

CHAPTER 130

APPROPRIATIONS — ECONOMIC DEVELOPMENT

S.F. 517

AN ACT relating to and making appropriations to the department of cultural affairs, the department of economic development, certain board of regents institutions, the department of workforce development, the Iowa finance authority, and the public employment relations board, and addressing related matters including tax credits and including immediate effective date and retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I
FY 2011-2012

Section 1. DEPARTMENT OF CULTURAL AFFAIRS. There is appropriated from the general fund of the state to the department of cultural affairs for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATION

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

.....	\$	171,813
.....	FTEs	74.50

The department of cultural affairs shall coordinate activities with the tourism office of the department of economic development to promote attendance at the state historical building and at this state’s historic sites.

Full-time equivalent positions authorized under this subsection shall be funded, in full or in part, using moneys appropriated under this subsection and subsections 3 through 7.

2. COMMUNITY CULTURAL GRANTS

For planning and programming for the community cultural grants program established under section 303.3:

.....	\$	172,090
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3. HISTORICAL DIVISION

For the support of the historical division:

.....	\$	2,767,701
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4. HISTORIC SITES

For the administration and support of historic sites:

.....	\$	426,398
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5. ARTS DIVISION

For the support of the arts division:

.....	\$	933,764
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6. IOWA GREAT PLACES

For the Iowa great places program established under section 303.3C:

.....	\$	150,000
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7. ARCHIVE IOWA GOVERNORS’ RECORDS

For archiving the records of Iowa governors:

.....	\$	65,933
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8. RECORDS CENTER RENT

For payment of rent for the state records center:

.....	\$	227,243
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9. BATTLE FLAGS

For continuation of the project recommended by the Iowa battle flag advisory committee to stabilize the condition of the battle flag collection:

.....	\$	60,000
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Sec. 2. GOALS AND ACCOUNTABILITY — ECONOMIC DEVELOPMENT.

1. For the fiscal year beginning July 1, 2011, the goals for the department of economic development 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 department of economic development shall do all of the following for the fiscal year beginning July 1, 2011:

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.

j. Develop, to the fullest extent possible, cooperative efforts for advertising with contributions from other sources.

Sec. 3. DEPARTMENT OF ECONOMIC DEVELOPMENT.

1. APPROPRIATION

There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amounts, or so much thereof as is necessary, to be used for the purposes designated in subsection 2, and for not more than the following full-time equivalent positions:

.....	\$	9,783,424
.....	FTEs	149.00

2. DESIGNATED PURPOSES

a. For salaries, support, miscellaneous purposes, programs, and the maintenance of an administration division, a business development division, and a community development division.

b. The full-time equivalent positions authorized under this section shall be funded, in whole or in part, by the moneys appropriated under subsection 1 or by other moneys received by the department, including certain federal moneys.

c. For business development operations and programs, the film office, international trade, export assistance, workforce recruitment, and the partner state program.

d. For transfer to the strategic investment fund created in section 15.313.

e. For community economic development programs, tourism operations, community assistance, plans for Iowa green corps and summer youth programs, the mainstreet and rural mainstreet programs, the school-to-career program, the community development block grant, and housing and shelter-related programs.

f. For achieving the goals and accountability, and fulfilling the requirements and duties required under this Act.

3. NONREVERSION

Notwithstanding section 8.33, moneys appropriated in subsection 1 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 subsection 2 until the close of the succeeding fiscal year.

4. FINANCIAL ASSISTANCE RESTRICTIONS

a. A business creating jobs through moneys appropriated in this section 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 in the United States.

b. Any vendor who receives moneys appropriated in this section 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 in the United States.

c. A business that receives financial assistance from the department from moneys appropriated in this section 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 department.

5. USES OF APPROPRIATIONS

a. From the moneys appropriated in this section, the department 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 this section, the department may provide financial assistance to early stage industry companies being established by women entrepreneurs.

c. From the moneys appropriated in this section, the department 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 department shall not use any moneys appropriated in this section for purposes of providing financial assistance for the Iowa green streets pilot project or for any other program or project that involves the installation of geothermal systems for melting snow and ice from streets or sidewalks.

6. WORLD FOOD PRIZE

For allocating moneys for the world food prize and notwithstanding the standing appropriation in section 15.368, subsection 1:

..... \$ 500,000

7. IOWA COMMISSION ON VOLUNTEER SERVICE

For allocation to the Iowa commission on volunteer service for the Iowa’s promise and mentoring partnership programs, for transfer to the Iowa state commission grant program, and for not more than the following full-time equivalent positions:

..... \$ 178,133
..... FTEs 7.00

Of the moneys appropriated in this subsection, the department shall allocate \$75,000 for purposes of the Iowa state commission grant program and \$103,133 for purposes of the Iowa’s promise and mentoring partnership programs.

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. 4. VISION IOWA PROGRAM — FTE AUTHORIZATION. For purposes of administrative duties associated with the vision Iowa program for the fiscal year beginning July 1, 2011, the department of economic development is authorized an additional 2.25 FTEs above those otherwise authorized in this division of this Act.

Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, during the fiscal year beginning July 1, 2011, \$100,000 shall be transferred

to the department of economic development for insurance economic development and international insurance economic development.

Sec. 6. COMMUNITY DEVELOPMENT LOAN FUND. Notwithstanding section 15E.120, subsection 5, there is appropriated from the Iowa community development loan fund all moneys available during the fiscal year beginning July 1, 2011, and ending June 30, 2012, to the department of economic development for purposes of the community development program.

Sec. 7. WORKFORCE DEVELOPMENT FUND. There is appropriated from the workforce development fund account created in section 15.342A to the workforce development fund created in section 15.343 for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, for purposes of the workforce development fund:

..... \$ 4,000,000

Sec. 8. WORKFORCE DEVELOPMENT ADMINISTRATION. From moneys appropriated or transferred to or receipts credited to the workforce development fund created in section 15.343, up to \$400,000 for the fiscal year beginning July 1, 2011, and ending June 30, 2012, are appropriated to the department of economic development for the administration of workforce development activities including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... FTEs 4.00

Sec. 9. JOB TRAINING FUND. Notwithstanding section 15.251, all moneys in the job training fund on July 1, 2011, and any moneys appropriated or credited to the fund during the fiscal year beginning July 1, 2011, shall be transferred to the workforce development fund established pursuant to section 15.343.

Sec. 10. GREEN INITIATIVES EXPENDITURE REPORT. By January 1, 2012, the department of economic development shall submit a written report to the general assembly regarding all expenditures made during the previous fiscal year for purposes of green initiatives, sustainability programs, and all such similar efforts. The report shall identify such expenditures with a level of specificity sufficient to allow the general assembly to evaluate and assess the propriety of such expenditures under the spending authority given to the department for such purposes.

Sec. 11. IOWA STATE UNIVERSITY.

1. There is appropriated from the general fund of the state to Iowa state university of science and technology for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be used for small business development centers, the science and technology research park, and the institute for physical research and technology, and for not more than the following full-time equivalent positions:

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

..... FTEs 56.63

2. Of the moneys appropriated in subsection 1, Iowa state university of science and technology shall allocate at least \$936,345 for purposes of funding small business development centers. Iowa state university of science and technology may allocate moneys appropriated in subsection 1 to the various small business development centers in any manner necessary to achieve the purposes of this subsection.

3. Iowa state university of science and technology 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.

4. 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 institute for

physical research and technology 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, subsection 6, 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.

Iowa state university of science and technology shall report annually to the joint appropriations subcommittee on economic development and the legislative services agency 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.

5. 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. UNIVERSITY OF IOWA.

1. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be used for the state university of Iowa research park and for the advanced drug development program at the Oakdale research park, including salaries, support, maintenance, equipment, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	209,279
.....	FTEs	6.00

2. The state university of 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.

3. 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. 13. UNIVERSITY OF NORTHERN IOWA.

1. There is appropriated from the general fund of the state to the university of northern Iowa for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be used for the metal casting institute, the MyEntreNet internet application, and the institute of decision making, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	574,716
.....	FTEs	6.75

2. Of the moneys appropriated pursuant to subsection 1, the university of northern Iowa shall allocate at least \$117,639 for purposes of support of entrepreneurs through the university's regional business center.

3. 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.

4. 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. 14. BOARD OF REGENTS REPORT. The state board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the secretary of the senate, the chief clerk of the house of representatives, and the legislative services agency by January 15, 2012.

Sec. 15. 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, 2011, and ending June 30, 2012, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF LABOR SERVICES

a. For the division of labor services, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:
..... \$ 3,495,440
..... FTEs 64.00

b. From the contractor registration fees, the division of labor services shall reimburse the department of inspections and appeals for all costs associated with hearings under chapter 91C, relating to contractor registration.

2. DIVISION OF WORKERS' COMPENSATION

a. For the division of workers' compensation, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:
..... \$ 2,949,044
..... FTEs 30.00

b. The division of workers' compensation shall charge a \$100 filing fee for workers' compensation cases. The filing fee shall be paid by the petitioner of a claim. However, the fee can be taxed as a cost and paid by the losing party, except in cases where it would impose an undue hardship or be unjust under the circumstances. The moneys generated by the filing fee allowed under this subsection are appropriated to the department of workforce development to be used for purposes of administering the division of workers' compensation.

3. WORKFORCE DEVELOPMENT OPERATIONS

a. For the operation of field offices, the workforce development board, and for not more than the following full-time equivalent positions:
..... \$ 8,671,352
..... FTEs 130.00

b. Of the moneys appropriated in paragraph "a" of this subsection, the department shall allocate \$8,660,480 for the operation of field offices.

c. The department shall not reduce the number of field offices below the number of field offices being operated as of January 1, 2009.

4. 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:
..... \$ 284,464
..... FTEs 3.00

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

*5. DEFINITIONS

For purposes of this section:

a. "Field office" means a satellite office of a workforce development center through which the workforce development center maintains a physical presence in a county as described in section 84B.2. For purposes of this paragraph, a workforce development center maintains a physical presence in a county if the center employs a staff person. "Field office" does not include the presence of a workforce development center maintained by electronic means.

