

Senate File 2485 - Introduced

SENATE FILE 2485
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3188)

A BILL FOR

1 An Act relating to and making appropriations for the economic
2 development of the state, including to the economic
3 development authority, Iowa finance authority, department of
4 workforce development, and state board of regents and certain
5 regents institutions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. GOALS AND ACCOUNTABILITY — ECONOMIC
2 DEVELOPMENT.

3 1. For the fiscal year beginning July 1, 2026, the goals
4 for the economic development authority shall be to expand and
5 stimulate the state economy, increase the wealth of Iowans, and
6 increase the population of the state.

7 2. To achieve the goals in subsection 1, the economic
8 development authority shall do all of the following for the
9 fiscal year beginning July 1, 2026:

10 a. Concentrate its efforts on programs and activities that
11 result in commercially viable products and services.

12 b. Adopt practices and services consistent with free market,
13 private sector philosophies.

14 c. Ensure economic growth and development throughout the
15 state.

16 d. Work with businesses and communities to continually
17 improve the economic development climate along with the economic
18 well-being and quality of life for Iowans.

19 e. Establish a strong and aggressive marketing image to
20 showcase Iowa's workforce, existing industry, and potential.
21 The authority shall prioritize recruitment of new businesses,
22 business expansion, and retention of existing Iowa businesses.
23 In addition, the authority shall emphasize entrepreneurial
24 development through helping entrepreneurs secure capital, and
25 developing networks and a business climate conducive to
26 entrepreneurs and small businesses.

27 f. Encourage the development of communities and quality of
28 life to foster economic growth.

29 g. Prepare communities for future growth and development
30 through development, expansion, and modernization of
31 infrastructure.

32 h. Develop public-private partnerships with Iowa businesses
33 in the tourism industry, Iowa tour groups, Iowa tourism
34 organizations, and political subdivisions in this state to assist
35 in the development of advertising efforts.

1 Sec. 2. ECONOMIC DEVELOPMENT AUTHORITY.

2 1. APPROPRIATION

3 a. There is appropriated from the general fund of the state
4 to the economic development authority for the fiscal year
5 beginning July 1, 2026, and ending June 30, 2027, the following
6 amount, or so much thereof as is necessary, to be used for the
7 purposes designated in this subsection:

8

9 \$ 12,903,510

10 b. (1) For salaries, support, miscellaneous purposes,
11 programs, marketing, administration, business development,
12 community development, small business development, and any
13 divisions the authority may organize.

14 (2) For business development operations and programs,
15 international trade, export assistance, workforce recruitment,
16 and the partner state program.

17 (3) For transfer to a fund created pursuant to section 15.313
18 for purposes of financing strategic infrastructure projects.

19 (4) For community economic development programs, tourism
20 operations, community assistance, and the community development
21 block grant.

22 (5) For achieving the goals and accountability, and
23 fulfilling the requirements and duties required under this Act.

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

29 2. FINANCIAL ASSISTANCE RESTRICTIONS

30 a. A business creating jobs through moneys appropriated in
31 subsection 1 shall be subject to contract provisions requiring
32 new and retained jobs to be filled by individuals who are
33 citizens of the United States who reside within the United
34 States, or individuals authorized to work in the United States
35 pursuant to federal law, including legal resident aliens residing

1 in the United States.

2 b. Any vendor who receives moneys appropriated in subsection
3 1 shall adhere to such contract provisions and provide periodic
4 assurances as the state shall require that the jobs are filled
5 solely by citizens of the United States who reside within the
6 United States, or individuals authorized to work in the United
7 States pursuant to federal law, including legal resident aliens
8 residing in the United States.

9 c. A business that receives financial assistance from the
10 authority from moneys appropriated in subsection 1 shall only
11 employ individuals legally authorized to work in this state. In
12 addition to all other applicable penalties provided by current
13 law, all or a portion of the assistance received by a business
14 which is found to knowingly employ individuals not legally
15 authorized to work in this state is subject to recapture by the
16 authority.

