SENATE FILE 2289
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3109)

(As Amended and Passed by the Senate March 5, 2024)

_____ and [= New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to economic development and energy shortages under the purview of the economic development authority and governor, and providing penalties.

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

DIVISION I

ECONOMIC DEVELOPMENT PROGRAMS

Section 1. Section 15.106B, subsection 5, paragraph b, Code 2024, is amended by striking the paragraph.

Sec. 2. NEW SECTION. **15.106E Application or award — prohibition.**

1. The authority may prohibit a person from receiving an award of financial assistance, or from being selected as a vendor to provide goods or services to the authority in any of the following circumstances:

a. An act or omission by the person seriously affects or threatens public health, public safety, or the environment.

b. The person is charged with or convicted of a crime involving dishonesty.

c. An act or omission by the person indicates a lack of integrity or honesty.

d. The person violates the terms of an agreement or transaction that detrimentally impacts the integrity of a program administered by the authority, or other governmental entity as defined in section 8A.101.

e. A compelling cause exists that is relevant to and affects the person's obligations under the programs administered by the authority, or is relevant to and affects the provision of goods and services to the authority by a vendor.

2. Upon a determination by the authority, a person shall be prohibited from receiving an award of financial assistance, or from being selected as a vendor pursuant to subsection 1. The authority shall provide written notice to the prohibited person stating the reason for the prohibition. The authority may immediately disqualify a prohibited person from receiving financial assistance, or from being selected as a vendor.

3. A prohibited person may request a review of the determination made by the authority pursuant to subsection 2.

a. The request to review the determination shall be made within thirty-five calendar days of the date the authority

provided written notice to the prohibited person. The request to review the determination must be in writing and state the specific reasons or legal basis for review.

b. Within sixty calendar days of the receipt of the request to review, the authority shall approve, deny, or modify the determination, if the authority finds that the determination is based on a clear error of material fact or law, or if the authority finds the determination was arbitrary, capricious, or an abuse of discretion.

c. The authority shall issue its decision in writing and provide written notice of the decision to the prohibited person.

d. The decision of the authority pursuant to this subsection shall be considered final agency action. A petition for judicial review of the decision of the authority shall be filed pursuant to section 17A.19.

4. The authority shall adopt rules as necessary pursuant to chapter 17A to administer this section.

Sec. 3. Section 15.108, subsection 2, Code 2024, is amended by striking the subsection and inserting in lieu thereof the following:

2. *Marketing.* To aid in all of the following:

a. The marketing and promotion of Iowa products and services.

b. The promotion and development of the agricultural processing industry in the state.

Sec. 4. Section 15.108, subsection 3, paragraph a, subparagraph (5), Code 2024, is amended to read as follows:

(5) Encourage cities, counties, local and regional government organizations, and local and regional economic development organizations to develop and implement comprehensive community and economic development plans. ~~In evaluating financial assistance applications, the authority shall award supplementary credit to applications submitted by cities, counties, local and regional government organizations,~~

~~and local and regional economic development organizations that have developed a comprehensive community and economic development plan.~~

Sec. 5. Section 15.108, subsection 4, Code 2024, is amended by striking the subsection and inserting in lieu thereof the following:

4. *Exporting.* To promote and aid in the marketing and sale of Iowa industrial and agricultural products and services outside of the state. To carry out this responsibility, the authority shall:

a. Perform the duties and activities specified for the agricultural marketing program under sections 15.201 and 15.202.

b. Seek assistance and advice from the Iowa district export council which advises the United States department of commerce.

Sec. 6. Section 15.108, subsection 5, paragraph d, Code 2024, is amended to read as follows:

d. ~~Coordinate with other divisions of the authority to add~~ Promote the contributions of Iowa's recreation, tourism, and leisure resources ~~to the agricultural and other images which characterize the state~~ on a national level.

Sec. 7. Section 15.108, subsection 5, paragraph o, Code 2024, is amended by striking the paragraph.

Sec. 8. Section 15.108, subsection 6, paragraph c, Code 2024, is amended by striking the paragraph and inserting in lieu thereof the following:

c. Provide aid for the development and implementation of the Iowa targeted small business procurement Act established in sections 73.15 through 73.22.

Sec. 9. Section 15.108, subsection 6, paragraphs f and g, Code 2024, are amended by striking the paragraphs.

Sec. 10. Section 15.108, subsection 7, Code 2024, is amended by striking the subsection.

Sec. 11. Section 15.108, subsection 10, paragraph b, subparagraph (3), Code 2024, is amended to read as follows:

(3) Establish programs which assist communities or local entities in developing housing to meet a range of community needs, including ~~programs to assist homeless shelter operations and~~ programs to assist in the development of housing to enhance economic development opportunities in the community.

