

CHAPTER 234**LINKED INVESTMENT PROGRAMS***H.F. 140*

AN ACT relating to the linked deposit program and creating a main street linked investments loan program and providing an effective date.

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

Section 1. Section 12.31, Code 1989, is amended to read as follows:

12.31 SHORT TITLE.

This division shall be known as the "Iowa Linked Deposit Linked Investments for Tomorrow Act".

Sec. 2. Section 12.32, subsections 1 and 3, Code 1989, are amended to read as follows:

1. "Eligible lending institution" means a financial institution that is empowered to make commercial loans, is eligible pursuant to chapter 453 to be a depository of state funds, and agrees to participate in the linked deposit investments for tomorrow program.

3. "Linked deposit investment" means a certificate of deposit placed pursuant to this division by the treasurer of state with an eligible lending institution, at an interest rate ~~two~~ not more than three percent below current market rates on the condition that the institution agrees to lend the value of the deposit, according to the deposit investment agreement provided in section 12.37, to an eligible borrower at a rate not to exceed four percent above the rate paid on the certificate of deposit.

Sec. 3. Section 12.33, subsections 2 and 3, Code 1989, are amended to read as follows:

2. The linked deposit investments for tomorrow program provided for in this division is intended to provide statewide availability of lower cost funds for lending purposes that will stimulate existing or encourage new businesses in the area of producing, processing, or marketing horticultural or nontraditional crops.

3. It is the public policy of the state through the linked deposit investments for tomorrow program to create an availability of lower cost funds to inject needed capital into the business of producing, processing, or marketing horticultural crops or nontraditional crops.

Sec. 4. Section 12.34, Code 1989, is amended to read as follows:

12.34 LINKED DEPOSITS INVESTMENTS — LIMITATIONS.

1. The treasurer of state may invest up to ten percent of the balance of the state pooled money fund in certificates of deposit in eligible lending institutions pursuant to this division.

2. The treasurer shall adopt rules pursuant to chapter 17A to implement this division including, but not limited to, rules identifying horticultural crops and nontraditional crops for which the linked deposits investments may be loaned.

Sec. 5. Section 12.35, Code 1989, is amended to read as follows:

12.35 APPLICATION.

1. An eligible lending institution that desires to receive a linked deposit investment shall accept and review applications for loans from eligible borrowers. The lending institution shall apply all usual lending standards to determine the credit worthiness of each eligible borrower. Loan applications shall be for the purchase or lease of land, machinery, equipment, seed, fertilizer, direct marketing facilities, or new or expanding processing facilities for horticultural crops or nontraditional crops. The maximum size of a loan is ~~one two~~ one hundred thousand dollars per borrower for a production loan and ~~two five~~ one hundred fifty thousand dollars for processing or marketing facilities.

2. The eligible financial institution shall forward to the state treasurer a linked deposit investment loan package in the form and manner as prescribed by the treasurer of state. The package shall include information required by the treasurer of state, including but not limited to the amount of the loan requested and the purpose of the loan. The institution shall certify

that the applicant is an eligible borrower and shall certify the present borrowing rate applicable to the specific eligible borrower.

Sec. 6. Section 12.36, Code 1989, is amended to read as follows:

12.36 ACTIONS BY TREASURER — AGREEMENT.

1. The treasurer of state shall accept or reject a linked deposit investment loan package or any portion of the package based on the type or terms of the loan involved.

2. Upon acceptance of the linked deposit investment loan package or any portion of the package, the state treasurer shall place certificates of deposit with the eligible lending institution at a rate ~~two~~ not more than three percent below the current market rate. When necessary, the treasurer may place certificates of deposit prior to acceptance of a linked deposit investment loan package.

3. The eligible lending institution shall enter into a deposit an investment agreement with the treasurer of state, which shall include requirements necessary to carry out this division. The requirements shall reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit investment, and shall include provisions for the certificates of deposit to be placed for one-year maturities that may be renewed for additional years five additional one-year periods. Interest shall be paid at the times determined by the treasurer of state.

Sec. 7. Section 12.37, Code 1989, is amended to read as follows:

12.37 LOANS.

1. Upon the placement of a linked deposit investment with an eligible lending institution, the institution is required to lend the funds to the eligible borrower listed in the linked deposit investment loan package and in accordance with the deposit investment agreement. The loan shall be at a rate not more than four percent above the rate paid the treasurer by the financial institution. The eligible lending institution shall be required to submit a certification of compliance with this section in the form and manner as prescribed by the treasurer of state.

