

# **Economic Development Appropriations Bill House File 809**

*As Amended by Senate Amendment H-1544  
and House Amendment S-3210*

Last Action:

**House Floor  
2<sup>nd</sup> Time**

April 28, 2005

**An Act relating to and making appropriations to the department of economic development, certain board of regents institutions, the department of workforce development, and the public employment relations board, related matters, and providing an effective date.**

**Executive Summary Only**

**Fiscal Services Division  
Legislative Services Agency**

**NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 809 AS AMENDED BY H-1544 AND BY S-3210  
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

***HOUSE AMENDMENT***

**INTENT LANGUAGE/SIGNIFICANT  
CHANGES TO THE CODE OF IOWA**

- Appropriates \$50,000 annually from FY 2006 – FY 2008 from the General Fund to the DED for Endow Iowa Grants to lead philanthropic entities.
- Appropriates \$50.0 million annually from the General Fund to the Department of Economic Development (DED), starting in FY 2006, for ten fiscal years for deposit into the Grow Iowa Values Fund and makes the following annual appropriations for FY 2006 – FY 2015 from the Grow Iowa Values Fund:
  - DED - \$35.0 million for programs administered by the DED.
  - DED - \$5.0 million for Regents Universities for infrastructure projects and programs needed to assist in commercialization of research and related activities.
  - DED - \$1.0 million for Target State Parks, Destination Parks, and Banner Parks.
  - Treasurer of State - \$1.0 million for deposit to the Iowa Cultural Trust Fund.
  - DED - \$7.0 million for deposit into the workforce training and economic development funds of the community colleges.
  - DED - \$1.0 million for providing economic development region financial assistance.
- Requires the DED each year to allocate a percentage of the \$35.0 million appropriation for marketing, research and development, and for business start-ups, expansion, modernization, attraction, retention, marketing, and research and development.
- Requires applicants for moneys appropriated for programs administered by the DED (\$35.0 million) to provide a statement regarding intended return on investment, and requires a recipient of funds to provide an annual progress report on return on investment. Requires the Department of Economic Development (DED) with the Department of Revenue to develop a method of identifying and tracking each new job created from moneys appropriated in this Subsection. Requires the DED to identify research and development activities to be funded using no more than 10.0% of the funds appropriated in this Subsection, and requires the DED to measure the potential impact on the State's economy rather than return on investment and job creation for these activities.
- Allows the DED to use 1.5% of the \$35.0 million appropriation for programs administered by the DED, or \$525,000 annually, for administration.
- Requires the Iowa Economic Development Board to approve or deny applications for financial assistance and whenever possible, to coordinate assistance with other programs administered by the DED.

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 809 AS AMENDED BY H-1544 AND BY S-3210  
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

***HOUSE AMENDMENT (CONTD.)  
INTENT LANGUAGE/SIGNIFICANT  
CHANGES TO THE CODE OF IOWA  
(CONTINUED)***

***SENATE AMENDMENT***

***BILL AS PASSED BY THE HOUSE  
FUNDING SUMMARY***

**ECONOMIC STIMULUS  
APPROPRIATIONS ACT**

**DEPARTMENT OF ECONOMIC  
DEVELOPMENT**

- Requires the Department of Natural Resources (DNR) to submit an expenditure plan to the DED in order to receive financial assistance for parks. Requires the DNR to submit an expenditure plan for these funds to the DED that focuses on improving State, Destination, and Banner parks in order to receive financial assistance. Provides a definition of banner parks.
- Requires an allocation of \$350,000 annually for Small Business Development Centers, from the \$1.0 million appropriated for economic development region financial assistance, requires the Centers to provide a one-to-one match of funds to receive financial assistance, and caps financial assistance to a single Center at \$20,000.
- Allows an annual allocation from the \$1.0 million appropriated for economic development region financial assistance, of up to \$50,000 for financial assistance to Iowa business resource centers.
- Amends SF 2298 (FY 2005 Omnibus Appropriations Act) by providing a General Fund supplemental appropriation of \$500,000 to the Department of Economic Development for FY 2005 for sole source grant costs associated with hosting the National Special Olympics.
- Specifies the Section relating to the supplemental appropriation takes effect upon enactment.
- Prohibits the Department of Economic Development from charging a nonprofit, public entity a fee for placement of informational materials in a welcome center.
  
