

**Senate File 2289 - Introduced**

SENATE FILE 2289  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3109)

**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:

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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 (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

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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.