marketing and promotion of Iowa products and
4 services.

5 b. The promotion and development of the agricultural
6 processing industry in the state.

7 Sec. 4. Section 15.108, subsection 3, paragraph a,
8 subparagraph (5), Code 2024, is amended to read as follows:

9 (5) Encourage cities, counties, local and regional
10 government organizations, and local and regional economic
11 development organizations to develop and implement
12 comprehensive community and economic development plans. In
13 ~~evaluating financial assistance applications, the authority~~
14 ~~shall award supplementary credit to applications submitted by~~
15 ~~cities, counties, local and regional government organizations,~~
16 ~~and local and regional economic development organizations~~
17 ~~that have developed a comprehensive community and economic~~
18 ~~development plan.~~

19 Sec. 5. Section 15.108, subsection 4, Code 2024, is amended
20 by striking the subsection and inserting in lieu thereof the
21 following:

22 4. *Exporting.* To promote and aid in the marketing and
23 sale of Iowa industrial and agricultural products and services
24 outside of the state. To carry out this responsibility, the
25 authority shall:

26 a. Perform the duties and activities specified for the
27 agricultural marketing program under sections 15.201 and
28 15.202.

29 b. Seek assistance and advice from the Iowa district export
30 council which advises the United States department of commerce.

31 Sec. 6. Section 15.108, subsection 5, paragraph d, Code
32 2024, is amended to read as follows:

33 d. ~~Coordinate with other divisions of the authority to add~~
34 Promote the contributions of Iowa's recreation, tourism, and
35 ~~leisure resources to the agricultural and other images which~~

1 ~~characterize the state~~ on a national level.

2 Sec. 7. Section 15.108, subsection 5, paragraph o, Code
3 2024, is amended by striking the paragraph.

4 Sec. 8. Section 15.108, subsection 6, paragraph c, Code
5 2024, is amended by striking the paragraph and inserting in
6 lieu thereof the following:

7 c. Provide aid for the development and implementation of
8 the Iowa targeted small business procurement Act established in
9 sections 73.15 through 73.22.

10 Sec. 9. Section 15.108, subsection 6, paragraphs f and g,
11 Code 2024, are amended by striking the paragraphs.

12 Sec. 10. Section 15.108, subsection 7, Code 2024, is amended
13 by striking the subsection.

14 Sec. 11. Section 15.108, subsection 10, paragraph b,
15 subparagraph (3), Code 2024, is amended to read as follows:

16 (3) Establish programs which assist communities or local
17 entities in developing housing to meet a range of community
18 needs, including ~~programs to assist homeless shelter operations~~
19 ~~and~~ programs to assist in the development of housing to enhance
20 economic development opportunities in the community.

21 Sec. 12. Section 15.371, subsection 5, paragraph e, Code
22 2024, is amended to read as follows:

23 e. Employ a minimum of three full-time employees and no more
24 than ~~seventy-five~~ one hundred twenty-five full-time employees
25 across all of the manufacturer's locations.

26 Sec. 13. NEW SECTION. **73.22 Reports.**

27 1. By December 1 of each calendar year, the department of
28 administrative services shall provide a written summary to the
29 economic development authority of all activities undertaken
30 by the department of administrative services to maximize the
31 purposes of this subchapter during the immediately preceding
32 fiscal year.

33 2. By December 1 of each calendar year, the economic
34 development authority shall compile a list of the procurement
35 goals established pursuant to section 73.16, subsection 2, for

1 the prior fiscal year, and the performance of each agency or
2 department of state government having purchasing authority in
3 meeting the goals. The compilation shall be based upon the
4 reports required to be filed under section 73.16, subsection 2.

5 3. By January 15 of each calendar year, the economic
6 development authority shall submit to the governor and the
7 general assembly a summary of all reports required under this
8 section.

9 4. The director of the economic development authority, in
10 cooperation with the department of administrative services and
11 other state agencies shall do all of the following:

12 a. Publicize the targeted small business procurement goal
13 program to targeted small businesses and to agencies of state
14 government.

