

Senate Study Bill 3188 - 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 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 \$ 12,903,510

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

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

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

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

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

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

28 2. FINANCIAL ASSISTANCE RESTRICTIONS

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

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

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

16 3. USES OF APPROPRIATIONS

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

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

27 4. WORLD FOOD PRIZE

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

33 \$ 500,000

34 5. TOURISM OFFICE

35 a. There is appropriated from the general fund of the state

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

7 \$ 1,050,000

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

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

23 6. CULTURAL AFFAIRS ACTIVITIES

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

29 \$ 1,601,800

30 b. Of the moneys appropriated in paragraph "a", the economic
31 development authority shall allocate \$321,800 for deposit in the
32 arts and culture enhancement fund established in section 15.436.

33 c. Notwithstanding section 8.33, moneys appropriated in this
34 subsection that remain unencumbered or unobligated at the close
35 of the fiscal year shall not revert but shall remain available

1 for expenditure for the purposes designated until the close of
2 the succeeding fiscal year.

3 Sec. 3. LIMITATIONS OF STANDING APPROPRIATIONS — FY
4 2026-2027. Notwithstanding the standing appropriations in the
5 following designated sections for the fiscal year beginning July
6 1, 2026, and ending June 30, 2027, the amount appropriated from
7 the general fund of the state pursuant to the following sections
8 for the following purposes shall not exceed the following
9 amounts:

- 10 1. For the arts and culture enhancement fund under section
11 99F.11, subsection 4, paragraph "d", subparagraph (1):
12 \$ 448,403
- 13 2. For the purposes of tourism marketing under section
14 99F.11, subsection 4, paragraph "d", subparagraph (2):
15 \$ 1,443,700

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

26 Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys
27 collected by the insurance division of the department of
28 insurance and financial services in excess of the anticipated
29 gross revenues under section 505.7, subsection 3, during the
30 fiscal year beginning July 1, 2026, \$100,000 shall be transferred
31 to the economic development authority for insurance economic
32 development and international insurance economic development.

33 Sec. 6. IOWA FINANCE AUTHORITY.

34 1. There is appropriated from the general fund of the state
35 to the Iowa finance authority for the fiscal year beginning July

1 1, 2026, and ending June 30, 2027, the following amounts, or so
2 much thereof as is necessary, to be used for the purposes
3 designated:

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

7 \$ 873,000

8 b. Of the moneys appropriated in paragraph "a", not more than
9 \$35,000 may be used for administrative costs.

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

15 Sec. 7. IOWA FINANCE AUTHORITY AUDIT. The auditor of state
16 is requested to review the audit of the Iowa finance authority
17 performed by the auditor hired by the authority.

18 Sec. 8. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is
19 appropriated from the general fund of the state to the department
20 of workforce development for the fiscal year beginning July 1,
21 2026, and ending June 30, 2027, the following amounts, or so much
22 thereof as is necessary, to be used for the purposes designated:

23 1. WORKFORCE DEVELOPMENT OPERATIONS

24 a. For the operation of field offices and the workforce
25 development board:

26 \$ 6,902,636

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

32 2. OFFENDER REENTRY PROGRAM

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

35 \$ 387,158

1 b. The department of workforce development shall partner with
2 the department of corrections to provide staff within the
3 correctional facilities resources to improve offenders' abilities
4 to find and retain productive employment.

5 3. STATE ACCOUNTING SYSTEM

6 For the payment of services provided by the department of
7 administrative services related to the state accounting system:
8 \$ 228,822

9 4. WORKPLACE INJURY AND SAFETY SURVEYS

10 For the operation of workplace safety surveys and workplace
11 data collection and analysis, including salaries, support,
12 maintenance, and miscellaneous purposes:
13 \$ 125,555

14 5. VOCATIONAL REHABILITATION SERVICES DIVISION

15 a. For salaries, support, maintenance, and miscellaneous
16 purposes:
17 \$ 6,226,739

18 For purposes of optimizing the job placement of individuals
19 with disabilities, the division shall make its best efforts to
20 work with community rehabilitation program providers for job
21 placement and retention services for individuals with significant
22 disabilities and most significant disabilities. By January 15,
23 2027, the division shall submit a written report to the general
24 assembly regarding the division's outreach efforts with community
25 rehabilitation program providers.

