

**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  
4 of workforce development, and state board of regents and  
5 certain regents institutions.

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

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  
13 market, 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  
18 economic 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,  
25 and 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  
35 assist 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  
17 15.313 for purposes of financing strategic infrastructure  
18 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  
25 this subsection that remain unencumbered or unobligated at the  
26 close of the fiscal year shall not revert but shall remain  
27 available for expenditure for the purposes designated in this  
28 subsection 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

1 residing in the United States.

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

9 c. A business that receives financial assistance from  
10 the authority from moneys appropriated in subsection 1 shall  
11 only employ individuals legally authorized to work in this  
12 state. In addition to all other applicable penalties provided  
13 by current law, all or a portion of the assistance received  
14 by a business which is found to knowingly employ individuals  
15 not legally authorized to work in this state is subject to  
16 recapture by the 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  
20 grants, 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  
25 for 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](#),  
30 there is appropriated from the general fund of the state to the  
31 economic development authority for the fiscal year beginning  
32 July 1, 2026, and ending June 30, 2027, the following amount to  
33 be used for support of the world food prize:

34 ..... \$ 500,000

35 5. TOURISM OFFICE

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

8 ..... \$ 1,050,000

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

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

24 6. CULTURAL AFFAIRS ACTIVITIES

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

30 ..... \$ 1,601,800

31 b. Of the moneys appropriated in paragraph "a", the economic  
32 development authority shall allocate \$321,800 for deposit in  
33 the arts and culture enhancement fund established in section  
34 15.436.

35 c. Notwithstanding section 8.33, moneys appropriated in



1     Sec. 6. IOWA FINANCE AUTHORITY.

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

7     a. To provide reimbursement for rent expenses to eligible  
8 persons under the home and community-based services rent  
9 subsidy program established in [section 16.55](#):

10 ..... \$     873,000

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

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

18     Sec. 7. IOWA FINANCE AUTHORITY AUDIT. The auditor of state  
19 is requested to review the audit of the Iowa finance authority  
20 performed by the auditor hired by the authority.

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

27     1. WORKFORCE DEVELOPMENT OPERATIONS

28     a. For the operation of field offices and the workforce  
29 development board:

30 ..... \$   6,902,636

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

1 2. OFFENDER REENTRY PROGRAM

2 a. For the development and administration of an offender  
3 reentry program to provide offenders with employment skills:  
4 ..... \$ 387,158

5 b. The department of workforce development shall partner  
6 with the department of corrections to provide staff within  
7 the correctional facilities resources to improve offenders'  
8 abilities to find and retain productive employment.

9 3. STATE ACCOUNTING SYSTEM

10 For the payment of services provided by the department of  
11 administrative services related to the state accounting system:  
12 ..... \$ 228,822

13 4. WORKPLACE INJURY AND SAFETY SURVEYS

14 For the operation of workplace safety surveys and workplace  
15 data collection and analysis, including salaries, support,  
16 maintenance, and miscellaneous purposes:  
17 ..... \$ 125,555

18 5. VOCATIONAL REHABILITATION SERVICES DIVISION

19 a. For salaries, support, maintenance, and miscellaneous  
20 purposes:  
21 ..... \$ 6,226,739

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

30 b. For the entrepreneurs with disabilities program  
31 described in [section 84H.4](#):  
32 ..... \$ 138,506

33 6. ADULT EDUCATION AND LITERACY PROGRAMS

34 For distribution as grants to community colleges for  
35 the purpose of adult basic education programs for students

1 requiring instruction in English as a second language:  
2 ..... \$ 500,000

3 In issuing grants under this subsection, the department of  
4 workforce development shall use the same application process  
5 and criteria as are used for purposes of awarding grants to  
6 community colleges for the purpose of adult basic education  
7 programs for students requiring instruction in English as a  
8 second language using moneys that are appropriated to the  
9 department from the Iowa skilled worker and job creation fund  
10 created in [section 8.57J](#).

11 7. REGISTERED APPRENTICESHIP PROGRAMS

12 For the funding of the registered apprenticeship programs  
13 under [chapter 84F](#) to encourage small to midsize businesses to  
14 start or grow registered apprenticeships:

15 ..... \$ 760,000

16 8. REVERSION

17 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. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT — SPECIAL  
23 EMPLOYMENT SECURITY CONTINGENCY FUND.