17 3. USES OF APPROPRIATIONS

18 a. From the moneys appropriated in subsection 1, the
19 authority may provide financial assistance in the form of grants,
20 loans, or forgivable loans for advanced research and
21 commercialization projects involving value-added agriculture,
22 advanced technology, or biotechnology.

23 b. The authority shall not use any moneys appropriated in
24 subsection 1 for purposes of providing financial assistance for
25 any program or project that involves the installation of
26 geothermal systems for melting snow and ice from streets or
27 sidewalks.

28 4. WORLD FOOD PRIZE

29 In lieu of the standing appropriation in section 15.368, there
30 is appropriated from the general fund of the state to the
31 economic development authority for the fiscal year beginning July
32 1, 2026, and ending June 30, 2027, the following amount to be
33 used for support of the world food prize:

34

35 \$ 500,000

1 5. TOURISM OFFICE

2 a. There is appropriated from the general fund of the state
3 to the economic development authority for the fiscal year
4 beginning July 1, 2026, and ending June 30, 2027, the following
5 amount, or so much thereof as is necessary, to be used for the
6 tourism office for the advertisement, promotion, placement, and
7 implementation of the economic development authority's strategic
8 plan for tourism and travel:

9

10 \$ 1,050,000

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

16 c. The economic development authority shall submit an annual
17 report on or before January 15 to the general assembly regarding
18 the tourism office's activities funded with moneys appropriated
19 under this subsection. The report must be provided in an
20 electronic format and must include metrics and criteria that
21 allow the general assembly to quantify and evaluate the
22 effectiveness and economic impact of the tourism office's
23 activities related to the advertisement, promotion, placement,
24 and implementation of the economic development authority's
25 strategic plan for tourism and travel.

26 6. CULTURAL AFFAIRS ACTIVITIES

27 a. There is appropriated from the general fund of the state
28 to the economic development authority for the fiscal year
29 beginning July 1, 2026, and ending June 30, 2027, the following
30 amount, or so much thereof as is necessary, to be used for
31 support of the Iowa arts council:

32

33 \$ 1,601,800

34 b. Of the moneys appropriated in paragraph "a", the economic
35 development authority shall allocate \$321,800 for deposit in the

1 arts and culture enhancement fund established in section 15.436.
2 c. Notwithstanding section 8.33, moneys appropriated in this
3 subsection that remain unencumbered or unobligated at the close
4 of the fiscal year shall not revert but shall remain available
5 for expenditure for the purposes designated until the close of
6 the succeeding fiscal year.

7 Sec. 3. LIMITATIONS OF STANDING APPROPRIATIONS — FY
8 2026-2027. Notwithstanding the standing appropriations in the
9 following designated sections for the fiscal year beginning July
10 1, 2026, and ending June 30, 2027, the amount appropriated from
11 the general fund of the state pursuant to the following sections
12 for the following purposes shall not exceed the following
13 amounts:

14 1. For the arts and culture enhancement fund under section
15 99F.11, subsection 4, paragraph "d", subparagraph (1):
16
17 \$ 448,403

18 2. For the purposes of tourism marketing under section
19 99F.11, subsection 4, paragraph "d", subparagraph (2):
20
21 \$ 1,443,700

22 Sec. 4. FINANCIAL ASSISTANCE REPORTING — ECONOMIC
23 DEVELOPMENT AUTHORITY. The economic development authority shall
24 submit an annual report to the general assembly no later than
25 November 1, 2026, that details the amount of every direct loan,
26 forgivable loan, tax credit, tax exemption, tax refund, grant,
27 or any other financial assistance awarded to a person during the
28 prior fiscal year by the authority under an economic development
29 program administered by the authority. The report must identify
30 the county where the project associated with each such award is
31 located.