26 b. For the entrepreneurs with disabilities program described
27 in section 84H.4:
28 \$ 138,506

29 6. ADULT EDUCATION AND LITERACY PROGRAMS

30 For distribution as grants to community colleges for the
31 purpose of adult basic education programs for students requiring
32 instruction in English as a second language:
33 \$ 500,000

34 In issuing grants under this subsection, the department of
35 workforce development shall use the same application process and

1 criteria as are used for purposes of awarding grants to community
2 colleges for the purpose of adult basic education programs for
3 students requiring instruction in English as a second language
4 using moneys that are appropriated to the department from the
5 Iowa skilled worker and job creation fund created in section
6 8.57J.

7 7. REGISTERED APPRENTICESHIP PROGRAMS

8 For the funding of the registered apprenticeship programs
9 under chapter 84F to encourage small to midsize businesses to
10 start or grow registered apprenticeships:

11 \$ 760,000

12 8. REVERSION

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

18 Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT — SPECIAL
19 EMPLOYMENT SECURITY CONTINGENCY FUND.

20 1. There is appropriated from the special employment security
21 contingency fund created in section 96.13 to the department of
22 workforce development for the fiscal year beginning July 1, 2026,
23 and ending June 30, 2027, the following amount, or so much
24 thereof as is necessary, to be used for field offices:

25 \$ 4,616,084

26 2. Any remaining additional penalty and interest revenue
27 collected by the department of workforce development is
28 appropriated to the department for the fiscal year beginning July
29 1, 2026, and ending June 30, 2027, to accomplish the mission of
30 the department.

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

32 1. There is appropriated from the Iowa skilled worker and job
33 creation fund created in section 8.57J to the following
34 departments, agencies, and institutions for the fiscal year
35 beginning July 1, 2026, and ending June 30, 2027, the following

1 amounts, or so much thereof as is necessary, to be used for the
2 purposes designated:

3 a. ECONOMIC DEVELOPMENT AUTHORITY

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

7 \$ 11,700,000

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

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

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

18 \$ 2,350,000

19 (3) For the empower rural Iowa program:

20 \$ 700,000

21 b. STATE BOARD OF REGENTS AND REGENTS INSTITUTIONS

22 (1) STATE BOARD OF REGENTS. For capacity building
23 infrastructure in areas related to technology commercialization,
24 marketing and business development efforts in areas related to
25 technology commercialization, entrepreneurship, and business
26 growth, and infrastructure projects and programs needed to assist
27 in implementation of activities under chapter 262B:

28 \$ 3,000,000

29 (a) Of the moneys appropriated pursuant to this subparagraph
30 (1), 35 percent shall be allocated for Iowa state university of
31 science and technology, 35 percent shall be allocated for the
32 state university of Iowa, and 30 percent shall be allocated for
33 the university of northern Iowa.

34 (b) The institutions shall provide a one-to-one match of
35 additional moneys for the activities funded with moneys

1 appropriated under this subparagraph (1).

2 (c) The state board of regents shall submit a report by
3 January 15, 2027, to the governor and the general assembly
4 regarding the activities, projects, and programs funded with
5 moneys appropriated under this subparagraph (1). The report must
6 be provided in an electronic format and must include a list of
7 metrics and criteria mutually agreed to in advance by the board
8 of regents and the economic development authority. The metrics
9 and criteria must allow the governor's office and the general
10 assembly to quantify and evaluate the progress of the board of
11 regents institutions with regard to their activities, projects,
12 and programs in the areas of technology commercialization,
13 entrepreneurship, regional development, and market research.

14 (2) IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY. For
15 small business development centers, the research park, and the
16 center for industrial research and service:

17 \$ 2,424,302

18 (a) Of the moneys appropriated in this subparagraph (2), Iowa
19 state university of science and technology shall allocate at
20 least \$735,728 for purposes of funding small business development
21 centers. Iowa state university of science and technology may
22 allocate the appropriated moneys to the various small business
23 development centers in any manner necessary to achieve the
24 purposes of this subparagraph (2).

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

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

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

30 (c) It is the intent of the general assembly that the center
31 for industrial research and service industrial incentive program
32 focus on Iowa industrial sectors and seek contributions and
33 in-kind donations from businesses, industrial foundations, and
34 trade associations, and that moneys for the program shall be
35 allocated only for projects which are matched by private sector

1 moneys for directed contract research or for nondirected
2 research. The match required of small businesses as defined in
3 section 15.102 for directed contract research or for nondirected
4 research shall be \$1 for each \$3 of state funds. The match
5 required for other businesses for directed contract research or
6 for nondirected research shall be \$1 for each \$1 of state funds.
7 The match required of industrial foundations or trade
8 associations shall be \$1 for each \$1 of state funds.

