

House Study Bill 622 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED ECONOMIC
DEVELOPMENT AUTHORITY BILL)

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

1
2
3 Section 1. Section 15.106B, subsection 5, paragraph b, Code
4 2024, is amended by striking the paragraph.

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

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

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

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

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

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

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

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

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

34 Sec. 3. Section 15.108, subsection 2, Code 2024, is amended
35 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 (2) Establish a system for the distribution and supply
19 of energy. The system shall not include a coupon rationing
20 program, unless the coupon rationing program is federally
21 mandated.

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

25 (4) Accept the delegation of authority for other mandatory
26 measures under the federal Emergency Energy Conservation Act of
27 1979, Pub. L. No. 96-102, as amended.

28 (5) Require a prime supplier to reserve a specified fraction
29 of the prime supplier's projected total monthly release of
30 liquid fossil fuel into the state distribution system. The
31 governor or the governor's designee may release any or all
32 of the fuel required to be reserved by a prime supplier
33 to end-users or to distributors for release through normal
34 retail distribution channels. However, the specified fraction
35 required to be reserved shall not exceed three percent for

1 propane, aviation fuel, and residual fuel oil, and five percent
2 for motor gasoline, heating oil, and diesel oil.

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

11 Sec. 18. Section 279.53, Code 2024, is amended to read as
12 follows:

13 **279.53 Loan proceeds.**

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

21 Sec. 19. Section 298.3, subsection 1, paragraph g, Code
22 2024, is amended by striking the paragraph.

23 Sec. 20. Section 323A.2, subsection 1, paragraph c, Code
24 2024, is amended to read as follows:

25 *c.* The director of the economic development authority
26 determines that the franchisee has demonstrated that a special
27 hardship exists in the community served by the franchisee
28 relating to the public health, safety, and welfare, ~~as~~
29 ~~specified under the rules of the authority.~~

30 Sec. 21. Section 473.1, subsection 3, Code 2024, is amended
31 by striking the subsection.

32 Sec. 22. Section 473.3, subsection 2, Code 2024, is amended
33 by striking the subsection.

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

35 The authority shall do the following:

1 1. Periodically update the Iowa energy plan that identifies
2 objectives and strategies for developing the energy sector in
3 the state.

4 2. Administer and coordinate federal funds received for
5 energy conservation, energy management, and alternative and
6 renewable energy programs.

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

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

10 1. The governor or the governor's designee shall maintain
11 an energy security plan.

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

14 a. A description of the circumstances that indicate an
15 actual or imminent acute shortage of usable energy, including
16 liquid fossil fuels.

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

20 **Sec. 25. Section 805.8C, subsection 1, Code 2024, is amended**
21 **to read as follows:**

22 1. *Energy emergency violations.* For violations of an
23 ~~executive order issued~~ a proclamation by the governor under the
24 ~~provisions of [section 473.8](#)~~ section 29C.6, subsection 18, the
25 scheduled fine is seventy dollars.

26 **Sec. 26. REPEAL.** Sections 473.7, 473.8, 473.9, 473.10,
27 473.13A, 473.15, 473.19, 473.19A, 473.20, 473.20A, and 473.41,
28 Code 2024, are repealed.

29 **Sec. 27. TRANSFER OF MONEYS.** On the effective date of this
30 division of this Act, any moneys remaining in the building
31 energy management fund in section 473.19A, Code 2024, shall be
32 transferred to the general fund of the state.

33

EXPLANATION

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

1 This bill relates to economic development and energy
2 shortages under the purview of the economic development
3 authority and governor.

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

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

25 The bill makes numerous changes to Code section 15.108
26 (primary responsibilities of the authority). The bill
27 strikes the requirement that the authority establish a federal
28 procurement office staffed with experts in marketing to federal
29 agencies.

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

34 In financial assistance applications, the bill strikes a
35 provision requiring the authority to award a supplementary

1 credit to applications submitted by local governments
2 or regional economic development organizations if such
3 governmental entity or organization has developed a
4 comprehensive community and economic development plan.

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

8 A provision encouraging the promotion and assistance in the
9 creation of international currency and barter exchanges is
10 stricken.

