

CHAPTER 1136

APPROPRIATIONS — ECONOMIC DEVELOPMENT

H.F. 2337

AN ACT relating to appropriations to the department of cultural affairs, the economic development authority, certain board of regents institutions, the department of workforce development, the Iowa finance authority, the rebuild Iowa infrastructure fund, and the public employment relations board, eliminating the film tax credit program, providing for other properly related matters, including effective date and retroactive and other applicability provisions.

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

**DIVISION I
GENERAL APPROPRIATIONS**

Section 1. 2011 Iowa Acts, chapter 130, section 48, is amended to read as follows:

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
		<u>171,813</u>
.....	FTEs	74.50

The department of cultural affairs shall coordinate activities with the tourism office of the ~~department of economic development authority~~ 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
		<u>172,090</u>

3. HISTORICAL DIVISION

For the support of the historical division:

.....	\$	1,383,851
		<u>2,767,701</u>

4. HISTORIC SITES

For the administration and support of historic sites:

.....	\$	213,199
		<u>426,398</u>

5. ARTS DIVISION

For the support of the arts division:

.....	\$	466,882
		<u>1,133,764</u>

6. IOWA GREAT PLACES

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

.....	\$	75,000
		<u>150,000</u>

7. ARCHIVE IOWA GOVERNORS' RECORDS

For archiving the records of Iowa governors:

.....	\$	32,967
		<u>65,933</u>

8. RECORDS CENTER RENT

For payment of rent for the state records center:

.....	\$	113,622
		<u>227,243</u>

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
		<u>60,000</u>

Sec. 2. 2011 Iowa Acts, chapter 130, section 49, is amended to read as follows:

SEC. 49. GOALS AND ACCOUNTABILITY — ECONOMIC DEVELOPMENT.

1. For the fiscal year beginning July 1, 2012, the goals for the ~~department~~ of 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 ~~department~~ of economic development authority 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. 3. 2011 Iowa Acts, chapter 130, section 50, subsections 1, 2, 4, 5, and 6, are amended to read as follows:

1. APPROPRIATION

There is appropriated from the general fund of the state to the ~~department~~ of economic development authority 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
		<u>9,783,424</u>
.....	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~~ authority, 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.

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~~ authority 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~~ authority.

5. USES OF APPROPRIATIONS

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

c. From the moneys appropriated in this section, the ~~department~~ 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 ~~department~~ authority 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 in lieu of~~ the standing appropriation in section 15.368, subsection 1:

.....	\$	250,000
		<u>750,000</u>

Sec. 4. 2011 Iowa Acts, chapter 130, section 50, subsection 7, unnumbered paragraphs 1 and 2, are amended to read as follows:

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
		<u>178,133</u>
.....	FTEs	7.00

Of the moneys appropriated in this subsection, the ~~department~~ authority shall allocate

~~\$37,500~~ \$75,000 for purposes of the Iowa state commission grant program and ~~\$51,567~~ \$103,133 for purposes of the Iowa’s promise and mentoring partnership programs.

Sec. 5. 2011 Iowa Acts, chapter 130, section 51, is amended to read as follows:

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 authority is authorized an additional 2.25 FTEs above those otherwise authorized in this division of this Act.

Sec. 6. 2011 Iowa Acts, chapter 130, section 52, is amended to read as follows:

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 authority for insurance economic development and international insurance economic development.

Sec. 7. 2011 Iowa Acts, chapter 130, section 53, is amended to read as follows:

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 authority for purposes of the community development program.

Sec. 8. 2011 Iowa Acts, chapter 130, section 54, is amended to read as follows:

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
		<u>4,000,000</u>

Sec. 9. 2011 Iowa Acts, chapter 130, section 55, is amended to read as follows:

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 authority 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. 10. 2011 Iowa Acts, chapter 130, section 57, is amended to read as follows:

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
		<u>2,424,302</u>
.....	FTEs	56.63

2. Of the moneys appropriated in subsection 1, Iowa state university of science and technology shall allocate at least ~~\$468,178~~ \$735,728 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 10, 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. 11. 2011 Iowa Acts, chapter 130, section 58, is amended to read as follows:

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
		<u>209,279</u>
.....	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. 12. 2011 Iowa Acts, chapter 130, section 59, is amended to read as follows:

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
		<u>574,716</u>
.....	FTEs	6.75

2. Of the moneys appropriated pursuant to subsection 1, the university of northern Iowa shall allocate at least \$58,820 ~~\$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. 13. 2011 Iowa Acts, chapter 130, section 67, subsection 1, is amended to read as follows:

