SENATE FILE 645
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 1236)

(As Amended and Passed by the Senate May 13, 2025)
ALL New Language by the Senate

A BILL FOR

An Act relating to and making appropriations for the economic development of the state, including to the economic development authority, Iowa finance authority, department of workforce development, and the state board of regents and certain regents institutions, and extending the repeal date for the housing renewal pilot program.

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

DIVISION I

FY 2025-2026 APPROPRIATIONS

Section 1. GOALS AND ACCOUNTABILITY —— ECONOMIC DEVELOPMENT.

1. For the fiscal year beginning July 1, 2025, the goals for the economic development authority shall be to expand and stimulate the state economy, increase the wealth of Iowans, and increase the population of the state.

2. To achieve the goals in subsection 1, the economic development authority shall do all of the following for the fiscal year beginning July 1, 2025:

a. Concentrate its efforts on programs and activities that result in commercially viable products and services.

b. Adopt practices and services consistent with free market, private sector philosophies.

c. Ensure economic growth and development throughout the state.

d. Work with businesses and communities to continually improve the economic development climate along with the economic well-being and quality of life for Iowans.

e. Coordinate with other state agencies to ensure that they are attentive to the needs of an entrepreneurial culture.

f. Establish a strong and aggressive marketing image to showcase Iowa's workforce, existing industry, and potential. A priority shall be placed on recruiting new businesses, business expansion, and retaining existing Iowa businesses. Emphasis shall be placed on entrepreneurial development through helping entrepreneurs secure capital, and developing networks and a business climate conducive to entrepreneurs and small businesses.

g. Encourage the development of communities and quality of life to foster economic growth.

h. Prepare communities for future growth and development through development, expansion, and modernization of infrastructure.

i. Develop public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts.

Sec. 2. ECONOMIC DEVELOPMENT AUTHORITY.

1. APPROPRIATION

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated in this subsection, and for not more than the following full-time equivalent positions:

..... $ 12,921,510

..... FTEs 112.50

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

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

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

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

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

(6) The full-time equivalent positions authorized under this subsection are funded, in whole or in part, by the moneys appropriated under this subsection or by other moneys received by the authority, including certain federal moneys.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the

close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in this subsection until the close of the succeeding fiscal year.

2. FINANCIAL ASSISTANCE RESTRICTIONS

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

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

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

3. USES OF APPROPRIATIONS

a. From the moneys appropriated in subsection 1, the authority may provide financial assistance 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 colleges and universities in the state, to meet the needs of local employers.

b. From the moneys appropriated in subsection 1, the

authority may provide financial assistance to early stage industry companies being established by women entrepreneurs.

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

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

4. WORLD FOOD PRIZE

In lieu of the standing appropriation in section 15.368, there is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount for the world food prize:

..... $ 500,000

5. COUNCILS OF GOVERNMENTS —— ASSISTANCE

There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount to be used for the purposes of providing financial assistance to Iowa's councils of governments:

..... $ 350,000

6. TOURISM OFFICE

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount for the tourism office to be used for advertising, promoting, placement, and implementation of the economic development authority's strategic plan for tourism and travel:

..... $ 1,050,000

b. Notwithstanding section 8.33, moneys appropriated in

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

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

7. CULTURAL AFFAIRS ACTIVITIES

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For support of the Iowa arts council:

..... $ 1,771,800

b. Of the moneys appropriated in paragraph "a", the economic development authority shall allocate $321,800 for deposit in the arts and culture enhancement fund established in section 15.436, if enacted by 2025 Iowa Acts, House File 975.

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

Sec. 3. LIMITATIONS OF STANDING APPROPRIATIONS —— FY 2025-2026. Notwithstanding the standing appropriations in the following designated sections for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the amount appropriated

from the general fund of the state pursuant to the following sections for the following purposes shall not exceed the following amounts:

1. For the arts and culture enhancement fund under section 99F.11, subsection 4, paragraph "d", subparagraph (1), as amended by 2025 Iowa Acts, House File 975, if enacted:
..... $ 448,403

2. For the purposes of tourism marketing under section 99F.11, subsection 4, paragraph "d", subparagraph (2):
..... $ 1,443,700

Sec. 4. FINANCIAL ASSISTANCE REPORTING —— ECONOMIC DEVELOPMENT AUTHORITY. The economic development authority shall submit an annual report to the general assembly no later than November 1, 2025, that details the amount of every direct loan, forgivable loan, tax credit, tax exemption, tax refund, grant, or any other financial assistance awarded to a person during the prior fiscal year by the authority under an economic development program administered by the authority. The report shall identify the county where the project associated with each such award is located.

Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys collected by the insurance division of the department of insurance and financial services in excess of the anticipated gross revenues under section 505.7, subsection 3, during the fiscal year beginning July 1, 2025, $100,000 shall be transferred to the economic development authority for insurance economic development and international insurance economic development.

Sec. 6. IOWA FINANCE AUTHORITY.

1. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. Rent subsidy program

(1) To provide reimbursement for rent expenses to eligible persons under the home and community-based services rent subsidy program established in section 16.55:
..... $ 873,000

(2) Of the moneys appropriated in this paragraph, not more than $35,000 may be used for administrative costs.

b. Housing renewal pilot program

To provide housing renewal moneys to a nonprofit Iowa affiliate to award grants to eligible communities for a housing renewal pilot program:
..... $ 550,000

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

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

Sec. 8. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is appropriated from the general fund of the state to the department of workforce development for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. WORKFORCE DEVELOPMENT OPERATIONS

a. For the operation of field offices and the workforce development board, and for not more than the following full-time equivalent positions:
..... $ 6,902,636
..... FTEs 167.45

b. Of the moneys appropriated in paragraph "a", the department shall allocate $150,000 to the state library for the purpose of licensing an online resource which prepares persons to succeed in the workplace through programs which improve job

skills and vocational test-taking abilities.

2. OFFENDER REENTRY PROGRAM

a. For the development and administration of an offender reentry program to provide offenders with employment skills, and for not more than the following full-time equivalent positions:

..... $ 387,158

..... FTEs 5.00

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

3. INTEGRATED INFORMATION FOR IOWA SYSTEM

For the payment of services provided by the department of administrative services related to the integrated information for Iowa system:

..... $ 228,822

4. WORKPLACE INJURY AND SAFETY SURVEYS

For the operation of workplace safety surveys and workplace data collection and analysis, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 125,555

..... FTEs 2.55

5. SUMMER YOUTH INTERN PILOT PROGRAM

For the funding of a summer youth intern pilot program that helps young people at risk of not graduating from high school to explore and prepare for high-demand careers through summer work experience, including the development of soft skills:

..... $ 250,000

6. VOCATIONAL REHABILITATION SERVICES DIVISION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 6,226,739

..... FTEs 251.00

For purposes of optimizing the job placement of individuals with disabilities, the division shall make its best efforts to work with community rehabilitation program providers for job placement and retention services for individuals with significant disabilities and most significant disabilities. By January 15, 2026, the division shall submit a written report to the general assembly regarding the division's outreach efforts with community rehabilitation program providers.

b. For matching moneys for programs to enable persons with severe physical or mental disabilities to function more independently, including salaries and support, and for not more than the following full-time equivalent positions:

..... $ 84,804

..... FTEs 1.00

c. For the entrepreneurs with disabilities program established pursuant to section 84H.4:

..... $ 138,506

d. For costs associated with centers for independent living:

..... $ 86,547

7. ADULT EDUCATION AND LITERACY PROGRAMS

For distribution as grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language:

..... $ 500,000

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

8. REGISTERED APPRENTICESHIP DEVELOPMENT PROGRAMS

For the funding of the registered apprenticeship development programs under chapter 84F to encourage small to midsize businesses to start or grow registered apprenticeships:
..... $ 760,000

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

Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT —— EMPLOYEE MISCLASSIFICATION PROGRAM. There is appropriated from the general fund of the state to the department of workforce development for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For enhancing efforts to investigate employers that misclassify workers, and for not more than the following full-time equivalent positions:
..... $ 379,631
..... FTEs 4.00

Sec. 10. DEPARTMENT OF WORKFORCE DEVELOPMENT —— SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND.

1. There is appropriated from the special employment security contingency fund created in section 96.13 to the department of workforce development for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for field offices:
..... $ 4,616,084

2. Any remaining additional penalty and interest revenue collected by the department of workforce development is appropriated to the department for the fiscal year beginning July 1, 2025, and ending June 30, 2026, to accomplish the mission of the department.

Sec. 11. IOWA SKILLED WORKER AND JOB CREATION FUND.

1. There is appropriated from the Iowa skilled worker and job creation fund created in section 8.57J to the following departments, agencies, and institutions for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. ECONOMIC DEVELOPMENT AUTHORITY

(1) For the purposes of providing assistance as described in section 15.335B for the high quality jobs program:

..... $ 11,700,000

(a) From the moneys appropriated in this subparagraph (1), the economic development authority may use not more than $1,000,000 for purposes of providing infrastructure grants to main street communities under the main street Iowa program.