9 (d) Iowa state university of science and technology shall
10 report annually to the general assembly the total amount of
11 private contributions, the proportion of contributions from small
12 businesses and other businesses, and the proportion for directed
13 contract research and nondirected research of benefit to Iowa
14 businesses and industrial sectors.

15 (3) STATE UNIVERSITY OF IOWA

16 (a) For the state university of Iowa research park and for
17 university of Iowa pharmaceuticals located at the research park,
18 including salaries, support, maintenance, equipment, and
19 miscellaneous purposes:

20 \$ 209,279

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

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

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

25 (b) For the purpose of implementing the entrepreneurship and
26 economic growth initiative:

27 \$ 2,000,000

28 (4) UNIVERSITY OF NORTHERN IOWA

29 (a) For the metal casting and foundry 4.0 centers, advance
30 Iowa, family business center, and the institute for decision
31 making, including salaries, support, maintenance, and
32 miscellaneous purposes:

33 \$ 1,466,419

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

35 (i) Direct expenditures for research toward projects that

1 will provide economic stimulus for Iowa.

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

3 (b) For the purpose of providing in-state undergraduate
4 tuition and undergraduate mandatory fees to individuals who
5 reside in a state contiguous to Iowa, who enroll in an
6 undergraduate program offered by the university of northern Iowa,
7 and who are classified as residents of this state for purposes of
8 undergraduate tuition and undergraduate mandatory fees:

9 \$ 1,000,000

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

11 \$ 600,000

12 (5) DUTY TO TESTIFY

13 As a condition of receiving moneys appropriated in this
14 lettered paragraph "b", an entity shall testify upon the request
15 of the joint appropriations subcommittee on economic development
16 regarding the expenditure of such moneys.

17 c. DEPARTMENT OF WORKFORCE DEVELOPMENT

18 (1) For staffing costs related to completing workforce
19 preparation outcome reporting in conjunction with the department
20 of education:

21 \$ 125,000

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

25 \$ 4,500,000

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

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

33 (c) From the moneys appropriated in this numbered
34 subparagraph, not more than \$1,015,000 shall be distributed as
35 grants to community colleges for the purpose of adult basic

1 education programs for students requiring instruction in English
2 as a second language. The department of workforce development
3 shall establish an application process and criteria to award
4 grants pursuant to this subparagraph division to community
5 colleges. The criteria must be based on need for instruction in
6 English as a second language in the region served by each
7 community college as determined by factors including data from
8 the latest federal decennial census and outreach efforts to
9 determine regional needs.

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

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

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

29 1. There is appropriated from the general fund of the state
30 to the following institutions for the fiscal year beginning July
31 1, 2026, and ending June 30, 2027, the following amounts, or so
32 much thereof as is necessary, to be used for the purposes
33 designated:

34 a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

35 In cooperation with the economic development authority, for

1 support of a biosciences innovation ecosystem, to strengthen
2 Iowa's leadership positions in the area of bio-based chemicals,
3 digital agriculture, vaccines, and medical devices, including
4 salaries, support, maintenance, and miscellaneous purposes:
5 \$ 2,963,995

6 b. STATE UNIVERSITY OF IOWA

7 In cooperation with the economic development authority, for
8 support of a biosciences innovation ecosystem, to strengthen
9 Iowa's leadership positions in the area of bio-based chemicals,
10 digital agriculture, vaccines, and medical devices, including
11 salaries, support, maintenance, and miscellaneous purposes:
12 \$ 1,000,000

13 c. UNIVERSITY OF NORTHERN IOWA

14 For equipment and technology to expand the university's
15 additive manufacturing capabilities related to investment
16 castings technology and industry support, including salaries,
17 support, maintenance, and miscellaneous purposes:
18 \$ 394,321

19 The university of northern Iowa shall make a good-faith effort
20 to coordinate with private entities to seek moneys to supplement
21 this appropriation to support the expansion of the university's
22 additive manufacturing capabilities.

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

28 EXPLANATION

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

31 This bill relates to and makes appropriations for the economic
32 development of the state.

33 The bill appropriates moneys for FY 2026-2027 from the general
34 fund of the state to the economic development authority (IEDA),
35 Iowa finance authority (IFA), department of workforce development

1 (IWD), Iowa state university of science and technology (ISU),
2 state university of Iowa, and university of northern Iowa.

3 For FY 2026-2027, the bill limits standing appropriations for
4 the world food prize, the arts and culture enhancement fund, and
5 tourism marketing.

6 The bill transfers certain moneys collected by the insurance
7 division in excess of the anticipated gross revenues under Code
8 section 505.7 to IEDA.

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

14 The auditor of state is requested to review the audit of IFA
15 performed by the auditor hired by IFA.

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