* Item veto; see message at end of the Act

b. "Workforce development center" means a center at which state and federal employment and training programs are colocated and at which services are provided at a local level as described in section 84B.1.*

6. NONREVERSION

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. 16. ACCOUNTABILITY — AUDIT. The auditor of state shall annually conduct an audit of the department of workforce development and shall report the findings of such annual audit, including the accountability of programs of the department, to the chairpersons and ranking members of the joint appropriations subcommittee on economic development. The department shall pay for the costs associated with the audit.

Sec. 17. EMPLOYMENT SECURITY CONTINGENCY FUND.

1. There is appropriated from the special employment security contingency fund to the department of workforce development for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be used for field offices:

..... \$ 1,217,084

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, 2011, and ending June 30, 2012, to accomplish the mission of the department.

Sec. 18. UNEMPLOYMENT COMPENSATION RESERVE FUND — FIELD OFFICES. Notwithstanding section 96.9, subsection 8, paragraph "e", there is appropriated from interest earned on the unemployment compensation reserve fund to the department of workforce development for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount or so much thereof as is necessary, for the purposes designated:

For the operation of field offices:

..... \$ 4,238,260

Sec. 19. GENERAL FUND — 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, 2011, and ending June 30, 2012, 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:

..... \$ 451,458
..... FTEs 8.10

Sec. 20. APPROPRIATIONS RESTRICTED. The department of workforce development shall not use any of the moneys appropriated in this division of this Act for purposes of the national career readiness certificate program.

Sec. 21. 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, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, to be used to provide reimbursement for rent expenses to eligible persons under the rent subsidy program:

..... \$ 658,000

2. Participation in the rent subsidy program shall be limited to only those persons who meet the requirements for the nursing facility level of care for home and community-based services waiver services as in effect on July 1, 2011, and to those individuals who are eligible for the federal money follows the person grant program under the medical assistance

* Item veto; see message at end of the Act

program. Of the moneys appropriated in this section, not more than \$35,000 may be used for administrative costs.

Sec. 22. 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. 23. PUBLIC EMPLOYMENT RELATIONS BOARD.

1. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following amount, or so much thereof as is necessary, for the purposes designated:

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

.....	\$	1,057,871
.....	FTEs	10.00

2. Of the moneys appropriated in this section, the board shall allocate \$15,000 for maintaining a website that allows searchable access to a database of collective bargaining information.

Sec. 24. UNEMPLOYMENT COMPENSATION PROGRAM. Notwithstanding section 96.9, subsection 4, paragraph "a", moneys credited to the state by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act are appropriated to the department of workforce development and shall be used by the department for the administration of the unemployment compensation program only. This appropriation shall not apply to any fiscal year beginning after December 31, 2011.

Sec. 25. AGENCY APPEARANCES BEFORE APPROPRIATIONS SUBCOMMITTEE. The directors, or the directors' designees, of the Iowa finance authority and the department of economic development, and any successor entities, shall annually appear before the members of the joint subcommittee on economic development appropriations and present a proposed budget. The proposed budget shall include a detailed accounting of all moneys received, from any source, and all moneys expended, for any purpose, during the current fiscal year and the prior fiscal year. The proposed budget shall also include a detailed expenditure plan for such moneys during the next fiscal year.

DIVISION II
MISCELLANEOUS PROVISIONS

*Sec. 26. Section 15.301, subsection 1, paragraph c, subparagraph (1), Code 2011, is amended to read as follows:

(1) If, on March 31, 2011, there are unobligated moneys in the fund, such unobligated moneys shall revert to the general fund of the state be transferred and appropriated to the department of workforce development for the fiscal year beginning July 1, 2011, for purposes of providing funding for field offices.*

Sec. 27. Section 15E.117, subsection 3, paragraph b, Code 2011, is amended by striking the paragraph.

Sec. 28. Section 16.41, subsection 1, Code 2011, is amended to read as follows:

1. A shelter assistance fund is created as a revolving fund in the state treasury under the control of the authority consisting of any moneys appropriated by the general assembly and received under section 428A.8 for purposes of the rehabilitation, expansion, or costs of operations of group home shelters for the homeless and domestic violence shelters, evaluation of services for the homeless, and match moneys for federal funds for the homeless management information system. Each fiscal year, moneys in the fund, in an amount equal

* Item veto; see message at end of the Act

to not more than two percent of the total moneys distributed as grants from the fund during the fiscal year, may be used for purposes of administering the fund.

Sec. 29. Section 123.183, subsection 2, paragraph b, Code 2011, is amended by striking the paragraph and inserting in lieu thereof the following:

b. (1) A wine gallonage tax fund is created in the office of the treasurer of state.

(2) Moneys deposited in the fund are appropriated as follows:

(a) To the midwest grape and wine industry institute at Iowa state university of science and technology, one hundred twenty thousand dollars.

(b) To the department of economic development for purposes of section 15E.117, the balance of moneys in the fund after the appropriation in subparagraph subdivision (a).