32 Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys
33 collected by the insurance division of the department of
34 insurance and financial services in excess of the anticipated
35 gross revenues under section 505.7, subsection 3, during the

1 fiscal year beginning July 1, 2026, \$100,000 shall be transferred
2 to the economic development authority for insurance economic
3 development and international insurance economic development.

4 Sec. 6. IOWA FINANCE AUTHORITY.

5 1. There is appropriated from the general fund of the state
6 to the Iowa finance authority for the fiscal year beginning July
7 1, 2026, and ending June 30, 2027, the following amounts, or so
8 much thereof as is necessary, to be used for the purposes
9 designated:

10 a. To provide reimbursement for rent expenses to eligible
11 persons under the home and community-based services rent subsidy
12 program established in section 16.55:

13
14 \$ 873,000

15 b. Of the moneys appropriated in paragraph "a", not more than
16 \$35,000 may be used for administrative costs.

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

22 Sec. 7. IOWA FINANCE AUTHORITY AUDIT. The auditor of state
23 is requested to review the audit of the Iowa finance authority
24 performed by the auditor hired by the authority.

25 Sec. 8. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is
26 appropriated from the general fund of the state to the department
27 of workforce development for the fiscal year beginning July 1,
28 2026, and ending June 30, 2027, the following amounts, or so much
29 thereof as is necessary, to be used for the purposes designated:

30 1. WORKFORCE DEVELOPMENT OPERATIONS

31 a. For the operation of field offices and the workforce
32 development board:

33
34 \$ 6,902,636

35 b. Of the moneys appropriated in paragraph "a", the

1 department shall allocate \$150,000 to the state library for the
2 purpose of licensing an online resource which prepares
3 individuals to succeed in the workplace through programs which
4 improve job skills and vocational test-taking abilities.

5 2. OFFENDER REENTRY PROGRAM

6 a. For the development and administration of an offender
7 reentry program to provide offenders with employment skills:

8

9 \$ 387,158

10 b. The department of workforce development shall partner with
11 the department of corrections to provide staff within the
12 correctional facilities resources to improve offenders' abilities
13 to find and retain productive employment.

14 3. STATE ACCOUNTING SYSTEM

15 For the payment of services provided by the department of
16 administrative services related to the state accounting system:

17

18 \$ 228,822

19 4. WORKPLACE INJURY AND SAFETY SURVEYS

20 For the operation of workplace safety surveys and workplace
21 data collection and analysis, including salaries, support,
22 maintenance, and miscellaneous purposes:

23

24 \$ 125,555

25 5. VOCATIONAL REHABILITATION SERVICES DIVISION

26 a. For salaries, support, maintenance, and miscellaneous
27 purposes:

28

29 \$ 6,226,739

30 For purposes of optimizing the job placement of individuals
31 with disabilities, the division shall make its best efforts to
32 work with community rehabilitation program providers for job
33 placement and retention services for individuals with significant
34 disabilities and most significant disabilities. By January 15,
35 2027, the division shall submit a written report to the general

1 assembly regarding the division's outreach efforts with community
2 rehabilitation program providers.

3 b. For the entrepreneurs with disabilities program described
4 in section 84H.4:

5

6 \$ 138,506

7 6. ADULT EDUCATION AND LITERACY PROGRAMS

8 For distribution as grants to community colleges for the
9 purpose of adult basic education programs for students requiring
10 instruction in English as a second language:

11

12 \$ 500,000

13 In issuing grants under this subsection, the department of
14 workforce development shall use the same application process and
15 criteria as are used for purposes of awarding grants to community
16 colleges for the purpose of adult basic education programs for
17 students requiring instruction in English as a second language
18 using moneys that are appropriated to the department from the
19 Iowa skilled worker and job creation fund created in section
20 8.57J.

21 7. REGISTERED APPRENTICESHIP PROGRAMS

22 For the funding of the registered apprenticeship programs
23 under chapter 84F to encourage small to midsize businesses to
24 start or grow registered apprenticeships:

25

26 \$ 760,000

27 8. REVERSION

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

33 Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT — SPECIAL
34 EMPLOYMENT SECURITY CONTINGENCY FUND.

