

Reprinted

SENATE FILE 257

SENATE FILE 257  
BY COMMITTEE ON SMALL BUSINESS  
AND ECONOMIC DEVELOPMENT

(SUCCESSOR TO SSB 181)

Passed Senate, Date 3/25/91 (p. 171) Passed House, Date 4/9/91 (P. 1189)  
Vote: Ayes 45 Nays 0 Vote: Ayes 95 Nays 0  
Approved May 6, 1991

A BILL FOR

- 1 An Act changing the definition of targeted small business and
- 2 providing an effective date.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 257

S-3149

- 1 Amend Senate File 257 as follows:
- 2 1. Page 1, by striking line 9 and inserting the
- 3 following:
- 4 "~~e. Has twenty or fewer full-time equivalent~~
- 5 employees."
- 6 2. Page 1, line 10, by striking the words "d.
- 7 Has has" and inserting the following: "d c. Has".  
By BEVERLY HANNON

S-3149 FILED MARCH 21, 1991

*(Adopted 3/25/91)*

- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

6

1 Section 1. Section 15.102, subsection 5, Code 1991, is  
2 amended to read as follows:

3 b. "Targeted small business" means a small business which  
4 is fifty-one percent or more owned, operated, and actively  
5 managed by one or more women or minority persons, provided the  
6 business meets all of the following requirements:

7 a. Is located in this state.

8 b. Is operated for profit.

3149 9 c. Has twenty or fewer full-time equivalent employees or

31410 ~~or~~ Has has an annual gross income of less than three

11 million dollars computed as an average of the three preceding  
12 fiscal years.

13 As used in this subsection, "minority person" means an  
14 individual who is a Black, Hispanic, Asian or Pacific  
15 Islander, or American Indian, or Alaskan native.

16 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
17 immediate importance, takes effect upon enactment.

18 EXPLANATION

19 This bill amends the definition of "targeted small  
20 business" to provide that a business which, in addition to the  
21 other requirements, employs 20 or fewer employees or has an  
22 average gross income of less than \$3,000,000 over the  
23 preceding three years.

24 The bill takes effect upon enactment.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35



1 Section 1. Section 15.102, subsection 5, Code 1991, is  
2 amended to read as follows:

3 5. "Targeted small business" means a small business which  
4 is fifty-one percent or more owned, operated, and actively  
5 managed by one or more women or minority persons, provided the  
6 business meets all of the following requirements:

7 a. Is located in this state.

8 b. Is operated for profit.

9 ~~c. Has twenty or fewer full-time equivalent employees.~~

10 d c. Has an annual gross income of less than three million  
11 dollars computed as an average of the three preceding fiscal  
12 years.

13 As used in this subsection, "minority person" means an  
14 individual who is a Black, Hispanic, Asian or Pacific  
15 Islander, or American Indian, or Alaskan native.

3548  
3557

16 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
17 immediate importance, takes effect upon enactment.

18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

H-3548

Amend Senate File 257 as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, by inserting after line 15 the following:

"Sec. \_\_\_\_ . Section 73.17, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A community college or area education agency shall, on a quarterly basis, and a school district shall, on an annual basis, review the community college's, area education agency's, or school district's anticipated purchasing requirements. A community college, area education agency, or school district shall notify the department of education, which shall report to the department of economic development, of their anticipated purchases and recommended procurements with unit quantities and total costs for procurement contracts designated to satisfy the targeted small business procurement goal not later than August 15 of each fiscal year and quarterly thereafter, except that school districts shall report annually.

Sec. \_\_\_\_ . Section 73.18, Code 1991, is amended to read as follows:

73.18 NOTICE OF SOLICITATION FOR BIDS -- IDENTIFICATION OF TARGETED SMALL BUSINESSES.

The director of each agency or department releasing a solicitation for bids or request for proposal under the targeted small business procurement goal program shall notify the director of the department of economic development prior to or upon release of the solicitation. A community college, area education agency, or school district shall notify the department of education which shall notify the department of economic development prior to or upon release of the release of the solicitation. The director of the department of economic development shall notify the soliciting agency or department, or community college, area education agency, or school district, of any targeted small businesses which have been certified pursuant to section 10A.104, subsection 3, and which may be qualified to bid.

Sec. \_\_\_\_ . Section 73.19, Code 1991, is amended to read as follows:

73.19 NEGOTIATED PRICE OR BID CONTRACT.

In awarding a contract under the targeted small business procurement goal program, a director of an agency or department, or community college, area education agency, or school district, having purchasing authority may use either a negotiated price or bid contract procedure. A director of an agency or

H-3548

Page 2

1 department, or community college, area education  
2 agency, or school district, using a negotiated  
3 contract shall consider any targeted small business  
4 engaged in that business. The director of the  
5 department of economic development or the director of  
6 the department of management may assist in the  
7 negotiation of a contract price under this section.  
8 Surety bonds guaranteed by the United States small  
9 business administration are acceptable security for a  
10 construction award under this section."

11 2. Page 1, line 16, by striking the word "This"  
12 and inserting the following: "Section 1 of this".

13 3. Title page, line 1, by inserting after the  
14 word "business" the following: ", correcting  
15 inconsistent references relating to community  
16 colleges', area education agencies', and school  
17 districts' participation in the targeted small  
18 business procurement provisions,".

19 4. By renumbering as necessary.

