

Senate Study Bill 1223 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BUDGET
BILL)

A BILL FOR

1 An Act relating to and making appropriations for the economic
2 development of the state, including the economic development
3 authority, Iowa finance authority, department of workforce
4 development, and certain state board of regents institutions.
5 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, 2025, 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, 2025:

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. Coordinate with other state agencies to ensure that they
20 are attentive to the needs of an entrepreneurial culture.

21 f. Establish a strong and aggressive marketing image to
22 showcase Iowa's workforce, existing industry, and potential. A
23 priority shall be placed on recruiting new businesses, business
24 expansion, and retaining existing Iowa businesses. Emphasis
25 shall be placed on entrepreneurial development through helping
26 entrepreneurs secure capital, and developing networks and a
27 business climate conducive to entrepreneurs and small businesses.

28 g. Encourage the development of communities and quality of
29 life to foster economic growth.

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

33 i. Develop public-private partnerships with Iowa businesses
34 in the tourism industry, Iowa tour groups, Iowa tourism
35 organizations, and political subdivisions in this state to assist

1 in the development of advertising efforts.

2 Sec. 2. ECONOMIC DEVELOPMENT AUTHORITY.

3 1. APPROPRIATION

4 a. There is appropriated from the general fund of the state
5 to the economic development authority for the fiscal year
6 beginning July 1, 2025, and ending June 30, 2026, the following
7 amount, or so much thereof as is necessary, to be used for the
8 purposes designated in this subsection:

9 \$ 12,999,646

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 any person 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 any person 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 support local workforce recruitment efforts
20 designed to recruit former citizens of the state and former
21 students at colleges and universities in the state to meet the
22 needs of local employers.

23 b. From the moneys appropriated in subsection 1, the
24 authority may provide financial assistance to early stage
25 industry companies being established by women entrepreneurs.

26 c. From the moneys appropriated in subsection 1, the
27 authority may provide financial assistance in the form of grants,
28 loans, or forgivable loans for advanced research and
29 commercialization projects involving value-added agriculture,
30 advanced technology, or biotechnology.

31 d. The authority shall not use any moneys appropriated in
32 subsection 1 for purposes of providing financial assistance for
33 any program or project that involves the installation of
34 geothermal systems for melting snow and ice from streets or
35 sidewalks.

1 4. WORLD FOOD PRIZE

2 There is appropriated from the general fund of the state to
3 the economic development authority for the fiscal year beginning
4 July 1, 2025, and ending June 30, 2026, the following amount for
5 the world food prize:

6 \$ 1,000,000

7 5. TOURISM OFFICE

8 a. There is appropriated from the general fund of the state
9 to the economic development authority for the fiscal year
10 beginning July 1, 2025, and ending June 30, 2026, the following
11 amount for the tourism office to be used for advertising,
12 promoting, placement, and implementation of the economic
13 development authority's strategic plan for tourism and travel:

14 \$ 1,100,000

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

20 6. ARTS AND CULTURE ENHANCEMENT

21 a. There is appropriated from the general fund of the state
22 to the economic development authority for the fiscal year
23 beginning July 1, 2025, and ending June 30, 2026, the following
24 amounts, or so much thereof as is necessary, to be used for the
25 purposes designated:

26 For planning and programming for the Iowa arts council:

27 \$ 2,227,724

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

33 Sec. 3. LIMITATIONS OF STANDING APPROPRIATIONS — FY

34 2025-2026. Notwithstanding the standing appropriation in the
35 following designated section for the fiscal year beginning July

1 1, 2025, and ending June 30, 2026, the amount appropriated from
2 the general fund of the state pursuant to that section for the
3 following purposes shall not exceed the following amount:

4 For the purposes of tourism marketing under section 99F.11,
5 subsection 4, paragraph "d", subparagraph (2):

6 \$ 1,443,700

7 Sec. 4. FINANCIAL ASSISTANCE REPORTING — ECONOMIC
8 DEVELOPMENT AUTHORITY. The economic development authority shall
9 submit an annual report to the general assembly no later than
10 November 1, 2025, that details the amount of every direct loan,
11 forgivable loan, tax credit, tax exemption, tax refund, grant,
12 or any other financial assistance awarded to a person during the
13 prior fiscal year by the authority under an economic development
14 program administered by the authority. The report shall identify
15 the county where the project associated with each such award is
16 located.