24 1. There is appropriated from the special employment  
25 security contingency fund created in [section 96.13](#) to the  
26 department of workforce development for the fiscal year  
27 beginning July 1, 2026, and ending June 30, 2027, the following  
28 amount, or so much thereof as is necessary, to be used for  
29 field offices:

30 ..... \$ 4,616,084

31 2. Any remaining additional penalty and interest revenue  
32 collected by the department of workforce development is  
33 appropriated to the department for the fiscal year beginning  
34 July 1, 2026, and ending June 30, 2027, to accomplish the  
35 mission of the department.

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

2     1. There is appropriated from the Iowa skilled worker and  
3 job creation fund created in [section 8.57J](#) to the following  
4 departments, agencies, and institutions for the fiscal year  
5 beginning July 1, 2026, and ending June 30, 2027, the following  
6 amounts, or so much thereof as is necessary, to be used for the  
7 purposes designated:

8     a. ECONOMIC DEVELOPMENT AUTHORITY

9     (1) For providing financial assistance to eligible  
10 businesses for the business incentives for growth program  
11 pursuant to chapter 15, subchapter II, part 33:  
12 ..... \$ 11,700,000

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

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

21     (2) For support of the manufacturing 4.0 technology  
22 investment program established in [section 15.371](#):  
23 ..... \$ 2,350,000

24     (3) For the empower rural Iowa program:  
25 ..... \$ 700,000

26     b. STATE BOARD OF REGENTS AND REGENTS INSTITUTIONS

27     (1) STATE BOARD OF REGENTS. For capacity building  
28 infrastructure in areas related to technology  
29 commercialization, marketing and business development  
30 efforts in areas related to technology commercialization,  
31 entrepreneurship, and business growth, and infrastructure  
32 projects and programs needed to assist in implementation of  
33 activities under [chapter 262B](#):  
34 ..... \$ 3,000,000

35     (a) Of the moneys appropriated pursuant to this

1 subparagraph (1), 35 percent shall be allocated for Iowa state  
2 university of science and technology, 35 percent shall be  
3 allocated for the state university of Iowa, and 30 percent  
4 shall be allocated for the university of northern Iowa.

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

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

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

24 ..... \$ 2,424,302

25 (a) Of the moneys appropriated in this subparagraph (2),  
26 Iowa state university of science and technology shall allocate  
27 at least \$735,728 for purposes of funding small business  
28 development centers. Iowa state university of science and  
29 technology may allocate the appropriated moneys to the various  
30 small business development centers in any manner necessary to  
31 achieve the purposes of this subparagraph (2).

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

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

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

2 (c) It is the intent of the general assembly that the  
3 center for industrial research and service industrial incentive  
4 program focus on Iowa industrial sectors and seek contributions  
5 and in-kind donations from businesses, industrial foundations,  
6 and trade associations, and that moneys for the program shall  
7 be allocated only for projects which are matched by private  
8 sector moneys for directed contract research or for nondirected  
9 research. The match required of small businesses as defined  
10 in section 15.102 for directed contract research or for  
11 nondirected research shall be \$1 for each \$3 of state funds.  
12 The match required for other businesses for directed contract  
13 research or for nondirected research shall be \$1 for each \$1 of  
14 state funds. The match required of industrial foundations or  
15 trade associations shall be \$1 for each \$1 of state funds.

16 (d) Iowa state university of science and technology shall  
17 report annually to the general assembly the total amount of  
18 private contributions, the proportion of contributions from  
19 small businesses and other businesses, and the proportion for  
20 directed contract research and nondirected research of benefit  
21 to Iowa businesses and industrial sectors.

22 (3) STATE UNIVERSITY OF IOWA

23 (a) For the state university of Iowa research park and for  
24 university of Iowa pharmaceuticals located at the research  
25 park, including salaries, support, maintenance, equipment, and  
26 miscellaneous purposes:

27 ..... \$ 209,279

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

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

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

32 (b) For the purpose of implementing the entrepreneurship  
33 and economic growth initiative:

34 ..... \$ 2,000,000

35 (4) UNIVERSITY OF NORTHERN IOWA

1 (a) For the metal casting and foundry 4.0 centers,  
2 advance Iowa, family business center, and the institute for  
3 decision making, including salaries, support, maintenance, and  
4 miscellaneous purposes:

5 ..... \$ 1,466,419

6 The university of northern Iowa shall do all of the  
7 following:

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

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

11 (b) For the purpose of providing in-state undergraduate  
12 tuition and undergraduate mandatory fees to individuals  
13 who reside in a state contiguous to Iowa, who enroll in an  
14 undergraduate program offered by the university of northern  
15 Iowa, and who are classified as residents of this state for  
16 purposes of undergraduate tuition and undergraduate mandatory  
17 fees:

18 ..... \$ 1,000,000

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

20 ..... \$ 600,000

21 (5) DUTY TO TESTIFY

22 As a condition of receiving moneys appropriated in this  
23 lettered paragraph "b", an entity shall testify upon the  
24 request of the joint appropriations subcommittee on economic  
25 development regarding the expenditure of such moneys.