- Appropriates a total of \$22.9 million from the General Fund and 317.5 FTE positions to the Department of Economic Development, Iowa Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This maintains the current level of General Fund support and is a decrease of 7.8 FTE positions compared to the estimated net FY 2005 appropriation.
- In addition to the appropriations made in this Bill, Iowa Workforce Development will receive an FY 2006 General Fund appropriation of \$6.5 million that was made in SF 2311 (FY 2005 Economic Stimulus Appropriations Act) during the 2004 Special Session.
- Appropriates \$13.9 million and 149.8 FTE positions from the General Fund to the Department of Economic Development, which maintains the current level of General Fund support and FTE positions.
- Appropriates \$4.4 million and 4.0 FTE positions from the Rural Community 2000 Program, Insurance receipts from the Division of Commerce, the Community Development Loan Fund, the Workforce Development Fund, and the Job Training Fund.

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 809 AS AMENDED BY H-1544 AND BY S-3210  
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

**REGENTS INSTITUTIONS  
ECONOMIC DEVELOPMENT  
PROGRAMS**

- Appropriates \$3.0 million and 67.3 FTE positions from the General Fund for economic development programs at Iowa State University (ISU), the University of Iowa (SUI), and the University of Northern Iowa (UNI), which maintains the current level of General Fund support and FTE positions.
- Requires an allocation of \$550,000 for Small Business Development Centers. This maintains the current level of General Fund support.

**IOWA WORKFORCE DEVELOPMENT**

- Appropriates \$5.2 million and 86.5 FTE positions from the General Fund for Iowa Workforce Development, which maintains the current level of General Fund support and is a decrease of 7.8 FTE positions compared to the estimated net FY 2005 appropriation. This is not an actual reduction in FTE positions. For FY 2006, Iowa Workforce Development is allowed to retain fees for the Elevator Safety and Boiler Safety programs and will no longer be funded by Iowa Workforce Development's General Fund appropriation. The 9.8 FTEs therefore will no longer be appropriated but will be supported by fee revenue. This results in an estimated FY 2005 FTE count of 84.5. As a result, the FTE appropriation in this Bill is actually an increase of 2.0 FTE positions under the Worker's Compensation Program.
- In addition, although the Elevator Safety and Boiler Safety programs will be supported by fees for FY 2006, and will no longer require a General Fund appropriation, Iowa Workforce Development's General Fund appropriation has not been reduced by that amount for FY 2006. It is anticipated that the two programs will generate approximately \$700,000 in fees to support the programs in FY 2006. Therefore, the status quo appropriation of \$5.2 million allows Iowa Workforce Development an additional \$700,000 for expenditure. The funds will be expended as follows:
  - \$115,000 to support current FTE positions in Workers' Compensation and Labor Services.
  - \$225,000 to provide cash flow for the Elevator Safety and Boiler Safety programs until the programs can be self-supporting.
  - \$135,000 for 2.0 new FTE positions in Workers' Compensation.
  - \$15,000 for additional Iowa Workforce Development Board activities.
  - \$50,000 to conduct Kaizen events.
  - \$160,000 to support the Immigration Services Centers previously funded by penalty and interest payments on the Administrative Contribution Surcharge.
- Requires the Division of Workers' Compensation to continue charging a \$65 filing fee for Workers' Compensation cases, and appropriates the fees collected to the Division for the Workers' Compensation Program. Based on the current fiscal year estimate of fees to be collected, the Division will receive approximately \$200,000 for FY 2006.

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 809 AS AMENDED BY H-1544 AND BY S-3210  
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

IOWA WORKFORCE DEVELOPMENT  
(CONTINUED)  
PUBLIC EMPLOYMENT RELATIONS  
BOARD (PERB)  
STUDIES AND INTENT LANGUAGE

- Appropriates \$471,000 for Workers' Compensation from the Employment Security Contingency Fund in Iowa Workforce Development.
- Appropriates \$924,000 and 10.0 FTE positions from the General Fund, which maintains the current level of General Fund support and FTE positions.
- Requires a business creating jobs with economic development assistance from the Business Development appropriation to the Department of Economic Development to be subject to contract provisions stating that new and retained jobs shall be filled by individuals who are citizens of the United States who reside in the United States, or any person authorized to work in the United States pursuant to federal law, including legal resident aliens in the United States. Requires any vendor who receives public moneys from the Department through the Business Development appropriation to adhere to such contract provisions and provide periodic assurances of compliance.
- Allows the Department of Economic Development to provide funding in the form of a grant to a community economic development entity for conducting a local workforce recruitment effort designed to recruit former citizens of the State and former students at State colleges and universities to meet the needs of local employers.
- Allows the Department of Economic Development to provide financial assistance to early-stage industry companies being established by women entrepreneurs.
- Allows the Department of Economic Development to provide financial assistance for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology.
- Requires Iowa State University to report annually to the Economic Development Appropriations Subcommittee and the Fiscal Services Division of the Legislative Services Agency the total amount of private contributions, the portion from small businesses and other businesses, and the proportion for directed and non-directed research.
- Requests that the Auditor of State review the Iowa Finance Authority's annual audit and conduct a performance audit of the Authority's operations.
- Creates the Field Office Operating Fund in the State Treasury under the control of the Department of Workforce Development and specifies that moneys credited and deposited in the Fund are appropriated to the Department.
- This Bill is effective on July 1, 2005.