17 Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys
18 collected by the insurance division of the department of
19 insurance and financial services in excess of the anticipated
20 gross revenues under section 505.7, subsection 3, during the
21 fiscal year beginning July 1, 2025, \$100,000 shall be transferred
22 to the economic development authority for insurance economic
23 development and international insurance economic development.

24 Sec. 6. IOWA FINANCE AUTHORITY.

25 1. There is appropriated from the general fund of the state
26 to the Iowa finance authority for the fiscal year beginning July
27 1, 2025, and ending June 30, 2026, the following amounts, or so
28 much thereof as is necessary, to be used for the purposes
29 designated:

30 a. Rent subsidy program

31 (1) To provide reimbursement for rent expenses to eligible
32 persons under the home and community-based services rent subsidy
33 program established in section 16.55:

34 \$ 873,000

35 (2) Of the moneys appropriated in this paragraph, not more

1 than \$35,000 may be used for administrative costs.

2 b. Housing renewal pilot program

3 To provide housing renewal moneys to a nonprofit Iowa
4 affiliate to award grants to eligible communities for a housing
5 renewal pilot program:

6 \$ 550,000

7 2. Notwithstanding section 8.33, moneys appropriated in this
8 section that remain unencumbered or unobligated at the close of
9 the fiscal year shall not revert but shall remain available for
10 expenditure for the purposes designated until the close of the
11 succeeding fiscal year.

12 Sec. 7. IOWA FINANCE AUTHORITY AUDIT. The auditor of state
13 is requested to review the audit of the Iowa finance authority
14 performed by the auditor hired by the authority.

15 Sec. 8. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is
16 appropriated from the general fund of the state to the department
17 of workforce development for the fiscal year beginning July 1,
18 2025, and ending June 30, 2026, the following amounts, or so much
19 thereof as is necessary, to be used for the purposes designated:

20 1. WORKFORCE DEVELOPMENT OPERATIONS

21 a. For the operation of field offices and the workforce
22 development board:

23 \$ 6,902,636

24 b. Of the moneys appropriated in paragraph "a", the
25 department shall allocate \$150,000 to the state library for the
26 purpose of licensing an online resource which prepares persons to
27 succeed in the workplace through programs which improve job
28 skills and vocational test-taking abilities.

29 2. OFFENDER REENTRY PROGRAM

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

32 \$ 393,424

33 b. The department of workforce development shall partner with
34 the department of corrections to provide staff within the
35 correctional facilities resources to improve offenders' abilities

1 to find and retain productive employment.

2 3. INTEGRATED INFORMATION FOR IOWA SYSTEM

3 For the payment of services provided by the department of
4 administrative services related to the integrated information for
5 Iowa system:

6 \$ 228,822

7 4. WORKPLACE INJURY AND SAFETY SURVEYS

8 For the operation of workplace safety surveys and workplace
9 data collection and analysis, including salaries, support,
10 maintenance, and miscellaneous purposes:

11 \$ 127,314

12 5. SUMMER YOUTH INTERN PILOT PROGRAM

13 For the funding of a summer youth intern pilot program that
14 helps young people at risk of not graduating from high school to
15 explore and prepare for high-demand careers through summer work
16 experience, including the development of soft skills:

17 \$ 250,000

18 6. VOCATIONAL REHABILITATION SERVICES DIVISION

19 a. For salaries, support, maintenance, and miscellaneous
20 purposes:

21 \$ 6,308,429

22 For purposes of optimizing the job placement of individuals
23 with disabilities, the division shall make its best efforts to
24 work with community rehabilitation program providers for job
25 placement and retention services for individuals with significant
26 disabilities and most significant disabilities. By January 15,
27 2026, the division shall submit a written report to the general
28 assembly regarding the division's outreach efforts with community
29 rehabilitation program providers.