(3) Moneys in the fund and moneys appropriated from the fund pursuant to subparagraph (2) are not subject to reversion under section 8.33.

Sec. 30. Section 404A.1, subsection 2, paragraph d, as enacted by 2011 Iowa Acts, Senate File 521,¹ section 1, is amended to read as follows:

d. "Rehabilitation period" means the period of time during which an eligible property is rehabilitated commencing from the date on which the first qualified rehabilitation cost is incurred and ending with the end of the taxable year in which the property is placed in service. A project's rehabilitation period may include dates that precede approval of a project under section 404A.3, but any costs incurred prior to such approval must be qualified rehabilitation expenditures as defined in section 47(c)(2) of the Internal Revenue Code in order to be qualified rehabilitation costs under this chapter costs.

Sec. 31. Section 427.1, subsection 21, Code 2011, is amended to read as follows:

21. *Low-rent housing.* The property owned and operated or controlled by a nonprofit organization, as recognized by the internal revenue service, providing low-rent housing for persons who are elderly and persons with physical and mental disabilities. For the purposes of this subsection, the controlling nonprofit entity may serve as a general partner or managing member of a limited liability company or limited liability partnership which owns the property. The exemption granted under the provisions of this subsection shall apply only until the final payment due date of the borrower's original low-rent housing development mortgage or until the borrower's original low-rent housing development mortgage is paid in full or expires, whichever is sooner, subject to the provisions of subsection 14. However, if the borrower's original low-rent housing development mortgage is refinanced, the exemption shall apply only until the date that would have been the final payment due date under the terms of the borrower's original low-rent housing development mortgage or until the refinanced mortgage is paid in full or expires, whichever is sooner, subject to the provisions of subsection 14.

Sec. 32. 2008 Iowa Acts, chapter 1190, section 30, subsection 3, is amended to read as follows:

3. As part of the plan, the department of workforce development shall set a goal of having at least one certified one-stop center in each of the fifteen workforce regions by the year 2012 2014.

Sec. 33. 2010 Iowa Acts, chapter 1184, section 37, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 8.33, moneys appropriated in this section shall not revert at the close of the fiscal year for which they are appropriated but shall remain available for the purposes designated until the close of the fiscal year that begins July 1, 2011. The full-time equivalent position authorized in this section shall continue to be authorized until the close of the fiscal year that begins July 1, 2011.

¹ Chapter 99 herein

Sec. 34. 2010 Iowa Acts, chapter 1193, section 88, is amended to read as follows:

SEC. 88. TAIWAN TRADE OFFICE — IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND. There is appropriated from the Iowa comprehensive petroleum underground storage tank fund to the department of economic development for the fiscal year beginning July 1, 2010, and ending June 30, 2011, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

Notwithstanding section 455G.3, subsection 1, for establishing a trade office in Taipei, Taiwan:

..... \$ 100,000

Notwithstanding section 8.33, moneys appropriated in this section shall not revert at the close of the fiscal year for which they are appropriated but shall remain available for the purposes designated until the close of the fiscal year that begins July 1, 2011.

If the department cannot arrange for matching moneys from another source by June 30, 2012, in an amount at least equal to the appropriation made in this section, the moneys appropriated in this section shall revert to the Iowa comprehensive petroleum underground storage tank fund.

Sec. 35. EFFECTIVE UPON ENACTMENT — RETROACTIVE APPLICABILITY.

1. The section of this division of this Act amending section 15.301, being deemed of immediate importance, takes effect upon enactment and applies retroactively to March 30, 2011.

2. The section of this division of this Act amending section 404A.1, subsection 2, being deemed of immediate importance, takes effect upon enactment and applies retroactively to July 1, 2009, for projects approved and tax credits reserved on or after that date.

3. The sections of this division of this Act amending 2010 Iowa Acts, chapter 1193, and 2010 Iowa Acts, chapter 1184, being deemed of immediate importance, take effect upon enactment, and if approved by the governor on or after July 1, 2011, apply retroactively to June 30, 2011.

DIVISION III
TAX CREDITS

Sec. 36. Section 15.119, subsection 2, Code 2011, is amended to read as follows:

2. The department, with the approval of the board, shall adopt by rule a procedure for allocating the aggregate tax credit limit established in this section among the following programs ~~administered by the department~~:

a. The high quality job creation program administered pursuant to sections 15.326 through 15.336.

b. The film, television, and video project promotion program administered pursuant to sections 15.391 through 15.393.

c. The corporate tax research credit under the quality jobs enterprise zone program pursuant to section 15A.9, subsection 8.

d. The enterprise zones program administered pursuant to sections 15E.191 through 15E.197.

e. The assistive device tax credit program administered pursuant to section 422.11E and section 422.33, subsection 9.

f. The tax credits for investments in qualifying businesses and community-based seed capital funds issued pursuant to section 15E.43. In allocating tax credits pursuant to this subsection, the department shall allocate two million dollars for purposes of this paragraph.

g. The tax credits for investments in an innovation fund pursuant to section 15E.52. In allocating tax credits pursuant to this subsection, the department shall allocate eight million dollars for purposes of this paragraph.