15 b. Identify targeted small businesses able to perform
16 contracts under the program.

17 c. Encourage targeted small businesses to participate in the
18 program.

19 Sec. 14. REPEAL. Sections 15.246, 15.271, and 15.272, Code
20 2024, are repealed.

21 DIVISION II

22 ENERGY SHORTAGES

23 Sec. 15. Section 12.28, subsection 6, Code 2024, is amended
24 to read as follows:

25 6. The maximum principal amount of financing agreements
26 which the treasurer of state can enter into shall be one
27 million dollars per state agency in a fiscal year, subject
28 to the requirements of [section 8.46](#). For the fiscal year,
29 the treasurer of state shall not enter into more than one
30 million dollars of financing agreements per state agency,
31 not considering interest expense. However, the treasurer
32 of state may enter into financing agreements in excess of
33 the one million dollar per agency per fiscal year limit if a
34 constitutional majority of each house of the general assembly,
35 or the legislative council if the general assembly is not in

1 session, and the governor, authorize the treasurer of state
 2 to enter into additional financing agreements above the one
 3 million dollar authorization contained in [this section](#). The
 4 treasurer of state shall not enter into a financing agreement
 5 for real or personal property which is to be constructed for
 6 use as a prison or prison-related facility without prior
 7 authorization by a constitutional majority of each house of
 8 the general assembly and approval by the governor of the use,
 9 location, and maximum cost, not including interest expense,
 10 of the real or personal property to be financed. However,
 11 financing agreements for an energy conservation measure, as
 12 defined in [section 7D.34](#), ~~for an energy management improvement,~~
 13 ~~as defined in [section 473.19](#), or for costs associated with~~
 14 ~~projects under [section 473.13A](#),~~ are exempt from the provisions
 15 of [this subsection](#), but are subject to the requirements of
 16 section 7D.34. In addition, financing agreements funded
 17 through the materials and equipment revolving fund established
 18 in [section 307.47](#) are exempt from the provisions of this
 19 subsection.

20 Sec. 16. Section 29C.2, Code 2024, is amended by adding the
 21 following new subsections:

22 NEW SUBSECTION. 4A. "*Energy*" or "*energy sources*" means the
 23 same as defined in section 473.1.

24 NEW SUBSECTION. 5A. "*Liquid fossil fuel*" means heating
 25 oil, diesel oil, motor gasoline, propane, residual fuel oil,
 26 kerosene, and aviation fuel.

27 NEW SUBSECTION. 7A. "*Prime supplier*" means an individual,
 28 trustee, agency, partnership, association, corporation,
 29 company, municipality, political subdivision, or other legal
 30 entity that makes the first sale of liquid fossil fuel into the
 31 state distribution system for consumption within the state.

32 Sec. 17. Section 29C.6, Code 2024, is amended by adding the
 33 following new subsection:

34 NEW SUBSECTION. 18. a. Determine that an actual acute
 35 shortage of usable energy has occurred or is imminent based

1 upon circumstances indicated in the state energy security plan
2 created in section 473.5, or in response to a declaration of
3 a severe energy supply interruption by the president of the
4 United States under the federal Emergency Energy Conservation
5 Act of 1979, Pub. L. No. 96-102, as amended. Upon such a
6 determination, the governor may do any of the following by
7 proclamation:

8 (1) Regulate the operating hours of agencies and
9 instrumentalities of state government, political subdivisions,
10 private institutions, and business facilities that consume
11 energy to the extent the regulation is not hazardous or
12 detrimental to the health, safety, or welfare of the people of
13 this state. However, the governor shall not have authority to
14 suspend, amend, or nullify any service provided by a public
15 utility, as defined in section 476.1, if the public utility
16 is providing such service pursuant to an order or rule of a
17 federal agency which has jurisdiction over the public utility.
18 The governor shall also not have authority to suspend,
19 amend, or nullify any service provided by a public utility,
20 as defined in section 476.1, when the public utility has a
21 contractual or tariff obligation pursuant to the tariff of a
22 federally-approved regional transmission organization.