30 b. For matching moneys for programs to enable persons with
31 severe physical or mental disabilities to function more
32 independently, including salaries and support:

33 \$ 84,804

34 c. For the entrepreneurs with disabilities program
35 established pursuant to section 84H.4:

1 \$ 143,297

2 d. For costs associated with centers for independent living:
3 \$ 86,547

4 7. ADULT EDUCATION AND LITERACY PROGRAMS

5 For distribution as grants for the purpose of adult basic
6 education programs for students requiring instruction in English
7 as a second language:
8 \$ 500,000

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

16 8. REGISTERED APPRENTICESHIP DEVELOPMENT PROGRAMS

17 For the funding of the registered apprenticeship development
18 programs under chapter 84F to encourage small to midsize
19 businesses to start or grow registered apprenticeships:
20 \$ 760,000

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

26 Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT — EMPLOYEE
27 MISCLASSIFICATION PROGRAM. There is appropriated from the
28 general fund of the state to the department of workforce
29 development for the fiscal year beginning July 1, 2025, and
30 ending June 30, 2026, the following amount, or so much thereof as
31 is necessary, to be used for the purposes designated:

32 For enhancing efforts to investigate employers that
33 misclassify workers:
34 \$ 382,685

35 Sec. 10. DEPARTMENT OF WORKFORCE DEVELOPMENT — SPECIAL

1 EMPLOYMENT SECURITY CONTINGENCY FUND.

2 1. There is appropriated from the special employment security
3 contingency fund created in section 96.13 to the department of
4 workforce development for the fiscal year beginning July 1, 2025,
5 and ending June 30, 2026, the following amount, or so much
6 thereof as is necessary, to be used for field offices:

7 \$ 4,616,084

8 2. Any remaining additional penalty and interest revenue
9 collected by the department of workforce development is
10 appropriated to the department for the fiscal year beginning July
11 1, 2025, and ending June 30, 2026, to accomplish the mission of
12 the department.

13 Sec. 11. IOWA SKILLED WORKER AND JOB CREATION FUND.

14 1. There is appropriated from the Iowa skilled worker and job
15 creation fund created in section 8.57J to the following
16 departments, agencies, and institutions for the fiscal year
17 beginning July 1, 2025, and ending June 30, 2026, the following
18 amounts, or so much thereof as is necessary, to be used for the
19 purposes designated:

20 a. ECONOMIC DEVELOPMENT AUTHORITY

21 (1) For the purposes of providing assistance as described in
22 section 15.335B:

23 \$ 11,700,000

24 (a) From the moneys appropriated in this subparagraph (1),
25 the economic development authority may use not more than
26 \$1,000,000 for purposes of providing infrastructure grants to
27 main street communities under the main street Iowa program.

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

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

34 \$ 2,016,675

35 (3) For the empower rural Iowa initiative pursuant to

1 Executive Order 3, dated July 18, 2018:

2 \$ 700,000

3 b. STATE BOARD OF REGENTS INSTITUTIONS

4 (1) IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY. For
5 small business development centers, the research park, and the
6 center for industrial research and service:

7 \$ 2,424,302

8 (a) Of the moneys appropriated in this subparagraph (1), Iowa
9 state university of science and technology shall allocate at
10 least \$735,728 for purposes of funding small business development
11 centers. Iowa state university of science and technology may
12 allocate the appropriated moneys to the various small business
13 development centers in any manner necessary to achieve the
14 purposes of this subparagraph.

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

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

19 (ii) Provide emphasis to providing services to Iowa-based
20 companies.

21 (c) It is the intent of the general assembly that the
22 industrial incentive program focus on Iowa industrial sectors and
23 seek contributions and in-kind donations from businesses,
24 industrial foundations, and trade associations, and that moneys
25 for the center for industrial research and service industrial
26 incentive program shall be allocated only for projects which are
27 matched by private sector moneys for directed contract research
28 or for nondirected research. The match required of small
29 businesses as defined in section 15.102 for directed contract
30 research or for nondirected research shall be \$1 for each \$3 of
31 state funds. The match required for other businesses for
32 directed contract research or for nondirected research shall be
33 \$1 for each \$1 of state funds. The match required of industrial
34 foundations or trade associations shall be \$1 for each \$1 of
35 state funds.

1 (d) Iowa state university of science and technology shall
2 report annually to the general assembly the total amount of
3 private contributions, the proportion of contributions from small
4 businesses and other businesses, and the proportion for directed
5 contract research and nondirected research of benefit to Iowa
6 businesses and industrial sectors.