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

13 The bill strikes a provision encouraging college graduates
14 from Iowa schools and former residents who reside in foreign
15 countries to become cultural advisors for the authority and for
16 Iowa businesses participating in trade missions, and strikes
17 the provision encouraging foreign students studying in Iowa
18 to be used as contacts with Iowa businesses engaged in export
19 activities.

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

23 The bill moves provisions regarding the submission of
24 reports relating to the targeted small business procurement
25 program in Code section 15.108(6) to new Code section 73.22 as
26 created in the bill. However, the bill removes the provision
27 in Code section 15.108(6)(3) requiring the director of the
28 authority to assist a targeted small business unable to perform
29 a procurement contract, and makes other related changes.

30 The bill strikes a provision encouraging the authority to
31 cooperate with other state agencies to establish a program
32 to educate employers on the rates and workings of the
33 state unemployment compensation program and state workers'
34 compensation program.

35 Under the bill, the authority is no longer required to study

1 the feasibility of reducing the number of state licenses,
2 permits, and certificates required to conduct business.

3 The bill strikes a provision allowing the authority to help
4 local entities develop programs to assist homeless shelter
5 operations.

6 The bill strikes a provision requiring the authority to
7 provide case management assistance to low-income persons
8 establishing or expanding a small business, and repeals the
9 case management program in Code section 15.246.

10 The bill expands the manufacturing 4.0 technology program by
11 allowing an employer who employs up to 125 employees to qualify
12 for the program. Currently, an employer with more than 75
13 employees does not qualify for the program.

14 The bill repeals provisions requiring a statewide welcome
15 center program and related provisions.

16 DIVISION II — ENERGY SHORTAGES. Under current law, if the
17 authority by resolution determines the people of this state are
18 threatened by an actual or impending acute shortage of energy,
19 the authority is required to transmit the resolution to the
20 governor together with recommendations. After transmission of
21 such a resolution under current law, the governor may issue a
22 proclamation of emergency.

23 The bill grants the governor sole power to issue a
24 proclamation that an actual acute shortage of usable energy has
25 occurred or is imminent based upon the energy security plan of
26 the state developed in the bill, or allows the governor to base
27 the proclamation in response to a declaration of severe energy
28 supply interruption by the president of the United States
29 under the federal Emergency Energy Conservation Act of 1979,
30 as amended. The bill moves the current proclamation powers in
31 Code section 473.8(2) to new Code section 29C.6(18), and the
32 powers essentially remain the same.

33 The bill moves the definitions of "prime supplier" and
34 "liquid fossil fuel" from Code section 473.9 to Code section
35 29C.2, and defines "energy" or "energy sources" in Code section

1 29C.2 to mean the same as in Code section 473.1.

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

5 The bill strikes a provision requiring state government to
6 be a model and testing ground for the use of energy and energy
7 systems.

8 The bill authorizes the creation of an energy security
9 plan in new Code section 473.5. The bill requires the energy
10 security plan to include but is not limited to a description
11 of circumstances that may lead to an actual or impending acute
12 shortage of energy, including liquid fossil fuels, and action
13 plans to be taken by relevant state agencies if a disaster
14 emergency proclamation relating to energy is issued by the
15 governor.

16 The bill repeals Code section 473.7 (duties of authority)
17 and removes most of the duties of the authority. The remaining
18 duties of the authority are expressed in new Code section 473.4
19 created in the bill. The duties include periodically updating
20 the energy security plan authorized in the bill.

21 The bill updates the simple misdemeanor scheduled violation
22 for energy emergency violations in Code section 805.8C(1)
23 due to moving the provisions relating to the proclamation
24 declaration from Code section 473.8 to 29C.6(18) in the bill.

25 The bill repeals provisions relating to energy emergencies,
26 energy management, energy funds, and energy loan programs under
27 the purview of the authority including sections 473.7 (duties
28 of authority), 473.8 (emergency powers), 473.9 (set-aside
29 definitions), 473.10 (reserve required), 473.13A (energy
30 management improvements identified and implemented), 473.15
31 (annual report), 473.19 (building energy management program),
32 473.19A (building energy management fund), 473.20 (energy loan
33 program), 473.20A (self-liquidating financing), and 473.41
34 (energy city designation program).

35 On July 1, 2024, the date of the repeal of the building

S.F. _____ H.F. _____

1 energy management fund in Code section 473.19A, the bill
2 transfers any remaining moneys in the fund to the general fund
3 of the state.