**SIGNIFICANT CHANGES TO THE  
CODE OF IOWA**

**EFFECTIVE DATE**

# Economic Development

## General Fund

H.F. 809 Amended by H-1544 & S-3210	Estimated FY 2005 (1)	S-House Act. FY 2005 (2)	S-Senate Act. FY 2005 (3)	Gov Rec FY 2006 (4)	House Action FY 2006 (5)	Senate Action FY 2006 (6)	Senate Act vs House Act (7)
<b><u>Economic Development, Dept. of</u></b>							
<b>Economic Development, Dept of</b>							
Nat'l Special Olympics	\$ 0	\$ 500,000	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 0
<b>Administrative Services</b>							
General Administration	1,956,332	0	0	1,950,496	1,956,332	1,956,332	0
World Food Prize	285,000	0	0	285,000	285,000	285,000	0
<b>Total Administrative Services</b>	<b>2,241,332</b>	<b>0</b>	<b>0</b>	<b>2,235,496</b>	<b>2,241,332</b>	<b>2,241,332</b>	<b>0</b>
<b>Business Development</b>							
Business Development	6,084,500	0	0	12,545,394	6,084,500	6,084,500	0
<b>Community &amp; Rural Devel.</b>							
School to Career Refund	27,786	0	0	0	0	0	0
Community Development	5,505,725	0	0	5,446,591	5,533,511	5,533,511	0
<b>Total Community &amp; Rural Devel.</b>	<b>5,533,511</b>	<b>0</b>	<b>0</b>	<b>5,446,591</b>	<b>5,533,511</b>	<b>5,533,511</b>	<b>0</b>
<b>Grow Iowa Values Fund</b>							
Endow Iowa Grants	0	0	0	0	50,000	0	-50,000
Grow Iowa Values Fund	0	0	0	0	50,000,000	0	-50,000,000
<b>Total Grow Iowa Values Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,050,000</b>	<b>0</b>	<b>-50,050,000</b>
<b>Total Economic Development, Dept. of</b>	<b>\$ 13,859,343</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 20,227,481</b>	<b>\$ 63,909,343</b>	<b>\$ 13,859,343</b>	<b>\$ -50,050,000</b>
<b><u>Iowa Workforce Development</u></b>							
General Office	\$ 5,151,919	\$ 0	\$ 0	\$ 5,708,919	\$ 5,151,919	\$ 5,151,919	\$ 0
<b><u>Public Employment Relations Board</u></b>							
General Office	\$ 923,850	\$ 0	\$ 0	\$ 924,250	\$ 923,850	\$ 923,850	\$ 0
<b><u>Regents, Board of</u></b>							
ISU - Economic Development	\$ 2,363,557	\$ 0	\$ 0	\$ 2,363,557	\$ 2,363,557	\$ 2,363,557	\$ 0

# Economic Development

## General Fund

H.F. 809 Amended by H-1544 & S-3210	Estimated FY 2005 <u>(1)</u>	S-House Act. FY 2005 <u>(2)</u>	S-Senate Act. FY 2005 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	House Action FY 2006 <u>(5)</u>	Senate Action FY 2006 <u>(6)</u>	Senate Act vs House Act <u>(7)</u>
<b>Regents, Board of (cont.)</b>							
SUI - Economic Development	247,005	0	0	247,005	247,005	247,005	0
UNI - Economic Development	361,291	0	0	361,291	361,291	361,291	0
<b>Total Regents, Board of</b>	<b>\$ 2,971,853</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,971,853</b>	<b>\$ 2,971,853</b>	<b>\$ 2,971,853</b>	<b>\$ 0</b>
<b>Total Economic Development</b>	<b>\$ 22,906,965</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 29,832,503</b>	<b>\$ 72,956,965</b>	<b>\$ 22,906,965</b>	<b>\$ -50,050,000</b>