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
		<u>658,000</u>

Sec. 14. 2011 Iowa Acts, chapter 130, section 69, is amended to read as follows:

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
		<u>1,278,426</u>
.....	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. 15. IOWA ECONOMIC EMERGENCY FUND — APPROPRIATION. There is appropriated from the Iowa economic emergency fund created in section 8.55 to the department of management for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount for deposit in the rebuild Iowa infrastructure fund, notwithstanding section 8.55, subsection 1, and subsection 3, paragraph “a”:

.....	\$	20,000,000
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Sec. 16. BUSINESS DEVELOPMENT FINANCIAL ASSISTANCE. There is appropriated from the rebuild Iowa infrastructure fund to the economic development authority for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount to be used for the purposes of providing assistance under the high quality jobs program as described in section 15.335B, if enacted by the 2012 regular session of the Eighty-fourth General Assembly,¹ notwithstanding section 8.57, subsection 6, paragraph “c”:

.....	\$	15,000,000
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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. 17. REGENTS INNOVATION FUND.

1. There is appropriated from the rebuild Iowa infrastructure fund to the institutions of higher learning under the control of the state board of regents for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount to be used for the purposes provided in this section, notwithstanding section 8.57, subsection 6, paragraph “c”:

¹ See chapter 1126, §13 herein

..... \$ 3,000,000

Of the moneys appropriated pursuant to this section, thirty-five percent shall be allocated for Iowa state university, thirty-five percent shall be allocated for university of Iowa, and thirty percent shall be allocated for university of northern Iowa.

2. The institutions shall use moneys appropriated in this section 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 the implementation of activities under chapter 262B.

3. The institutions shall provide a one-to-one match of additional moneys for the activities funded with moneys appropriated under this section.

4. The state board of regents shall annually prepare a report for submission to the governor, the general assembly, and the legislative services agency regarding the activities, projects, and programs funded with moneys allocated under this section. 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.

DIVISION II
FY 2012-2013 WORKFORCE DEVELOPMENT APPROPRIATIONS

Sec. 18. LEGISLATIVE FINDINGS. It is the finding of the general assembly that the recent Iowa supreme court decision of Homan v. Branstad, No. 11-2022, March 16, 2012,² has invalidated the proper enactment of certain provisions contained in the 2011 Iowa Acts, chapter 130 (Senate File 517). It is the intent of the general assembly to reenact, as amended, certain invalidated provisions of Senate File 517 that were published in the 2011 Iowa Acts and to validate actions entered into in reliance on the enactment of the invalidated provisions published in the 2011 Iowa Acts.

Sec. 19. 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:

..... \$ 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:

..... \$ 3,262,044
..... 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.

² Published in 812 N.W. 2d 623

c. Of the moneys appropriated under this subsection, the department shall allocate \$153,000 for the purpose of employing a chief deputy commissioner.

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:

.....	\$	9,179,413
.....	FTEs	130.00

b. Of the moneys appropriated in paragraph "a" of this subsection, the department shall allocate at least \$1,130,602 for the operation of satellite field offices in Decorah, Fort Madison, Iowa City, and Webster City, and of the moneys appropriated in paragraph "a" of this subsection, 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.

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	4.00

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. 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. 20. 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:

.....	\$	1,627,084
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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. 21. 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:

.....	\$	633,000
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Sec. 22. 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:

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

* Item veto; see message at end of the Act

Sec. 23. VIRTUAL ACCESS WORKFORCE DEVELOPMENT OFFICES. The department of workforce development shall require a unique identification login for all users of workforce development centers operated through electronic means.

DIVISION III
MISCELLANEOUS PROVISIONS

Sec. 24. 2010 Iowa Acts, chapter 1184, section 26, as amended by 2011 Iowa Acts, chapter 131, section 105, is amended to read as follows:

SEC. 26. There is appropriated from the rebuild Iowa infrastructure fund to the department of economic development for deposit in the grow Iowa values fund, for the fiscal year beginning July 1, 2010, and ending June 30, 2011, the following amount, notwithstanding section 8.57, subsection 6, paragraph "c":

..... \$ 38,000,000

Of the moneys appropriated in this section, from the amount allocated to the department of economic development in accordance with 2010 Iowa Acts, chapter 1184, section 28, subsection 1, ~~\$1,200,000~~ \$1,417,219 shall be used for the department's Iowans helping Iowans business assistance program. Notwithstanding section 8.33, moneys designated pursuant to this unnumbered paragraph 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. 25. Section 15G.111, subsection 2, paragraph b, subparagraph (1), Code Supplement 2011, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) For the fiscal year beginning July 1, 2011, and ending June 30, 2012, the authority shall allocate three hundred fifty thousand dollars for purposes of providing financial assistance to Iowa's councils of governments. Notwithstanding section 8.33, moneys allocated pursuant to this subparagraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert to the fund from which allocated at the close of the fiscal year but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 26. Section 123.183, subsection 2, paragraph b, subparagraph (2), subparagraph division (a), Code Supplement 2011, is amended to read as follows:

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

Sec. 27. BATTLE FLAG RESTORATION FUND.