35 1. There is appropriated from the special employment security

1 contingency fund created in section 96.13 to the department of
2 workforce development for the fiscal year beginning July 1, 2026,
3 and ending June 30, 2027, the following amount, or so much
4 thereof as is necessary, to be used for field offices:

5

6 \$ 4,616,084

7 2. Any remaining additional penalty and interest revenue
8 collected by the department of workforce development is
9 appropriated to the department for the fiscal year beginning July
10 1, 2026, and ending June 30, 2027, to accomplish the mission of
11 the department.

12 Sec. 10. IOWA SKILLED WORKER AND JOB CREATION FUND.

13 1. There is appropriated from the Iowa skilled worker and job
14 creation fund created in section 8.57J to the following
15 departments, agencies, and institutions for the fiscal year
16 beginning July 1, 2026, and ending June 30, 2027, the following
17 amounts, or so much thereof as is necessary, to be used for the
18 purposes designated:

19 a. ECONOMIC DEVELOPMENT AUTHORITY

20 (1) For providing financial assistance to eligible businesses
21 for the business incentives for growth program pursuant to
22 chapter 15, subchapter II, part 33:

23

24 \$ 11,700,000

25 (a) Of the moneys appropriated in this subparagraph (1), not
26 more than \$1,000,000 may be used for purposes of providing
27 infrastructure grants to main street communities under the main
28 street Iowa program.

29 (b) As a condition of receiving moneys appropriated in this
30 subparagraph (1), an entity shall testify upon the request of the
31 joint appropriations subcommittee on economic development
32 regarding the expenditure of such moneys.

33 (2) For support of the manufacturing 4.0 technology
34 investment program established in section 15.371:

35

1 \$ 2,350,000

2 (3) For the empower rural Iowa program:

3

4 \$ 700,000

5 b. STATE BOARD OF REGENTS AND REGENTS INSTITUTIONS

6 (1) STATE BOARD OF REGENTS. For capacity building
7 infrastructure in areas related to technology commercialization,
8 marketing and business development efforts in areas related to
9 technology commercialization, entrepreneurship, and business
10 growth, and infrastructure projects and programs needed to assist
11 in implementation of activities under chapter 262B:

12

13 \$ 3,000,000

14 (a) Of the moneys appropriated pursuant to this subparagraph
15 (1), 35 percent shall be allocated for Iowa state university of
16 science and technology, 35 percent shall be allocated for the
17 state university of Iowa, and 30 percent shall be allocated for
18 the university of northern Iowa.

19 (b) The institutions shall provide a one-to-one match of
20 additional moneys for the activities funded with moneys
21 appropriated under this subparagraph (1).

22 (c) The state board of regents shall submit a report by
23 January 15, 2027, to the governor and the general assembly
24 regarding the activities, projects, and programs funded with
25 moneys appropriated under this subparagraph (1). The report must
26 be provided in an electronic format and must include a list of
27 metrics and criteria mutually agreed to in advance by the board
28 of regents and the economic development authority. The metrics
29 and criteria must allow the governor's office and the general
30 assembly to quantify and evaluate the progress of the board of
31 regents institutions with regard to their activities, projects,
32 and programs in the areas of technology commercialization,
33 entrepreneurship, regional development, and market research.

34 (2) IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY. For
35 small business development centers, the research park, and the

1 center for industrial research and service:

2

3 \$ 2,424,302

4 (a) Of the moneys appropriated in this subparagraph (2), Iowa
5 state university of science and technology shall allocate at
6 least \$735,728 for purposes of funding small business development
7 centers. Iowa state university of science and technology may
8 allocate the appropriated moneys to the various small business
9 development centers in any manner necessary to achieve the
10 purposes of this subparagraph (2).

11 (b) Iowa state university of science and technology shall do
12 all of the following:

13 (i) Direct expenditures for research toward projects that
14 will provide economic stimulus for Iowa.

