

CHAPTER 27
LOCAL DEVELOPMENT CORPORATIONS

S. F. 362

AN ACT to authorize the Iowa development commission to make loans to local development corporations for certain projects and making an appropriation.

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

Section 1. Chapter twenty-eight (28), Code 1979, is amended by adding sections two (2) through six (6) of this Act.

Sec. 2. NEW SECTION. INTENT. The intent of this Act is to provide assistance to local development corporations formed by public-spirited citizens interested in the economic growth of their community in financing the construction of buildings to attract business or industry to their community.

Sec. 3. NEW SECTION. BUILDING LOAN FUND. A building loan fund is established under the control of the commission. The commission may make loans from the building loan fund to local development corporations for the payment of interest on loans made to the local development corporation for the construction of a building as provided in sections two (2) through six (6) of this Act and the rules of the commission.

Sec. 4. NEW SECTION. LOANS.

1. The commission may make a loan to a local development corporation only for the payment of all or part of the amount of interest of a loan made to a local development corporation which is attributable to the cost of construction of a building. The cost of construction does not include the costs of land acquisition, site preparation, railroad extensions, parking, roads, utility extensions or other work which is not the construction of the building.

2. The commission may make the loan only for the interest due in the first, second and third years after the completion of the building as determined by the commission. The commission shall not loan more than twenty thousand dollars in a year for payment of the interest of a loan for the construction of any one building. The commission may agree to loan only those funds which are in the building loan fund or those funds which are scheduled to be paid into the fund under section five (5) of this Act before they are to be loaned under the agreement.

3. To be eligible for the loans, the local development corporation must secure the agreement of the commission to make the loan for the second year after completion before commencing construction of the building.

4. Interest shall not be charged on the loans made by the commission.

5. The commission may attach conditions to the granting of the loan as it deems desirable. The attorney general shall assist the commission in drafting loan agreements and in collecting on the loan agreement.

Sec. 5. NEW SECTION. REPAYMENT.

1. The amounts loaned to a local development corporation by the commission shall be repaid in full to the commission when any of the following occurs:

a. The local development corporation sells the building.

b. The local development corporation leases the building for a period exceeding thirty days.

c. The end of the sixth year after completion of the building's construction.

2. The local development corporation shall report to the commission the amount of all moneys received from leasing the building for periods of less than thirty days and that amount shall either be deducted from the amounts to be loaned or remitted to the commission as the commission determines.

3. All funds received by the commission under this section shall be credited to the building loan fund.

Sec. 6. NEW SECTION. LOCAL DEVELOPMENT CORPORATION. To be eligible to receive a loan under the provisions of sections two (2) through six (6) of this Act a local development corporation must be a nonprofit corporation organized under chapter five hundred four A (504A) of the Code which has a minimum of twenty-five members and in which at least seventy-five percent of the ownership or control of the corporation is held by persons residing or doing business in the community.

Sec. 7. Section twenty-eight point seven (28.7), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. Adopt rules for the implementation of sections two (2) through five (5) of this Act.

Sec. 8. There is appropriated from the general fund of the state to the Iowa development commission for deposit in the building loan fund the amount of one hundred thousand (100,000) dollars. Section eight point thirty-three (8.33) of the Code shall not apply to this appropriation.

Sec. 9. This Act, being deemed of immediate importance, shall take effect from and after its publication in the Urbandale News, a newspaper published in Urbandale, Iowa and in The Waterloo Courier, a newspaper published in Waterloo, Iowa.

Approved June 8, 1979

I hereby certify that the foregoing Act, Senate File 362, was published in The Waterloo Courier, Waterloo, Iowa on June 13, 1979, and in the Urbandale News, Urbandale, Iowa on June 14, 1979.

MELVIN D. SYNHORST, *Secretary of State*