23 (2) Establish a system for the distribution and supply
24 of energy. The system shall not include a coupon rationing
25 program, unless the coupon rationing program is federally
26 mandated.

27 (3) Curtail public and private transportation utilizing
28 energy. Curtailment may include measures designed to promote
29 the use of carpools and mass transit systems.

30 (4) Accept the delegation of authority for other mandatory
31 measures under the federal Emergency Energy Conservation Act of
32 1979, Pub. L. No. 96-102, as amended.

33 (5) Require a prime supplier to reserve a specified fraction
34 of the prime supplier's projected total monthly release of
35 liquid fossil fuel into the state distribution system. The

1 governor or the governor's designee may release any or all
2 of the fuel required to be reserved by a prime supplier
3 to end-users or to distributors for release through normal
4 retail distribution channels. However, the specified fraction
5 required to be reserved shall not exceed three percent for
6 propane, aviation fuel, and residual fuel oil, and five percent
7 for motor gasoline, heating oil, and diesel oil.

8 *b.* A person who violates paragraph "a" commits a simple
9 misdemeanor punishable as a scheduled violation pursuant to
10 section 805.8C, subsection 1. If the violation is continuous
11 and stationary in its nature and subsequent compliance can
12 easily be ascertained, an officer may issue a memorandum of
13 warning in lieu of a citation providing a reasonable amount of
14 time not exceeding fourteen days to correct the violation and
15 to comply with the requirements of the proclamation.

16 Sec. 18. Section 279.53, Code 2024, is amended to read as
17 follows:

18 **279.53 Loan proceeds.**

19 The proceeds of loans issued to school districts pursuant to
20 section 279.48, or 279.52, ~~or 473.20~~ shall be deposited into
21 either the general fund of a school district or the physical
22 plant and equipment levy fund. The board of directors shall
23 expend the amount of the principal and interest due each year
24 to maturity from the same fund into which the loan proceeds
25 were deposited.

26 Sec. 19. Section 298.3, subsection 1, paragraph g, Code
27 2024, is amended to read as follows:

28 *g.* Expenditures for energy conservation, ~~including payments~~
29 ~~made pursuant to a guarantee furnished by a school district~~
30 ~~entering into a financing agreement for energy management~~
31 ~~improvements, limited to agreements pursuant to section 473.19,~~
32 473.20, or 473.20A.

33 Sec. 20. Section 323A.2, subsection 1, paragraph c, Code
34 2024, is amended to read as follows:

35 *c.* The director of the economic development authority

1 determines that the franchisee has demonstrated that a special
2 hardship exists in the community served by the franchisee
3 relating to the public health, safety, and welfare, ~~as~~
4 ~~specified under the rules of the authority.~~

5 Sec. 21. Section 473.1, subsection 3, Code 2024, is amended
6 by striking the subsection.

7 Sec. 22. Section 473.3, subsection 2, Code 2024, is amended
8 by striking the subsection.

9 Sec. 23. NEW SECTION. **473.4 Duties of the authority.**

10 The authority shall do the following:

11 1. Periodically update the Iowa energy plan that identifies
12 objectives and strategies for developing the energy sector in
13 the state.

14 2. Administer and coordinate federal funds received for
15 energy conservation, energy management, and alternative and
16 renewable energy programs.

17 3. Apply for, receive, administer, and use federal or other
18 funds available for achieving the purposes of this chapter.

19 Sec. 24. NEW SECTION. **473.5 Energy security plan.**

20 1. The governor or the governor's designee shall maintain
21 an energy security plan.

22 2. The energy security plan shall include but is not limited
23 to the following:

24 a. A description of the circumstances that indicate an
25 actual or imminent acute shortage of usable energy, including
26 liquid fossil fuels.