15 (ii) Emphasize providing services to Iowa-based companies.

16 (c) It is the intent of the general assembly that the center
17 for industrial research and service industrial incentive program
18 focus on Iowa industrial sectors and seek contributions and
19 in-kind donations from businesses, industrial foundations, and
20 trade associations, and that moneys for the program shall be
21 allocated only for projects which are matched by private sector
22 moneys for directed contract research or for nondirected
23 research. The match required of small businesses as defined in
24 section 15.102 for directed contract research or for nondirected
25 research shall be \$1 for each \$3 of state funds. The match
26 required for other businesses for directed contract research or
27 for nondirected research shall be \$1 for each \$1 of state funds.
28 The match required of industrial foundations or trade
29 associations shall be \$1 for each \$1 of state funds.

30 (d) Iowa state university of science and technology shall
31 report annually to the general assembly the total amount of
32 private contributions, the proportion of contributions from small
33 businesses and other businesses, and the proportion for directed
34 contract research and nondirected research of benefit to Iowa
35 businesses and industrial sectors.

1 (3) STATE UNIVERSITY OF IOWA

2 (a) For the state university of Iowa research park and for
3 university of Iowa pharmaceuticals located at the research park,
4 including salaries, support, maintenance, equipment, and
5 miscellaneous purposes:

6

7 \$ 209,279

8 The state university of Iowa shall do all of the following:

9 (i) Direct expenditures for research toward projects that
10 will provide economic stimulus for Iowa.

11 (ii) Emphasize providing services to Iowa-based companies.

12 (b) For the purpose of implementing the entrepreneurship and
13 economic growth initiative:

14

15 \$ 2,000,000

16 (4) UNIVERSITY OF NORTHERN IOWA

17 (a) For the metal casting and foundry 4.0 centers, advance
18 Iowa, family business center, and the institute for decision
19 making, including salaries, support, maintenance, and
20 miscellaneous purposes:

21

22 \$ 1,466,419

23 The university of northern Iowa shall do all of the following:

24 (i) Direct expenditures for research toward projects that
25 will provide economic stimulus for Iowa.

26 (ii) Emphasize providing services to Iowa-based companies.

27 (b) For the purpose of providing in-state undergraduate
28 tuition and undergraduate mandatory fees to individuals who
29 reside in a state contiguous to Iowa, who enroll in an
30 undergraduate program offered by the university of northern Iowa,
31 and who are classified as residents of this state for purposes of
32 undergraduate tuition and undergraduate mandatory fees:

33

34 \$ 1,000,000

35 (c) For the purpose of expanding the nursing program:

1

2 \$ 600,000

3 (5) DUTY TO TESTIFY

4 As a condition of receiving moneys appropriated in this
5 lettered paragraph "b", an entity shall testify upon the request
6 of the joint appropriations subcommittee on economic development
7 regarding the expenditure of such moneys.

8 c. DEPARTMENT OF WORKFORCE DEVELOPMENT

9 (1) For staffing costs related to completing workforce
10 preparation outcome reporting in conjunction with the department
11 of education:

12

13 \$ 125,000

14 (2) For distribution to community colleges for the purposes
15 of implementing adult education and literacy programs pursuant to
16 section 84A.19:

17

18 \$ 4,500,000

19 (a) From the moneys appropriated in this numbered
20 subparagraph, \$3,125,000 shall be allocated pursuant to the
21 formula established in section 260C.18C.

22 (b) From the moneys appropriated in this numbered
23 subparagraph, not more than \$150,000 shall be used by the
24 department of workforce development for implementation of adult
25 education and literacy programs pursuant to section 84A.19.

26 (c) From the moneys appropriated in this numbered
27 subparagraph, not more than \$1,015,000 shall be distributed as
28 grants to community colleges for the purpose of adult basic
29 education programs for students requiring instruction in English
30 as a second language. The department of workforce development
31 shall establish an application process and criteria to award
32 grants pursuant to this subparagraph division to community
33 colleges. The criteria must be based on need for instruction in
34 English as a second language in the region served by each
35 community college as determined by factors including data from

1 the latest federal decennial census and outreach efforts to
2 determine regional needs.