26 c. DEPARTMENT OF WORKFORCE DEVELOPMENT

27 (1) For staffing costs related to completing workforce  
28 preparation outcome reporting in conjunction with the  
29 department of education:

30 ..... \$ 125,000

31 (2) For distribution to community colleges for the purposes  
32 of implementing adult education and literacy programs pursuant  
33 to [section 84A.19](#):

34 ..... \$ 4,500,000

35 (a) From the moneys appropriated in this numbered

1 subparagraph, \$3,125,000 shall be allocated pursuant to the  
2 formula established in [section 260C.18C](#).

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

7 (c) From the moneys appropriated in this numbered  
8 subparagraph, not more than \$1,015,000 shall be distributed  
9 as grants to community colleges for the purpose of adult  
10 basic education programs for students requiring instruction  
11 in English as a second language. The department of workforce  
12 development shall establish an application process and criteria  
13 to award grants pursuant to this subparagraph division to  
14 community colleges. The criteria must be based on need for  
15 instruction in English as a second language in the region  
16 served by each community college as determined by factors  
17 including data from the latest federal decennial census and  
18 outreach efforts to determine regional needs.

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

33 2. Notwithstanding [section 8.33](#), moneys appropriated in  
34 this section that remain unencumbered or unobligated at the  
35 close of the fiscal year shall not revert but shall remain

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

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

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

9 a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

10 In cooperation with the economic development authority, for  
11 support of a biosciences innovation ecosystem, to strengthen  
12 Iowa’s leadership positions in the area of bio-based chemicals,  
13 digital agriculture, vaccines, and medical devices, including  
14 salaries, support, maintenance, and miscellaneous purposes:

15 ..... \$ 2,963,995

16 b. STATE UNIVERSITY OF IOWA

17 In cooperation with the economic development authority, for  
18 support of a biosciences innovation ecosystem, to strengthen  
19 Iowa’s leadership positions in the area of bio-based chemicals,  
20 digital agriculture, vaccines, and medical devices, including  
21 salaries, support, maintenance, and miscellaneous purposes:

22 ..... \$ 1,000,000

23 c. UNIVERSITY OF NORTHERN IOWA

24 For equipment and technology to expand the university’s  
25 additive manufacturing capabilities related to investment  
26 castings technology and industry support, including salaries,  
27 support, maintenance, and miscellaneous purposes:

28 ..... \$ 394,321

29 The university of northern Iowa shall make a good-faith  
30 effort to coordinate with private entities to seek moneys to  
31 supplement this appropriation to support the expansion of the  
32 university’s additive manufacturing capabilities.

33 2. Notwithstanding [section 8.33](#), moneys appropriated in  
34 subsection 1, paragraphs “a” and “b”, that remain unencumbered  
35 or unobligated at the close of the fiscal year shall not revert

1 but shall remain available for expenditure for the purposes  
2 designated until the close of the succeeding fiscal year.

3 EXPLANATION

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

6 This bill relates to and makes appropriations for the  
7 economic development of the state.

8 The bill appropriates moneys for FY 2026-2027 from the  
9 general fund of the state to the economic development authority  
10 (IEDA), Iowa finance authority (IFA), department of workforce  
11 development (IWD), Iowa state university of science and  
12 technology (ISU), state university of Iowa, and university of  
13 northern Iowa.

14 For FY 2026-2027, the bill limits standing appropriations  
15 for the world food prize, the arts and culture enhancement  
16 fund, and tourism marketing.

17 The bill transfers certain moneys collected by the insurance  
18 division in excess of the anticipated gross revenues under Code  
19 section 505.7 to IEDA.

20 The bill appropriates moneys for FY 2026-2027 from the  
21 special employment security contingency fund to IWD. The bill  
22 also appropriates moneys for FY 2026-2027 from the Iowa skilled  
23 worker and job creation fund to IEDA, IWD, and the state board  
24 of regents and institutions under the control of the board.

25 The auditor of state is requested to review the audit of IFA  
26 performed by the auditor hired by IFA.

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