Sec. 37. Section 15E.42, subsection 2, Code 2011, is amended to read as follows:

2. “Board” means the ~~Iowa capital investment~~ economic development board created in section ~~15E.63~~ 15.103.

Sec. 38. Section 15E.43, subsection 4, Code 2011, is amended by striking the subsection and inserting in lieu thereof the following:

4. The board shall not issue tax credits under this section in excess of the amount approved by the department for any one fiscal year pursuant to section 15.119.

Sec. 39. Section 15E.44, subsection 2, paragraphs d and e, Code 2011, are amended to read as follows:

d. The business is not a business engaged primarily in retail sales, real estate, or the provision of health care or other ~~professional services that require a professional license~~.

e. The business shall not have a net worth that exceeds ~~ten~~ five million dollars.

Sec. 40. **NEW SECTION. 15E.52 Innovation fund investment tax credits.**

1. For purposes of this section, unless the context otherwise requires:

a. “Board” means the same as defined in section 15.102.

b. “Innovation fund” means one or more early-stage capital funds certified by the board.

c. “Innovative business” means a business applying novel or original methods to the manufacture of a product or the delivery of a service. “Innovative business” includes but is not limited to a business engaged in a targeted industry as defined in section 15.411.

2. a. A tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.329, for a portion of a taxpayer’s equity investment in the form of cash in an innovation fund.

b. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual’s earnings from the partnership, limited liability company, S corporation, estate, or trust.

3. The amount of a tax credit allowed under this section shall equal twenty percent of the taxpayer’s equity investment in an innovation fund.

4. A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in section 15E.65 or an investor that receives a tax credit for the same investment in a qualifying business as described in section 15E.44 or in a community-based seed capital fund as described in section 15E.45.

5. a. The board shall issue certificates under this section which may be redeemed for tax credits. The board shall issue such certificates so that not more than the amount allocated for such tax credits under section 15.119, subsection 2, may be claimed. The certificates shall not be transferable.

b. The board shall, in cooperation with the department of revenue, establish criteria and procedures for the allocation and issuance of tax credits by means of certificates issued by the board. The criteria shall include the contingencies that must be met for a certificate to be redeemable in order to receive a tax credit. The procedures established by the board, in cooperation with the department of revenue, shall relate to the procedures for the issuance of the certificates and for the redemption of a certificate and related tax credit.

6. A taxpayer shall not redeem a certificate and related tax credit prior to the third tax year following the tax year in which the investment is made. Any tax credit in excess of the taxpayer’s liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

7. An innovation fund shall submit an application for certification to the board. The board shall approve the application and certify the innovation fund if all of the following criteria are met:

a. The fund is organized for the purposes of making investments in promising early-stage companies which have a principal place of business in the state and for using the profits from such investments to fund further investments.²

² See chapter 118, §23, 36, 89 herein

- b. The fund proposes to make investments in innovative businesses.
- c. The fund seeks to secure private funding sources for investment in such businesses.

Sec. 41. **NEW SECTION. 422.11Y Innovation fund investment tax credits.**

The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

Sec. 42. Section 422.33, Code 2011, is amended by adding the following new subsection: **NEW SUBSECTION. 13.** The taxes imposed under this division shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

Sec. 43. Section 422.60, Code 2011, is amended by adding the following new subsection: **NEW SUBSECTION. 13.** The taxes imposed under this division shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

Sec. 44. **NEW SECTION. 432.12M Innovation fund investment tax credit.**

The taxes imposed under this chapter shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

Sec. 45. Section 533.329, subsection 2, Code 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. 1. The moneys and credits tax imposed under this section shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

Sec. 46. **CODE EDITOR DIRECTIVE.** If 2011 Iowa Acts, House File 590,³ is enacted, the Code editor is directed to change references in this Act from “economic development board” to “economic development authority.”

Sec. 47. **RETROACTIVE APPLICABILITY.** This division of this Act applies retroactively to January 1, 2011, for tax years beginning and investments made on or after that date.

DIVISION IV
FY 2012-2013

Sec. 48. **DEPARTMENT OF CULTURAL AFFAIRS.** There is appropriated from the general fund of the state to the department of cultural affairs for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. **ADMINISTRATION**

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

.....	\$	85,907
.....	FTEs	74.50

The department of cultural affairs shall coordinate activities with the tourism office of the department of economic development to promote attendance at the state historical building and at this state’s historic sites.

Full-time equivalent positions authorized under this subsection shall be funded, in full or in part, using moneys appropriated under this subsection and subsections 3 through 7.

2. **COMMUNITY CULTURAL GRANTS**

For planning and programming for the community cultural grants program established under section 303.3:

.....	\$	86,045
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3. **HISTORICAL DIVISION**

For the support of the historical division:

.....	\$	1,383,851
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4. **HISTORIC SITES**

³ Chapter 118 herein

For the administration and support of historic sites:	\$	213,199
.....		
5. ARTS DIVISION		
For the support of the arts division:	\$	466,882
.....		
6. IOWA GREAT PLACES		
For the Iowa great places program established under section 303.3C:	\$	75,000
.....		
7. ARCHIVE IOWA GOVERNORS' RECORDS		
For archiving the records of Iowa governors:	\$	32,967
.....		
8. RECORDS CENTER RENT		
For payment of rent for the state records center:	\$	113,622
.....		
9. BATTLE FLAGS		
For continuation of the project recommended by the Iowa battle flag advisory committee to stabilize the condition of the battle flag collection:	\$	30,000
.....		