7 (2) STATE UNIVERSITY OF IOWA

8 (a) For the state university of Iowa research park and for
9 university of Iowa pharmaceuticals located at the research park,
10 including salaries, support, maintenance, equipment, and
11 miscellaneous purposes:

12 \$ 209,279

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

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

16 (ii) Provide emphasis to providing services to Iowa-based
17 companies.

18 (b) For the purpose of implementing the entrepreneurship and
19 economic growth initiative:

20 \$ 2,000,000

21 (3) UNIVERSITY OF NORTHERN IOWA

22 (a) For the metal casting and foundry 4.0 centers, advance
23 Iowa, family business center, and the institute for decision
24 making, including salaries, support, maintenance, and
25 miscellaneous purposes:

26 \$ 1,466,419

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

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

30 (ii) Provide emphasis to providing services to Iowa-based
31 companies.

32 (b) For the university of northern Iowa to offer
33 undergraduate students from the states contiguous to Iowa the
34 same rate of tuition and mandatory fees that are charged to
35 undergraduate resident students:

1 \$ 3,000,000

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

6 c. DEPARTMENT OF WORKFORCE DEVELOPMENT

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

10 \$ 125,000

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

14 \$ 5,500,000

15 (a) From the moneys appropriated in this numbered
16 subparagraph, \$3,883,000 shall be allocated pursuant to the
17 formula established in section 260C.18C.

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

22 (c) From the moneys appropriated in this numbered
23 subparagraph, not more than \$1,275,000 shall be distributed as
24 grants to community colleges for the purpose of adult basic
25 education programs for students requiring instruction in English
26 as a second language. The department of workforce development
27 shall establish an application process and criteria to award
28 grants pursuant to this subparagraph division to community
29 colleges. The criteria shall be based on need for instruction in
30 English as a second language in the region served by each
31 community college as determined by factors including data from
32 the latest federal decennial census and outreach efforts to
33 determine regional needs.

34 (d) From the moneys appropriated in this numbered
35 subparagraph, \$210,000 shall be transferred to the department of

1 health and human services for purposes of administering a program
2 to provide access to international resources to Iowans and new
3 Iowans to provide economic and leadership development resulting
4 in Iowa being a more welcoming place to live, work, and raise a
5 family. The program shall provide supplemental support services
6 for international refugees to improve learning, English literacy,
7 life skills, cultural competencies, and integration in a county
8 with a population over 350,000 as determined by the 2020 federal
9 decennial census. The department of health and human services
10 shall utilize a request for proposals process to identify the
11 entity best qualified to implement the program.

12 (3) For the funding of internships for students studying in
13 the fields of science, technology, engineering, and mathematics
14 with eligible Iowa employers as provided in section 84A.21,
15 subsection 2, paragraph "c":

16 \$ 633,325

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. 12. GENERAL FUND — CERTAIN REGENTS INSTITUTIONS.

23 1. There is appropriated from the general fund of the state
24 to the following institutions for the fiscal year beginning July
25 1, 2025, and ending June 30, 2026, the following amounts, or so
26 much thereof as is necessary, to be used for the purposes
27 designated:

28 a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

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

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 \$ 1,000,000

7 c. UNIVERSITY OF NORTHERN IOWA

8 For equipment and technology to expand the university's
9 additive manufacturing capabilities related to investment
10 castings technology and industry support, including salaries,
11 support, maintenance, and miscellaneous purposes:
12 \$ 394,321

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

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

22 EXPLANATION

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

25 This bill relates to and makes appropriations for the economic
26 development of the state.

27 The bill appropriates moneys for FY 2025-2026 from the general
28 fund of the state to the economic development authority (IEDA),
29 Iowa finance authority (IFA), department of workforce development
30 (IWD), Iowa state university of science and technology (ISU),
31 state university of Iowa, and university of northern Iowa.

32 The bill appropriates moneys for FY 2025-2026 from the Iowa
33 skilled worker and job creation fund to IEDA, institutions under
34 the control of the state board of regents, and IWD.

35 For FY 2025-2026, the bill limits the standing appropriation

1 for 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 also appropriates moneys for FY 2025-2026 from the
6 special employment security contingency fund to IWD.

7 The auditor of state is requested to review the audit of IFA
8 performed by the auditor hired by IFA.

9 The bill requires IEDA, the vocational rehabilitation services
10 division of IWD, and ISU to submit various reports to the general
11 assembly.

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