27 b. Any action to be taken by the authority or relevant
28 agencies in response to a proclamation issued pursuant to
29 section 29C.6, subsection 18.

30 Sec. 25. Section 805.8C, subsection 1, Code 2024, is amended
31 to read as follows:

32 1. *Energy emergency violations.* For violations of an
33 ~~executive order issued~~ a proclamation by the governor under the
34 ~~provisions of section 473.8~~ section 29C.6, subsection 18, the
35 scheduled fine is seventy dollars.

1 Sec. 26. REPEAL. Sections 473.7, 473.8, 473.9, 473.10,
2 473.13A, 473.15, 473.19, 473.19A, 473.20, 473.20A, and 473.41,
3 Code 2024, are repealed.

4 Sec. 27. TRANSFER OF MONEYS. On the effective date of this
5 division of this Act, any moneys remaining in the building
6 energy management fund in section 473.19A, Code 2024, shall be
7 transferred to the general fund of the state.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill relates to economic development and energy
12 shortages under the purview of the economic development
13 authority and governor.

14 DIVISION I — ECONOMIC DEVELOPMENT PROGRAMS. The bill
15 strikes the specific power of the economic development
16 authority (authority) to charge a business or individual a fee
17 for use of the authority's federal EB-5 immigrant investor
18 regional center.

19 The bill specifies the circumstances in which the authority
20 may prohibit a person from receiving an award or financial
21 assistance, or from being selected as a vendor to provide goods
22 or services to the authority. The circumstances include:
23 an act or omission by the person that seriously affects or
24 threatens public health, public safety, or the environment;
25 the person is charged with or convicted of a crime involving
26 dishonesty; an act or omission by the person that indicates a
27 lack of integrity or honesty; the person violates the terms
28 of an agreement or transaction; or a compelling cause exists
29 that is relevant to and affects the obligations of the person
30 or vendor under programs administered by the authority. The
31 authority is required to provide written notification to the
32 person of the reason for the prohibition, and may immediately
33 disqualify such a person from receiving financial assistance
34 or being selected as a vendor.

35 The bill makes numerous changes to Code section 15.108

1 (primary responsibilities of the authority). The bill
2 strikes the requirement that the authority establish a federal
3 procurement office staffed with experts in marketing to federal
4 agencies.

5 The bill strikes provisions allowing the authority to
6 adopt a label or trademark that identifies Iowa products and
7 services, and to promote an import substitution program to
8 encourage the purchase of domestically produced Iowa goods.

9 In financial assistance applications, the bill strikes a
10 provision requiring the authority to award a supplementary
11 credit to applications submitted by local governments
12 or regional economic development organizations if such
13 governmental entity or organization has developed a
14 comprehensive community and economic development plan.

15 The bill strikes a provision encouraging coordination with
16 the Iowa board of regents and area community colleges to
17 establish a conversational foreign language training program.

18 A provision encouraging the promotion and assistance in the
19 creation of international currency and barter exchanges is
20 stricken.

21 Under the bill, the governor is no longer required to appoint
22 an export advisory board.

23 The bill strikes a provision encouraging college graduates
24 from Iowa schools and former residents who reside in foreign
25 countries to become cultural advisors for the authority and for
26 Iowa businesses participating in trade missions, and strikes
27 the provision encouraging foreign students studying in Iowa
28 to be used as contacts with Iowa businesses engaged in export
29 activities.

30 A revolving fund is stricken by the bill that allows
31 the authority to receive contributions for use in start-up
32 expansion of tourism special events, fairs, and festivals.

33 The bill moves provisions regarding the submission of
34 reports relating to the targeted small business procurement
35 program in Code section 15.108(6) to new Code section 73.22 as

1 created in the bill. However, the bill removes the provision
2 in Code section 15.108(6)(3) requiring the director of the
3 authority to assist a targeted small business unable to perform
4 a procurement contract, and makes other related changes.