Sec. 49. GOALS AND ACCOUNTABILITY — ECONOMIC DEVELOPMENT.

1. For the fiscal year beginning July 1, 2012, the goals for the department of economic development 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 department of economic development shall do all of the following for the fiscal year beginning July 1, 2012:

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.

j. Develop, to the fullest extent possible, cooperative efforts for advertising with contributions from other sources.

Sec. 50. DEPARTMENT OF ECONOMIC DEVELOPMENT.

1. APPROPRIATION

There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amounts, or so much thereof as is necessary, to be used for the purposes designated in subsection 2, and for not more than the following full-time equivalent positions:

.....	\$	4,891,712
.....	FTEs	149.00

2. DESIGNATED PURPOSES

a. For salaries, support, miscellaneous purposes, programs, and the maintenance of an administration division, a business development division, and a community development division.

b. The full-time equivalent positions authorized under this section shall be funded, in whole or in part, by the moneys appropriated under subsection 1 or by other moneys received by the department, including certain federal moneys.

c. For business development operations and programs, the film office, international trade, export assistance, workforce recruitment, and the partner state program.

d. For transfer to the strategic investment fund created in section 15.313.

e. For community economic development programs, tourism operations, community assistance, plans for Iowa green corps and summer youth programs, the mainstreet and rural mainstreet programs, the school-to-career program, the community development block grant, and housing and shelter-related programs.

f. For achieving the goals and accountability, and fulfilling the requirements and duties required under this Act.

3. NONREVERSION

Notwithstanding section 8.33, moneys appropriated in subsection 1 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 subsection 2 until the close of the succeeding fiscal year.

4. FINANCIAL ASSISTANCE RESTRICTIONS

a. A business creating jobs through moneys appropriated in this section 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 in the United States.

b. Any vendor who receives moneys appropriated in this section 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 in the United States.

c. A business that receives financial assistance from the department from moneys appropriated in this section 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 department.

5. USES OF APPROPRIATIONS

a. From the moneys appropriated in this section, the department 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 this section, the department may provide financial assistance to early stage industry companies being established by women entrepreneurs.

c. From the moneys appropriated in this section, the department 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 department shall not use any moneys appropriated in this section for purposes of providing financial assistance for the Iowa green streets pilot project or for any other program or project that involves the installation of geothermal systems for melting snow and ice from streets or sidewalks.

6. WORLD FOOD PRIZE

For allocating moneys for the world food prize and notwithstanding the standing appropriation in section 15.368, subsection 1:

..... \$ 250,000

7. IOWA COMMISSION ON VOLUNTEER SERVICE

For allocation to the Iowa commission on volunteer service for the Iowa's promise and

mentoring partnership programs, for transfer to the Iowa state commission grant program, and for not more than the following full-time equivalent positions:

.....	\$	89,067
.....	FTEs	7.00

Of the moneys appropriated in this subsection, the department shall allocate \$37,500 for purposes of the Iowa state commission grant program and \$51,567 for purposes of the Iowa’s promise and mentoring partnership programs.

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. 51. VISION IOWA PROGRAM — FTE AUTHORIZATION. For purposes of administrative duties associated with the vision Iowa program for the fiscal year beginning July 1, 2012, the department of economic development is authorized an additional 2.25 FTEs above those otherwise authorized in this division of this Act.

Sec. 52. INSURANCE ECONOMIC DEVELOPMENT. From the moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, during the fiscal year beginning July 1, 2012, \$100,000 shall be transferred to the department of economic development for insurance economic development and international insurance economic development.

Sec. 53. COMMUNITY DEVELOPMENT LOAN FUND. Notwithstanding section 15E.120, subsection 5, there is appropriated from the Iowa community development loan fund all moneys available during the fiscal year beginning July 1, 2012, and ending June 30, 2013, to the department of economic development for purposes of the community development program.

Sec. 54. WORKFORCE DEVELOPMENT FUND. There is appropriated from the workforce development fund account created in section 15.342A to the workforce development fund created in section 15.343 for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, for purposes of the workforce development fund:

.....	\$	2,000,000
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Sec. 55. WORKFORCE DEVELOPMENT ADMINISTRATION. From moneys appropriated or transferred to or receipts credited to the workforce development fund created in section 15.343, up to \$400,000 for the fiscal year beginning July 1, 2012, and ending June 30, 2013, are appropriated to the department of economic development for the administration of workforce development activities including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	FTEs	4.00
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Sec. 56. JOB TRAINING FUND. Notwithstanding section 15.251, all moneys in the job training fund on July 1, 2012, and any moneys appropriated or credited to the fund during the fiscal year beginning July 1, 2012, shall be transferred to the workforce development fund established pursuant to section 15.343.

