

### **15.247 Targeted small business financial assistance program.**

1. As used in this section, "*small business*" and "*targeted small business*" mean the same as defined in section 15.102, subsections 6 and 7.

2. A "targeted small business financial assistance program account" is established within the strategic investment fund created in section 15.313, to provide for loans, loan guarantees, or grants to targeted small businesses. A targeted small business in any year shall receive under this program not more than fifty thousand dollars in a loan, grant, or guarantee, or a combination of loans, grants, or guarantees. A grant shall only be awarded when additional financing is secured by the applicant. In order to receive a grant, the applicant must demonstrate a minimum of ten percent cash investment in the project. A targeted small business shall not receive a grant, loan, or guarantee, or a combination of grants, loans, or guarantees under the program that provide more than ninety percent funding of a project. The program shall provide guarantees not to exceed eighty percent for loans of up to seven years made by qualified lenders. The department shall establish a financial assistance reserve account from funds allocated to the program account, from which any default on a guaranteed loan under this section shall be paid. In administering the program the department shall not guarantee loan values in excess of the amount credited to the reserve account and only moneys set aside in the loan reserve account may be used for the payment of a default. The department shall maintain records of all financial assistance approved pursuant to this section and information regarding the effectiveness of the financial assistance in establishing or expanding small business ventures.

3. All moneys designated for the targeted small business financial assistance program shall be credited to the program account. The department shall determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

4. The department shall adopt rules as necessary for the administration of the financial assistance program under this section.

5. The general assembly is not obligated to appropriate moneys to pay for any defaults or to appropriate moneys to be credited to the loan reserve account. The loan guarantee program does not obligate the state except to the extent provided in this section, and the department in administering the program shall not give or lend the credit of the state of Iowa.

6. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

7. In order to receive financial assistance under this section a targeted small business shall participate in mentoring services from a targeted small business advocate service provider.

8. *a.* In order to receive financial assistance under this section, an application for financial assistance submitted on or after July 1, 2007, must be approved by the targeted small business financial assistance board created in this subsection.

*b.* The targeted small business financial assistance board shall consist of seven members appointed by the director representing backgrounds in the areas of finance, insurance, or banking. The members shall be successful business owners in the private, for-profit sector. At least one member shall be a member of the economic development board appointed by the economic development board. All of the following populations shall be represented separately by at least one member:

(1) Latino.

(2) Black.

(3) Asian or Pacific Islander.

(4) Caucasian woman.

(5) Native American.

(6) A person with a disability as defined in section 15.102.

*c.* A person within the third degree of consanguinity of an employee of the department, a person within the third degree of consanguinity of a member of the targeted small business financial assistance board or member's relative, or a business with any financial ties to a member shall not be eligible for financial assistance under the program during the employee's employment or the member's tenure on the board, as applicable. Members shall serve two year terms and may be reappointed. A member shall not serve more than two terms.

*d.* The targeted small business financial assistance board shall consider all applications for financial assistance under the program submitted on or after July 1, 2007.

88 Acts, ch 1273, § 9; 89 Acts, ch 83, § 6; 90 Acts, ch 1156, §4; 92 Acts, ch 1244, § 14, 15; 2003 Acts, ch 71, §3; 2007 Acts, ch 207, §7, 8, 18

Application and review process for applications for financial assistance received on or before June 30, 2007; 2007 Acts, ch 207, §12, 18