

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
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 this subsection that remain unencumbered or unobligated at the
2 close of the fiscal year shall not revert but shall remain
3 available for expenditure for the purposes designated until the
4 close of the succeeding fiscal year.

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

- 12 1. For the arts and culture enhancement fund under section
13 99F.11, subsection 4, paragraph "d", subparagraph (1):
14 \$ 448,403
- 15 2. For the purposes of tourism marketing under section
16 99F.11, subsection 4, paragraph "d", subparagraph (2):
17 \$ 1,443,700

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

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

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.