Sec. 12. Section 15.371, subsection 5, paragraph e, Code 2024, is amended to read as follows:

e. Employ a minimum of three full-time employees and no more than ~~seventy-five~~ one hundred twenty-five full-time employees across all of the manufacturer's locations.

Sec. 13. NEW SECTION. **73.22 Reports.**

1. By December 1 of each calendar year, the department of administrative services shall provide a written summary to the economic development authority of all activities undertaken by the department of administrative services to maximize the purposes of this subchapter during the immediately preceding fiscal year.

2. By December 1 of each calendar year, the economic development authority shall compile a list of the procurement goals established pursuant to section 73.16, subsection 2, for the prior fiscal year, and the performance of each agency or department of state government having purchasing authority in meeting the goals. The compilation shall be based upon the reports required to be filed under section 73.16, subsection 2.

3. By January 15 of each calendar year, the economic development authority shall submit to the governor and the general assembly a summary of all reports required under this section.

4. The director of the economic development authority, in cooperation with the department of administrative services and other state agencies shall do all of the following:

a. Publicize the targeted small business procurement goal program to targeted small businesses and to agencies of state government.

b. Identify targeted small businesses able to perform

contracts under the program.

c. Encourage targeted small businesses to participate in the program.

Sec. 14. REPEAL. Sections 15.246, 15.271, and 15.272, Code 2024, are repealed.

DIVISION II

ENERGY SHORTAGES

Sec. 15. Section 12.28, subsection 6, Code 2024, is amended to read as follows:

6. The maximum principal amount of financing agreements which the treasurer of state can enter into shall be one million dollars per state agency in a fiscal year, subject to the requirements of section 8.46. For the fiscal year, the treasurer of state shall not enter into more than one million dollars of financing agreements per state agency, not considering interest expense. However, the treasurer of state may enter into financing agreements in excess of the one million dollar per agency per fiscal year limit if a constitutional majority of each house of the general assembly, or the legislative council if the general assembly is not in session, and the governor, authorize the treasurer of state to enter into additional financing agreements above the one million dollar authorization contained in this section. The treasurer of state shall not enter into a financing agreement for real or personal property which is to be constructed for use as a prison or prison-related facility without prior authorization by a constitutional majority of each house of the general assembly and approval by the governor of the use, location, and maximum cost, not including interest expense, of the real or personal property to be financed. However, financing agreements for an energy conservation measure, as defined in section 7D.34, ~~for an energy management improvement, as defined in section 473.19, or for costs associated with projects under section 473.13A,~~ are exempt from the provisions of this subsection, but are subject to the requirements of

section 7D.34. In addition, financing agreements funded through the materials and equipment revolving fund established in section 307.47 are exempt from the provisions of this subsection.

Sec. 16. Section 279.53, Code 2024, is amended to read as follows:

279.53 Loan proceeds.

The proceeds of loans issued to school districts pursuant to section 279.48~~,~~ or 279.52~~, or 473.20~~ shall be deposited into either the general fund of a school district or the physical plant and equipment levy fund. The board of directors shall expend the amount of the principal and interest due each year to maturity from the same fund into which the loan proceeds were deposited.

Sec. 17. Section 298.3, subsection 1, paragraph g, Code 2024, is amended to read as follows:

g. Expenditures for energy conservation~~, including payments made pursuant to a guarantee furnished by a school district entering into a financing agreement for energy management improvements, limited to agreements pursuant to section 473.19, 473.20, or 473.20A~~.

Sec. 18. Section 473.3, subsection 2, Code 2024, is amended by striking the subsection.

Sec. 19. NEW SECTION. **473.4 Duties of the authority.**

The authority shall do the following:

1. Periodically update the Iowa energy plan that identifies objectives and strategies for developing the energy sector in the state.

2. Administer and coordinate federal funds received for energy conservation, energy management, and alternative and renewable energy programs.

3. Apply for, receive, administer, and use federal or other funds available for achieving the purposes of this chapter.

Sec. 20. NEW SECTION. **473.5 Energy security plan.**

1. The governor or the governor's designee shall maintain

an energy security plan.

2. The energy security plan shall include but is not limited to the following:

a. A description of the circumstances that indicate an actual or imminent acute shortage of usable energy, including liquid fossil fuels.

b. Any action to be taken by the authority or relevant agencies in response to an executive order by the governor under section 473.8.

Sec. 21. REPEAL. Sections 473.13A, 473.15, 473.19, 473.19A, 473.20, 473.20A, and 473.41, Code 2024, are repealed.

Sec. 22. TRANSFER OF MONEYS. On the effective date of this division of this Act, any moneys remaining in the building energy management fund in section 473.19A, Code 2024, shall be transferred to the general fund of the state.