5 The bill strikes a provision encouraging the authority to
6 cooperate with other state agencies to establish a program
7 to educate employers on the rates and workings of the
8 state unemployment compensation program and state workers'
9 compensation program.

10 Under the bill, the authority is no longer required to study
11 the feasibility of reducing the number of state licenses,
12 permits, and certificates required to conduct business.

13 The bill strikes a provision allowing the authority to help
14 local entities develop programs to assist homeless shelter
15 operations.

16 The bill strikes a provision requiring the authority to
17 provide case management assistance to low-income persons
18 establishing or expanding a small business, and repeals the
19 case management program in Code section 15.246.

20 The bill expands the manufacturing 4.0 technology program by
21 allowing an employer who employs up to 125 employees to qualify
22 for the program. Currently, an employer with more than 75
23 employees does not qualify for the program.

24 The bill repeals provisions requiring a statewide welcome
25 center program and related provisions.

26 DIVISION II — ENERGY SHORTAGES. Under current law, if the
27 authority by resolution determines the people of this state are
28 threatened by an actual or impending acute shortage of energy,
29 the authority is required to transmit the resolution to the
30 governor together with recommendations. After transmission of
31 such a resolution under current law, the governor may issue a
32 proclamation of emergency.

33 The bill grants the governor sole power to issue a
34 proclamation that an actual acute shortage of usable energy has
35 occurred or is imminent based upon the energy security plan of

1 the state developed in the bill, or allows the governor to base
2 the proclamation in response to a declaration of severe energy
3 supply interruption by the president of the United States
4 under the federal Emergency Energy Conservation Act of 1979,
5 as amended. The bill moves the current proclamation powers in
6 Code section 473.8(2) to new Code section 29C.6(18), and the
7 powers essentially remain the same.

8 The bill moves the definitions of "prime supplier" and
9 "liquid fossil fuel" from Code section 473.9 to Code section
10 29C.2, and defines "energy" or "energy sources" in Code section
11 29C.2 to mean the same as in Code section 473.1.

12 The bill strikes the ability of the authority to adopt rules
13 for energy-related hardships that result in public, health,
14 safety, and welfare concerns in Code section 323A.2(1).

15 The bill strikes a provision requiring state government to
16 be a model and testing ground for the use of energy and energy
17 systems.

18 The bill authorizes the creation of an energy security
19 plan in new Code section 473.5. The bill requires the energy
20 security plan to include but is not limited to a description
21 of circumstances that may lead to an actual or impending acute
22 shortage of energy, including liquid fossil fuels, and action
23 plans to be taken by relevant state agencies if a disaster
24 emergency proclamation relating to energy is issued by the
25 governor.

26 The bill repeals Code section 473.7 (duties of authority)
27 and removes most of the duties of the authority. The remaining
28 duties of the authority are expressed in new Code section 473.4
29 created in the bill. The duties include periodically updating
30 the energy security plan authorized in the bill.

31 The bill updates the simple misdemeanor scheduled violation
32 for energy emergency violations in Code section 805.8C(1)
33 due to moving the provisions relating to the proclamation
34 declaration from Code section 473.8 to Code section 29C.6(18)
35 in the bill.

1 The bill repeals provisions relating to energy emergencies,
2 energy management, energy funds, and energy loan programs
3 under the purview of the authority including Code sections
4 473.7 (duties of authority), 473.8 (emergency powers), 473.9
5 (set-aside definitions), 473.10 (reserve required), 473.13A
6 (energy management improvements identified and implemented),
7 473.15 (annual report), 473.19 (building energy management
8 program), 473.19A (building energy management fund), 473.20
9 (energy loan program), 473.20A (self-liquidating financing),
10 and 473.41 (energy city designation program).

11 On July 1, 2024, the date of the repeal of the building
12 energy management fund in Code section 473.19A, the bill
13 transfers any remaining moneys in the fund to the general fund
14 of the state.