

## **Background Statement:**

### **IEDA Miscellaneous Program and Administrative Changes Bill**

Each year, IEDA proposes a number of miscellaneous changes to Iowa law to help improve programming. The changes in this bill do not require major new commitments of funding or major changes to tax policy, but do contain some new ideas for helping local communities as well as some technical changes to help existing programs function more smoothly.

This document briefly describes the changes proposed in each division of the bill.

#### **Life Cycle Cost Analyses for Public Buildings**

Division I of the bill contains minor amendments to the code pertaining to The Life Cycle Cost Analysis for Public Facilities (LCCA). This requirement was established over 30 years ago to ensure that public agencies optimize energy efficiency when constructing or renovating public buildings. IEDA proposes to update the language in chapter 470 in order to clarify when a public agency is required to conduct a life cycle cost analysis.

The State Building Code Commissioner currently reviews life cycle cost analyses. This proposal places the authority for further defining the evaluation methodology with the State Building Code Commissioner instead of IEDA because the Commissioner is better positioned to utilize its knowledge of building codes and energy efficiency measures to define effective evaluation methodologies.

The bill amends Section 470.1 by adding a definition for the term “addition.” “Addition” means new construction, equal to or greater than twenty thousand square feet, that is heated or cooled by a mechanical or electrical system and is joined to a previously existing facility.

The bill also amends the existing definitions for “facility” and “renovation.” Currently, “facility” means a building having twenty thousand square feet or more of usable floor space that is heated or cooled by a mechanical or electrical system or any building, system, or physical operation which consumes more than forty thousand British thermal units (BTUs) per square foot per year. The bill removes the reference to a “building, system, or physical operation which consumes more than forty thousand British thermal units (BTUs) per square foot per year.” The 40,000 BTU benchmark has become outmoded as energy efficiency technologies have become increasingly more efficient.

The definition for “renovation” excludes “additions,” because “addition(s)” are defined separately in this bill and also provides that “renovations” include only those alterations which are made within the footprint of an existing facility.

The bill amends section 470.2 to incorporate the new and amended definitions in section 470.1 and make it clear that a life cycle cost analysis is required whenever a public agency begins the design process for a new addition to a previously existing public facility, as well as for new construction and renovation projects.

The bill amends sections 470.3 to clarify that the State Building Code Commissioner will have the authority to establish the evaluation methodology to be used by design architects and engineers in conducting a life cycle cost analysis. Finally, the bill amends section 470.8 to require that the State Building Code Commissioner shall adopt rules for the implementation and administration of the life cycle cost analysis.

## Volunteer Commission Changes

Division II of the bill makes two changes to chapter 15H to enable the Iowa Commission on Volunteer Program to expand its programming.

The first change allows the commission to establish an Iowa Reading Corps in collaboration with the department of Education. The Iowa Reading Corps will provide one-on-one tutoring for kindergarten through third-grade students who are close to reading proficiently, but may not reach that point without extra help. Students who need more intensive intervention will need extra help from teachers.

The Iowa Reading Corps had 10 tutors in 2013-14 in six communities under the direction of United Ways of Iowa. The Corps would like to expand to 25 tutors in 20 Iowa communities as soon as funding allows. Funding sources for 2014-15 include AmeriCorps, through the Iowa Commission on Volunteer Service, and nine United Ways across Iowa. Some summer programming has already taken place and more is likely in summer 2015.

The Iowa Reading Corps is modeled after the impressive Minnesota Reading Corps, which since 2003 has deployed rigorously trained tutors to help more than 100,000 children make progress toward reading proficiently. After one semester, kindergarteners with a tutor performed twice as well as students without one, according to a study conducted by the University of Chicago.

This proposal to expand the Iowa Reading Corps from 25 tutors in 2014-15 to at least 250 in future fiscal years complements the work of the Iowa Reading Research Center because: (1) The Corps and Center use some of the same reliable, valid assessments (FAST) to identify at-risk students and to monitor their progress; and (2) The Center has trained 100 percent of Iowa colleges and universities that prepare future elementary teachers on the FAST assessments, so those students are ideal recruits.

The second change allows establish an Iowa national service corps program to provide opportunities for state agencies, subdivisions of the state and private non-profit organizations to create national service programs outside of existing state and federal programs to meet state and local needs and to provide more opportunities for Iowans to serve their state and country and foster a cultural expectation of service in Iowa through a unified service corps.

## STEM Internship Changes

Division III of the bill makes some changes to IEDA's STEM and Targeted Industry Internship programs to clarify the manner in which matching funds will be determined under the program. The changes make clear that the state share of the Targeted Industries Internship program is 1/3 of the total wages paid to a student and that the state share of the STEM internship program is 1/2 of the total wages paid to a student. Both changes make clear that the state funds are provided on a reimbursement basis.

## Reinvestment District and Flood Mitigation District Changes

Division IV of the bill pertains to the transfers of funds by the department of revenue for purposes of both the Iowa Reinvestment Act and the Flood Mitigation District program. In 2014, House File 2473, Division XII, the General Assembly passed certain changes to the eligibility provisions of the Flood Mitigation program in Chapter 418. However, these changes were item vetoed for reasons related to revenue when such districts overlap with Reinvestment districts.

The bill amends the order of funds transfers in chapter 423 so that Reinvestment districts get revenues first, followed by flood mitigation districts, whenever such districts overlap. Because the bill fixes the order of priority on the revenue transfers, it also includes the item vetoed provisions from House File 2473.

In addition, the division changes chapter 15J to allow IEDA and communities to amend Reinvestment district plans after 2018. It does not allow new districts to be approved, so communities must still have their applications submitted and approved before 2018.

## **Enterprise Zone Amendments**

Division V of the bill allows IEDA to amend existing Enterprise Zone agreements for compliance reasons. It prohibits such amendments from increasing tax incentive award amounts.

## **Nuisance Properties and Abandoned Buildings**

Division VI of the bill makes a couple of changes to Iowa law to help communities deal with the problems of abandoned buildings and nuisance properties.

Virtually every community in the state struggles with derelict and abandoned buildings. Once buildings go abandoned, their value is a drag on neighboring property values. Redevelopment and elimination of blight can be stymied by both the cost and time required for cities to take possession of the properties and get them back on the tax-rolls.

IEDA proposes two changes designed to help cities deal with the problem of nuisance structures:

- Procedural changes to the judicial process in chapter 657A designed to allow cities to better deal with the problem.
- A new revolving loan fund at IEDA designed to help cities fund the acquisition and demolition of nuisance structures. IEDA would loan moneys directly to cities at an attractive interest rate, i.e. less than municipal bond rates, and use those repayments to increase available funds over time. IEDA would initially fund the program by transferring allocated amounts from repayments and recaptures under the High Quality Jobs program in each year, as funding levels allow. Over time, as the cities repay the loaned funds with interest, the program would become self sustaining.