Sec. 57. IOWA STATE UNIVERSITY.

1. There is appropriated from the general fund of the state to Iowa state university of science and technology for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for small business development centers, the science and technology research park, and the institute for physical research and technology, and for not more than the following full-time equivalent positions:

.....	\$	1,212,151
.....	FTEs	56.63

2. Of the moneys appropriated in subsection 1, Iowa state university of science and technology shall allocate at least \$468,178 for purposes of funding small business development centers. Iowa state university of science and technology may allocate moneys appropriated in subsection 1 to the various small business development centers in any manner necessary to achieve the purposes of this subsection.

3. Iowa state university of science and technology 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.

4. 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 institute for physical research and technology 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, subsection 6, 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.

Iowa state university of science and technology shall report annually to the joint appropriations subcommittee on economic development and the legislative services agency 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.

5. 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. 58. UNIVERSITY OF IOWA.

1. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the state university of Iowa research park and for the advanced drug development program at the Oakdale research park, including salaries, support, maintenance, equipment, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	104,640
.....	FTEs	6.00

2. The state university of 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.

3. 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. 59. UNIVERSITY OF NORTHERN IOWA.

1. There is appropriated from the general fund of the state to the university of northern Iowa for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the metal casting institute, the MyEntreNet internet application, and the institute of decision making, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	287,358
.....	FTEs	6.75

2. Of the moneys appropriated pursuant to subsection 1, the university of northern Iowa shall allocate at least \$58,820 for purposes of support of entrepreneurs through the university’s regional business center.

3. 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.

4. 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. 60. BOARD OF REGENTS REPORT. The state board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the secretary of the senate, the chief clerk of the house of representatives, and the legislative services agency by January 15, 2013.

Sec. 61. 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, 2012, and ending June 30, 2013, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF LABOR SERVICES

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

.....	\$	1,747,720
.....	FTEs	64.00

b. From the contractor registration fees, the division of labor services shall reimburse the department of inspections and appeals for all costs associated with hearings under chapter 91C, relating to contractor registration.

2. DIVISION OF WORKERS’ COMPENSATION

a. For the division of workers’ compensation, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,474,522
.....	FTEs	30.00

b. The division of workers’ compensation shall charge a \$100 filing fee for workers’ compensation cases. The filing fee shall be paid by the petitioner of a claim. However, the fee can be taxed as a cost and paid by the losing party, except in cases where it would impose an undue hardship or be unjust under the circumstances. The moneys generated by the filing fee allowed under this subsection are appropriated to the department of workforce development to be used for purposes of administering the division of workers’ compensation.

3. WORKFORCE DEVELOPMENT OPERATIONS

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

.....	\$	4,335,676
.....	FTEs	130.00

b. Of the moneys appropriated in paragraph “a” of this subsection, the department shall allocate \$4,330,240 for the operation of field offices.

c. The department shall not reduce the number of field offices below the number of field offices being operated as of January 1, 2009.

4. 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:

.....	\$	142,232
.....	FTEs	3.00

* Item veto; see message at end of the Act

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

*5. DEFINITIONS

For purposes of this section:

a. "Field office" means a satellite office of a workforce development center through which the workforce development center maintains a physical presence in a county as described in section 84B.2. For purposes of this paragraph, a workforce development center maintains a physical presence in a county if the center employs a staff person. "Field office" does not include the presence of a workforce development center maintained by electronic means.

b. "Workforce development center" means a center at which state and federal employment and training programs are colocated and at which services are provided at a local level as described in section 84B.1.*

6. NONREVERSION

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. 62. ACCOUNTABILITY — AUDIT. The auditor of state shall annually conduct an audit of the department of workforce development and shall report the findings of such annual audit, including the accountability of programs of the department, to the chairpersons and ranking members of the joint appropriations subcommittee on economic development. The department shall pay for the costs associated with the audit.

Sec. 63. EMPLOYMENT SECURITY CONTINGENCY FUND.

1. There is appropriated from the special employment security contingency fund to the department of workforce development for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for field offices:

..... \$ 608,542

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, 2012, and ending June 30, 2013, to accomplish the mission of the department.

Sec. 64. UNEMPLOYMENT COMPENSATION RESERVE FUND — FIELD OFFICES. Notwithstanding section 96.9, subsection 8, paragraph "e", there is appropriated from interest earned on the unemployment compensation reserve fund to the department of workforce development for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount or so much thereof as is necessary, for the purposes designated:

For the operation of field offices:

..... \$ 1,200,000

Sec. 65. GENERAL FUND — 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, 2012, and ending June 30, 2013, 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:

..... \$ 225,729

..... FTEs 8.10

Sec. 66. APPROPRIATIONS RESTRICTED. The department of workforce development shall not use any of the moneys appropriated in this division of this Act for purposes of the national career readiness certificate program.