1. A battle flag restoration fund is created and established as a separate and distinct fund in the state treasury under the control of the department of cultural affairs. The moneys in the fund are appropriated to the department for purposes of continuing the project recommended by the Iowa battle flag advisory committee to stabilize the condition of the battle flag collection. Moneys in the fund shall not be subject to appropriation for any other purpose by the general assembly, but shall be used only for the purposes of the battle flag restoration fund.

2. The battle flag restoration fund shall consist of any moneys appropriated by the general assembly and any other moneys available to and obtained or accepted by the department for placement in the fund including any proceeds from insurance settlements received by the state involving battle flags loaned to other states or entities.

3. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the fund shall be credited to the fund.

Sec. 28. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

- 1. The section of this division of this Act amending 2010 Iowa Acts, chapter 1184, section 26.
- 2. The section of this division of this Act amending section 15G.111.

DIVISION IV
FILM OFFICE

Sec. 29. Section 2.48, subsection 3, paragraph c, subparagraph (5), Code 2011, is amended by striking the subparagraph.

Sec. 30. Section 15.119, subsection 2, paragraph b, Code Supplement 2011, is amended by striking the paragraph.

Sec. 31. Section 303.1, subsection 4, Code 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Film office.

Sec. 32. **NEW SECTION. 303.95 Film office establishment and purpose.**

The department shall establish and administer a film office. The purpose of the film office is to assist legitimate film, television, and video producers in the production of film, television, and video projects in the state and to increase the fiscal impact on the state's economy of film, television, and video projects produced in the state.

Sec. 33. Section 422.7, subsection 52, Code Supplement 2011, is amended by striking the subsection.

Sec. 34. Section 422.33, subsections 23 and 24, Code Supplement 2011, are amended by striking the subsections.

Sec. 35. Section 422.35, subsection 23, Code Supplement 2011, is amended by striking the subsection.

Sec. 36. Section 422.60, subsections 10 and 11, Code Supplement 2011, are amended by striking the subsections.

Sec. 37. Section 533.329, subsection 2, paragraphs f and g, Code Supplement 2011, are amended by striking the paragraphs.

Sec. 38. **REPEAL.** Sections 15.391, 15.392, 15.393, 422.11T, 422.11U, 432.12J, and 432.12K, Code and Code Supplement 2011, are repealed.

Sec. 39. **APPLICABILITY.** The sections of this division of this Act amending sections 2.48, 15.119, 422.7, 422.33, 422.35, 422.60, and 533.329, and repealing sections 15.391, 15.392, 15.393, 422.11T, 422.11U, 432.12J, and 432.12K do not apply to contracts or agreements entered into on or before the effective date of this division of this Act.

Sec. 40. **RETROACTIVE APPLICABILITY.** The sections of this division of this Act amending sections 2.48, 15.119, 422.7, 422.33, 422.35, 422.60, and 533.329, and repealing sections 15.391, 15.392, 15.393, 422.11T, 422.11U, 432.12J, and 432.12K apply retroactively to January 1, 2012, for tax years beginning on or after that date.

Sec. 41. **EFFECTIVE UPON ENACTMENT.** This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 25, 2012, with exception noted.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit House File 2337, an Act relating to appropriations to the Department of Cultural Affairs, the Economic Development Authority, certain Board of Regents institutions,

the department of Workforce Development, the Iowa Finance Authority, the Rebuild Iowa Infrastructure Fund, and the Public Employment Relations Board, eliminating the film tax credit program, providing for other properly related matters, including effective date and retroactive and other applicability provisions.

House File 2337 is, therefore, signed on this date with the following exception, which I hereby disapprove.

I am unable to approve the item designated as Section 19, numbered paragraph 2, subparagraph c in its entirety. This item provides \$153,000 to the Workers Compensation Division to create a new position of Chief Deputy Commissioner. The effect of this disapproval shall cause the \$153,000 contained in this item to revert to the General Fund. Even after this item veto, the Division of Workers Compensation will receive an increase in its state appropriation over the current fiscal year to assist its efforts to effectively accomplish its mission.

For the above reasons, I respectfully disapprove the designated item in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2337 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*