# Economic Development

## Non General Fund

H.F. 809 Amended by H-1544 & S-3210	Estimated FY 2005 (1)	S-House Act. FY 2005 (2)	S-Senate Act. FY 2005 (3)	Gov Rec FY 2006 (4)	House Action FY 2006 (5)	Senate Action FY 2006 (6)	Senate Act vs House Act (7)
<b><u>Economic Development, Dept. of</u></b>							
<b>Business Development</b>							
Insurance Development	\$ 100,000	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Workforce Dev. Approp.	4,000,000	0	0	4,000,000	4,000,000	4,000,000	0
<b>Total Business Development</b>	<b>4,100,000</b>	<b>0</b>	<b>0</b>	<b>4,100,000</b>	<b>4,100,000</b>	<b>4,100,000</b>	<b>0</b>
<b>Community &amp; Rural Devel.</b>							
RC 2000 - Council of Gov.	150,000	0	0	150,000	150,000	150,000	0
RC 2000 - Rural Dev. Prg.	120,000	0	0	120,000	120,000	120,000	0
Community Dev. Loan Fund	25,261	0	0	0	0	0	0
<b>Total Community &amp; Rural Devel.</b>	<b>295,261</b>	<b>0</b>	<b>0</b>	<b>270,000</b>	<b>270,000</b>	<b>270,000</b>	<b>0</b>
<b>Grow Iowa Values Fund</b>							
DED Programs	0	0	0	0	35,000,000	0	-35,000,000
Regents & Private Inst.	0	0	0	0	5,000,000	0	-5,000,000
Targeted State Parks	0	0	0	0	1,000,000	0	-1,000,000
Workforce Training	0	0	0	0	7,000,000	0	-7,000,000
Regional Assistance	0	0	0	0	1,000,000	0	-1,000,000
<b>Total Grow Iowa Values Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,000,000</b>	<b>0</b>	<b>-49,000,000</b>
<b>Total Economic Development, Dept. of</b>	<b>\$ 4,395,261</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,370,000</b>	<b>\$ 53,370,000</b>	<b>\$ 4,370,000</b>	<b>\$ -49,000,000</b>
<b><u>Iowa Workforce Development</u></b>							
P & I Industrial Programs	\$ 471,000	\$ 0	\$ 0	\$ 471,000	\$ 471,000	\$ 471,000	\$ 0
<b><u>Treasurer of State</u></b>							
Iowa Cultural Trust	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 0	\$ -1,000,000
<b>Total Economic Development</b>	<b>\$ 4,866,261</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,841,000</b>	<b>\$ 54,841,000</b>	<b>\$ 4,841,000</b>	<b>\$ -50,000,000</b>



# Economic Development

## FTE

H.F. 809 Amended by H-1544 & S-3210	Estimated FY 2005	S-House Act. FY 2005	S-Senate Act. FY 2005	Gov Rec FY 2006	House Action FY 2006	Senate Action FY 2006	Senate Act vs House Act
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b><u>Economic Development, Dept. of</u></b>							
<b>Administrative Services</b>							
General Administration	28.75	0.00	0.00	28.70	28.75	28.75	0.00
<b>Business Development</b>							
Business Development	57.00	0.00	0.00	59.50	57.00	57.00	0.00
Workforce Dev. Approp.	4.00	0.00	0.00	2.50	4.00	4.00	0.00
<b>Total Business Development</b>	<b>61.00</b>	<b>0.00</b>	<b>0.00</b>	<b>62.00</b>	<b>61.00</b>	<b>61.00</b>	<b>0.00</b>
<b>Community &amp; Rural Devel.</b>							
Community Development	61.75	0.00	0.00	61.74	61.75	61.75	0.00
Tourism/Recreation Dev.	2.25	0.00	0.00	2.25	2.25	2.25	0.00
<b>Total Community &amp; Rural Devel.</b>	<b>64.00</b>	<b>0.00</b>	<b>0.00</b>	<b>63.99</b>	<b>64.00</b>	<b>64.00</b>	<b>0.00</b>
<b>Total Economic Development, Dept. of</b>	<b>153.75</b>	<b>0.00</b>	<b>0.00</b>	<b>154.69</b>	<b>153.75</b>	<b>153.75</b>	<b>0.00</b>
<b><u>Iowa Workforce Development</u></b>							
General Office	94.20	0.00	0.00	100.40	86.45	86.45	0.00
<b><u>Public Employment Relations Board</u></b>							
General Office	10.00	0.00	0.00	10.00	10.00	10.00	0.00
<b><u>Regents, Board of</u></b>							
ISU - Economic Development	56.53	0.00	0.00	56.53	56.53	56.53	0.00
SUI - Economic Development	6.00	0.00	0.00	6.00	6.00	6.00	0.00
UNI - Economic Development	4.75	0.00	0.00	4.75	4.75	4.75	0.00
<b>Total Regents, Board of</b>	<b>67.28</b>	<b>0.00</b>	<b>0.00</b>	<b>67.28</b>	<b>67.28</b>	<b>67.28</b>	<b>0.00</b>
<b>Total Economic Development</b>	<b>325.23</b>	<b>0.00</b>	<b>0.00</b>	<b>332.37</b>	<b>317.48</b>	<b>317.48</b>	<b>0.00</b>