* Item veto; see message at end of the Act

Sec. 67. 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, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used to provide reimbursement for rent expenses to eligible persons under the rent subsidy program:

..... \$ 329,000

2. Participation in the rent subsidy program shall be limited to only those persons who meet the requirements for the nursing facility level of care for home and community-based services waiver services as in effect on July 1, 2011, and to those individuals who are eligible for the federal money follows the person grant program under the medical assistance program. Of the moneys appropriated in this section, not more than \$35,000 may be used for administrative costs.

Sec. 68. 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. 69. PUBLIC EMPLOYMENT RELATIONS BOARD.

1. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, for the purposes designated:

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

..... \$ 528,936

..... FTEs 10.00

2. Of the moneys appropriated in this section, the board shall allocate \$15,000 for maintaining a website that allows searchable access to a database of collective bargaining information.

Sec. 70. UNEMPLOYMENT COMPENSATION PROGRAM. Notwithstanding section 96.9, subsection 4, paragraph "a", moneys credited to the state by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act are appropriated to the department of workforce development and shall be used by the department for the administration of the unemployment compensation program only. This appropriation shall not apply to any fiscal year beginning after December 31, 2012.

DIVISION V
CONDITIONAL EFFECTIVE DATE
AND RETROACTIVE APPLICABILITY

Sec. 71. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. Unless otherwise provided, this Act, if approved by the governor on or after July 1, 2011, takes effect upon enactment and applies retroactively to July 1, 2011.

Approved July 27, 2011, with exceptions noted.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit Senate File 517, an Act relating to and making appropriations to the Department of Cultural Affairs, the Department of Economic Development, certain Board of Regents Institutions, the Department of Workforce Development, the Iowa Finance Authority, and the Public Employment Relations Board, and addressing related matters including tax credits and including immediate effective dates and retroactive applicability provisions.

Senate File 517 is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 15, subsection 3, paragraph c, in its entirety. This item would prohibit Iowa Workforce Development (“IWD”) from putting forth an enhanced delivery system that broadens access to Iowans across the state in fiscal year 2012. In order to develop a sustainable delivery system, in light of continually fluctuating federal funding, the department must put forth a system that embraces the use of technology while providing enhanced benefits through maximum efficiencies. At this time, IWD has over one hundred ninety virtual access point workstations in over sixty new locations throughout the state in order to increase access to these critical services. Iowans are already utilizing expanded hours of operations, six days a week. At my direction, IWD will have hundreds of additional virtual access points by the end of fiscal year 2012.

I am unable to approve the item designated as Section 15, subsection 5 in its entirety. This item attempts to define a delivery system in such a way as to prevent growth and progress in serving Iowans in fiscal year 2012. IWD has recognized the necessity of delivering services through multiple streams, including technology. As such, IWD is putting forth a plan that delivers more services to Iowans while streamlining government.

I am unable to approve the item designated as Section 20 in its entirety. This item would prohibit IWD from using the National Career Readiness Certificate program in fiscal year 2012. The National Career Readiness Certificate program is an Iowa-based product which is an assessment and skill development tool that has been embraced by over 400 Iowa employers as an exceptional tool for demonstrating skills for a potential employee. It is recognized nationally by both the Executive Office of the President and the U. S. Department of Labor as a reliable and portable tool for job seekers to present and certify their skills. I cannot agree with the denial to IWD of the potential use of this program.

I am unable to approve the item designated as Section 26 in its entirety. This item would transfer and appropriate unobligated money in the Save Our Small Business Fund to Iowa Workforce Development to be used for field offices in fiscal year 2012. Funding on-going operational expenses with one-time funds violates sound budgeting principles. This one-time funding source does not create a sustainable operating environment; instead it moves the funding problem into the future.

I am unable to approve the item designated as Section 61, subsection 3, paragraph c, in its entirety. This item would prohibit IWD from putting forth an enhanced delivery system that broadens access to Iowans across the state for fiscal year 2013. In order to develop a sustainable delivery system, in light of continually fluctuating federal funding, the department must put forth a system that embraces the use of technology while providing enhanced benefits through maximum efficiencies. At this time, IWD has over one hundred ninety virtual access point workstations in over sixty new locations throughout the state in order to increase access to these critical services. Iowans are already utilizing expanded hours of operations, six days a week. At my direction, IWD will have hundreds of additional virtual access points by the end of fiscal year 2012.

I am unable to approve the item designated as Section 61, subsection 5 in its entirety. This item attempts to define a delivery system in such a way as to prevent growth and progress in serving Iowans for fiscal year 2013. IWD has recognized the necessity of delivering services through multiple streams, including technology. As such, IWD is putting forth a plan that delivers more services to Iowans while streamlining government.

I am unable to approve the item designated as Section 66 in its entirety. This item would prohibit IWD from using the National Career Readiness Certificate program in fiscal year 2013. The National Career Readiness Certificate program is an Iowa-based product which is an assessment and skill development tool that has been embraced by over 400 Iowa employers as an exceptional tool for demonstrating skills for a potential employee. It is recognized

nationally by both the Executive Office of the President and the U. S. Department of Labor as a reliable and portable tool for job seekers to present and certify their skills. I cannot agree with the denial to IWD of the potential use of this program.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 517 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*