3 (d) From the moneys appropriated in this numbered
4 subparagraph, \$210,000 shall be transferred to the department of
5 health and human services for purposes of administering a program
6 to provide access to international resources to Iowans and new
7 Iowans to provide economic and leadership development resulting
8 in Iowa being a more welcoming place to live, work, and raise a
9 family. The program must provide supplemental support services
10 for international refugees to improve learning, English literacy,
11 life skills, cultural competencies, and integration in a county
12 with a population over 350,000 as determined by the 2020 federal
13 decennial census. The department of health and human services
14 shall utilize a request-for-proposals process to identify the
15 entity best qualified to implement the program.

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

21 Sec. 11. GENERAL FUND — CERTAIN REGENTS INSTITUTIONS.

22 1. There is appropriated from the general fund of the state
23 to the following institutions for the fiscal year beginning July
24 1, 2026, and ending June 30, 2027, the following amounts, or so
25 much thereof as is necessary, to be used for the purposes
26 designated:

27 a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

28 In cooperation with the economic development authority, for
29 support of a biosciences innovation ecosystem, to strengthen
30 Iowa's leadership positions in the area of bio-based chemicals,
31 digital agriculture, vaccines, and medical devices, including
32 salaries, support, maintenance, and miscellaneous purposes:

33

34 \$ 2,963,995

35 b. STATE UNIVERSITY OF IOWA

1 In cooperation with the economic development authority, for
2 support of a biosciences innovation ecosystem, to strengthen
3 Iowa's leadership positions in the area of bio-based chemicals,
4 digital agriculture, vaccines, and medical devices, including
5 salaries, support, maintenance, and miscellaneous purposes:

6

7 \$ 1,000,000

8 c. UNIVERSITY OF NORTHERN IOWA

9 For equipment and technology to expand the university's
10 additive manufacturing capabilities related to investment
11 castings technology and industry support, including salaries,
12 support, maintenance, and miscellaneous purposes:

13

14 \$ 394,321

15 The university of northern Iowa shall make a good-faith effort
16 to coordinate with private entities to seek moneys to supplement
17 this appropriation to support the expansion of the university's
18 additive manufacturing capabilities.

19 2. Notwithstanding section 8.33, moneys appropriated in
20 subsection 1, paragraphs "a" and "b", that remain unencumbered or
21 unobligated at the close of the fiscal year shall not revert but
22 shall remain available for expenditure for the purposes
23 designated until the close of the succeeding fiscal year.

24

EXPLANATION

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

27 This bill relates to and makes appropriations for the economic
28 development of the state.

29 The bill appropriates moneys for FY 2026-2027 from the general
30 fund of the state to the economic development authority (IEDA),
31 Iowa finance authority (IFA), department of workforce development
32 (IWD), Iowa state university of science and technology (ISU),
33 state university of Iowa, and university of northern Iowa.

34 For FY 2026-2027, the bill limits standing appropriations for
35 the world food prize, the arts and culture enhancement fund, and

1 tourism marketing.

2 The bill transfers certain moneys collected by the insurance
3 division in excess of the anticipated gross revenues under Code
4 section 505.7 to IEDA.

5 The bill appropriates moneys for FY 2026-2027 from the special
6 employment security contingency fund to IWD. The bill also
7 appropriates moneys for FY 2026-2027 from the Iowa skilled worker
8 and job creation fund to IEDA, IWD, and the state board of
9 regents and institutions under the control of the board.

10 The auditor of state is requested to review the audit of IFA
11 performed by the auditor hired by IFA.

12 The bill requires IEDA, the vocational rehabilitation services
13 division of IWD, the state board of regents, and ISU to submit
14 various reports to the general assembly.

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