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

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

..... $ 2,016,675

(3) For the empower rural Iowa program:

..... $ 700,000

b. STATE BOARD OF REGENTS AND REGENTS INSTITUTIONS

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

..... $ 3,000,000

(a) Of the moneys appropriated pursuant to this subparagraph (1), 35 percent shall be allocated for Iowa state university of science and technology, 35 percent shall be

allocated for the state university of Iowa, and 30 percent shall be allocated for the university of northern Iowa.

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

(c) The state board of regents shall submit a report by January 15, 2026, to the governor and the general assembly regarding the activities, projects, and programs funded with moneys appropriated under this subparagraph (1), The report shall be provided in an electronic format and shall include a list of metrics and criteria mutually agreed to in advance by the board of regents and the economic development authority. The metrics and criteria shall allow the governor's office and the general assembly to quantify and evaluate the progress of the board of regents institutions with regard to their activities, projects, and programs in the areas of technology commercialization, entrepreneurship, regional development, and market research.

(2) IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY. For small business development centers, the research park, and the center for industrial research and service, and for not more than the following full-time equivalent positions:

..... $ 2,424,302

..... FTEs 50.94

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

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

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

(ii) Provide emphasis to providing services to Iowa-based companies.

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

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

(3) STATE UNIVERSITY OF IOWA

(a) For the state university of Iowa research park and for university of Iowa pharmaceuticals located at the research park, including salaries, support, maintenance, equipment, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 209,279

..... FTEs 6.00

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

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

(ii) Provide emphasis to providing services to Iowa-based

companies.

(b) For the purpose of implementing the entrepreneurship and economic growth initiative, and for not more than the following full-time equivalent positions:

..... $ 2,000,000

..... FTEs 8.00

(4) UNIVERSITY OF NORTHERN IOWA

For the metal casting and foundry 4.0 centers, advance Iowa, family business center, and the institute for decision making, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,466,419

..... FTEs 13.00

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

(a) Direct expenditures for research toward projects that will provide economic stimulus for Iowa.

(b) Provide emphasis to providing services to Iowa-based companies.

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

c. DEPARTMENT OF WORKFORCE DEVELOPMENT

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

..... $ 125,000

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

..... $ 5,500,000

(a) From the moneys appropriated in this numbered subparagraph, $3,883,000 shall be allocated pursuant to the

formula established in section 260C.18C.

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

(c) From the moneys appropriated in this numbered subparagraph, not more than $1,257,000 shall be distributed as grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language. The department of workforce development shall establish an application process and criteria to award grants pursuant to this subparagraph division to community colleges. The criteria shall be based on need for instruction in English as a second language in the region served by each community college as determined by factors including data from the latest federal decennial census and outreach efforts to determine regional needs.

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

(3) For the funding of internships for students studying in the fields of science, technology, engineering, and mathematics with eligible Iowa employers as provided in section 84A.21, subsection 2, paragraph "c":

..... $ 633,325

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

Sec. 12. GENERAL FUND —— CERTAIN REGENTS INSTITUTIONS.

1. There is appropriated from the general fund of the state to the following institutions for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

In cooperation with the economic development authority, for support of a biosciences innovation ecosystem, to strengthen Iowa's leadership positions in the area of bio-based chemicals, digital agriculture, vaccines, and medical devices, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,963,995

..... FTEs 9.18

b. STATE UNIVERSITY OF IOWA

In cooperation with the economic development authority, for support of a biosciences innovation ecosystem, to strengthen Iowa's leadership positions in the area of bio-based chemicals, digital agriculture, vaccines, and medical devices, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,000,000

..... FTEs 4.35

c. UNIVERSITY OF NORTHERN IOWA

For equipment and technology to expand the university's additive manufacturing capabilities related to investment castings technology and industry support, including salaries, support, maintenance, and miscellaneous purposes, and for not

more than the following full-time equivalent positions:
..... $ 394,321
..... FTEs 2.73

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

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

DIVISION II

FY 2025-2026 CONTINGENT APPROPRIATION

Sec. 13. ECONOMIC DEVELOPMENT AUTHORITY. There is appropriated from the grow Iowa values fund created in section 15G.108, Code 2009, to the economic development authority for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the grocer reinvestment and local food processing fund created in section 15.415, if enacted by 2025 Iowa Acts, House File 1032:
..... $ 1,250,000

DIVISION III

HOUSING RENEWAL PILOT PROGRAM

Sec. 14. 2022 Iowa Acts, chapter 1148, section 20, subsection 9, as enacted by 2023 Iowa Acts, chapter 110, section 18, is amended to read as follows:

9. This section is repealed July 1, ~~2025~~ 2028.