Fiscal Note

Fiscal Services Division

SF 356 – Targeted Small Business Program (LSB 1272SV)
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Fiscal Note Version – New

Description

Senate File 356 eliminates the Targeted Small Business (TSB) Financial Assistance Program, transfers remaining funds, recaptures, and repayments to a new fund created by the Iowa Economic Development Authority (IEDA), requires the IEDA to contract with a microloan service provider to deliver financial and technical assistance services to targeted small businesses for three years, and requires the IEDA to submit a report to the General Assembly and Governor's Office describing the results achieved by the service provider and make recommendations on providing future funding.

Background

The TSB Financial Assistance Program established in **Iowa Code section 15.247** has received funding through different appropriations and allocations in previous fiscal years. The most recent funding sources include:

- FY 2007: General Fund supplemental appropriations that included the following (**2007 Iowa Acts chapter 207**):
  - TSB Financial Assistance Program $2.5 million.
  - TSB Marketing and Compliance $225,000.
  - TSB Process Improvement and Administration $225,000.
  - TSB Advocacy Centers $900,000.
  - These appropriations were later reduced in FY 2009 and FY 2010 due to **Iowa Code section 8.31** reductions (across the board reductions).
- FY 2011: An allocation from the Economic Development (formerly Grow Iowa Values) Fund of $847,400.
- FY 2012: An allocation from the Economic Development Fund of $300,000.

Assumptions

- The unobligated balance of the TSB Financial Assistance Account at the end of FY 2013 will be $1.1 million.
- All funds loaned and currently due to the TSB Financial Assistance Program will be repaid by recipients on time.
- The IEDA contract with the microloan service provider will cost a total of $250,000 for three years of service.
- This Bill takes effect July 1, 2013.

Fiscal Impact

There is no fiscal impact to the General Fund.

After payment for the contract with the microloan service provider, $850,000 will be available to enable the microloan service to provide financial and technical assistance to targeted small businesses at a discounted rate.

Repayments in future fiscal years are estimated as follows:

- FY 2014 — $320,000
- FY 2015 — $225,000

This funding will continue to be used to offer financial and technical assistance to targeted small businesses.

If loans are made in the remainder of FY 2013 under the current TSB Financial Assistance Program, the amount transferred to the new program will decrease by that amount.

Source

Iowa Economic Development Authority

/s/ Holly M. Lyons

March 11, 2013

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.