2. The treasurer of state shall take all steps necessary to implement the linked deposit investments for tomorrow program and monitor compliance of eligible lending institutions and eligible borrowers.

Sec. 8. Section 12.38, Code 1989, is amended to read as follows:

12.38 REPORTS.

By February 1 of each year, the treasurer of state shall report on the linked deposit investments for tomorrow program for the preceding calendar year to the governor, the speaker of the house of representatives, and the president of the senate. The speaker of the house shall transmit copies of this report to the chairs of the standing committees in the house which customarily consider legislation regarding agriculture and commerce, and the president of the senate shall transmit copies of this report to the chairs of the standing committees in the senate which customarily consider legislation regarding agriculture and commerce. The report shall set forth the linked deposits investments made by the treasurer of state under the program during the year and shall include information regarding the nature, terms, and amounts of the loans upon which the linked deposits investments were based and the eligible borrowers to which the loans were made.

Sec. 9. Section 12.43, Code 1989, is amended to read as follows:

12.43 TARGETED SMALL BUSINESS LINKED DEPOSIT INVESTMENTS PROGRAM CREATED — DEFINITIONS.

The treasurer of state shall adopt rules to implement a targeted small business linked deposit investments program to increase the availability of lower cost funds to inject needed capital into small businesses owned and operated by women or minorities, which is the public policy of the state. The rules shall be in accordance with the following:

1. "Targeted small business" means a business as defined in section 15.102, subsection 5.

2. A linked deposit investment shall only be approved in connection with a loan application for a targeted small business which has been certified pursuant to section 10A.104, subsection 8.

3. Loan applications for a targeted small business shall be for the purchase of land, machinery, equipment, or licenses, or patent, trademark, or copyright fees and expenses, but not inventory.

4. The maximum size of a targeted small business loan is ~~one~~ two hundred fifty thousand dollars per borrower for intangible property and two hundred fifty thousand dollars per borrower for tangible personal or real property.

Sec. 10. NEW SECTION. 12.45 MAIN STREET LINKED INVESTMENTS LOAN PROGRAM.

The treasurer of state shall adopt rules to implement a main street linked investments loan program to increase the availability of lower cost funds to stimulate building restorations or rehabilitations of historic buildings within the central business district of a city which is a certified local government, or in the Iowa main street program or, if enacted by the Seventy-third General Assembly, in the rural main street program. The rules shall include the following conditions:

1. Linked investment loans shall be limited to projects for a building restoration or rehabilitation located in the central business district whose boundaries are the same as the main street or rural main street or central business district of a city which is a certified local government project area.

2. Eligible borrowers are limited to the property owner, contract purchaser of record, or long-term lessee.

3. Loan applications under this program shall be for the restoration or rehabilitation of facades of buildings which are eligible or nominated or listed on the national register of historic places. Public buildings are excluded.

4. A facade restoration or rehabilitation must follow United States secretary of interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.

5. The maximum loan amount under the main street linked investments loan program is fifty thousand dollars per project.

6. No more than one-third of the amount authorized in section 12.34 may be used for purposes of this section.

Sec. 11. NEW SECTION. 12.46 APPLICATION PROCESS.

Applicants shall be certified as eligible for assistance prior to submitting applications to the treasurer of state for loans under the main street linked investment loan program. Administrative rules pursuant to chapter 17A shall be adopted jointly by the department of economic development and by the department of cultural affairs to require applicants to do the following:

1. Show evidence of preliminary design assistance from the Iowa main street program of the department of economic development or the state historic preservation office of the department of cultural affairs.

2. Show evidence of preliminary design review approval from the local design review committee.

3. Submit project plans and specifications prepared by an architect with historic preservation experience. The plans shall be submitted to a final design review board comprised of representatives of the state historic preservation office, the Iowa main street program, and one private sector architect selected jointly by the directors of the departments of economic development and cultural affairs. The treasurer of state or the treasurer of state's designee shall serve as an ad hoc member of the design review board. The design review board shall provide certification of eligible projects to the treasurer of state following the review.

Sec. 12. 1986 Iowa Acts, chapter 1096, section 12, is repealed.

Sec. 13. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 26, 1989