By BAKER of Polk  
GRONINGA of Cerro Gordo

H-3548 FILED APRIL 9, 1991

*Revised not germane 4/10/91*

SENATE FILE 257

H-3555

1 Amend Senate File 257, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, line 15, by inserting after the word  
4 "native" the following: "American".

By SPEAR of Lee

H-3555 FILED APRIL 9, 1991

*Adopted 4/10/91 (p 1187)*

HOUSE AMENDMENT TO  
SENATE FILE 257

S-3404

- 1 Amend Senate File 257, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 15, by inserting after the word
- 4 "native" the following: "American".

RECEIVED FROM THE HOUSE

S-3404 FILED APRIL 12, 1991

*Senate concurred 4/22/91 (p. 1397)*

HANNON, CH.  
RUNNING  
KRAMER

SSB 181  
SMALL BUSINESS + ECONOMIC  
DEVELOPMENT.

SENATE/HOUSE FILE 2157  
BY (PROPOSED DEPARTMENT OF  
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to economic development by creating a value-added  
2 linked investments program, changing the definition of  
3 targeted small business, modifying the use of prior year funds  
4 under the incubator programs, and providing an effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

1 Section 1. NEW SECTION. 12.45 VALUE-ADDED INDUSTRY  
2 MODERNIZATION LINKED INVESTMENTS PROGRAM.

3 The state treasurer shall adopt rules to implement a value-  
4 added industry modernization linked investments program to  
5 increase the availability of lower cost funds to stimulate the  
6 modernization of existing businesses and industries in Iowa  
7 through retooling or upgrading of manufacturing processes or  
8 equipment. The rules shall include the following conditions:

9 1. Linked investments shall be limited to projects in  
10 small businesses as defined by the United States small  
11 business administration.

12 2. Loan applications must be for the purchase of machinery  
13 and equipment which will retool the business and create new or  
14 expanded market opportunities, diversify the state's economy,  
15 introduce or apply new manufacturing processes, or improve  
16 existing manufacturing processes.

17 3. The maximum loan amount under the program shall be five  
18 hundred thousand dollars and shall not exceed fifty percent of  
19 the total project cost.

20 Sec. 2. NEW SECTION. 12.46 APPLICATION PROCESS.

21 Applicants shall be certified by the department of economic  
22 development as eligible for assistance prior to submitting  
23 applications to the state treasurer for loans under the value-  
24 added industry modernization linked investments program. The  
25 department of economic development and the state treasurer  
26 shall adopt rules pursuant to chapter 17A to establish  
27 eligibility criteria and to require applicants to do the  
28 following:

29 1. Describe the project including the planned capital  
30 investment in retooling.

31 2. Provide evidence of the need for retooling and indicate  
32 how the retooling project will create new or expanded  
33 marketing opportunities, diversify the state's economy,  
34 introduce or apply new manufacturing processes, or improve  
35 existing manufacturing processes.

1 3. Provide an explanation of how the project will create  
2 new jobs or retain or improve the quality of existing jobs.

3 Sec. 3. Section 15.102, subsection 5, Code 1991, is  
4 amended to read as follows:

5 5. "Targeted small business" means a small business which  
6 is fifty-one percent or more owned, operated, and actively  
7 managed by one or more women or minority persons, provided the  
8 business meets all of the following requirements:

9 a. Is located in this state.

10 b. Is operated for profit.

11 c. Has twenty or fewer full-time equivalent employees or

12 ~~d.~~ Has an annual gross income of less than three  
13 million dollars computed as an average of the three preceding  
14 fiscal years.

15 As used in this subsection, "minority person" means an  
16 individual who is a Black, Hispanic, Asian or Pacific  
17 Islander, or American Indian, or Alaskan native.

18 Sec. 4. Section 99E.32, subsection 3, paragraph d,  
19 subparagraph (5), Code 1991, is amended by adding the  
20 following new unnumbered paragraphs:

21 NEW UNNUMBERED PARAGRAPH. The department may establish  
22 criteria to provide funding beyond the initial three-year  
23 start-up period to existing business incubators that have  
24 received funding pursuant to this section in prior years. The  
25 department shall consider the incubator's progress toward  
26 becoming self-sufficient during the initial award period and  
27 the plan to become self-sufficient from the need for further  
28 grants.

29 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
30 of 1990 Iowa Acts, chapter 1255, section 37, subsection 2, all  
31 the unencumbered and unobligated moneys remaining in this  
32 account for business incubators shall be available for fiscal  
33 years beginning on or after July 1, 1991, for purposes of this  
34 suboaraçraph.

35 Sec. 5. Section 99E.32, subsection 3, paragraph d,

1 subparagraph (6), Code 1991, is amended by adding the  
2 following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. The department may establish  
4 criteria to provide funding beyond the initial three-year  
5 start-up period to existing rural incubators or rural  
6 technical assistance centers that have received funding  
7 pursuant to this section in prior years. The department shall  
8 consider the incubator's or center's progress toward becoming  
9 self-sufficient during the initial award period and the plan  
10 to become self-sufficient from the need for further grants.

11 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
12 of 1990 Iowa Acts, chapter 1255, section 37, subsection 2, all  
13 unencumbered and unobligated moneys remaining in this account  
14 for rural incubators or technical assistance centers shall be  
15 available for fiscal years beginning on or after July 1, 1991,  
16 for purposes of this subparagraph.

17 Sec. 6. EFFECTIVE DATE. This Act, being deemed of  
18 immediate importance, takes effect upon enactment.

19 EXPLANATION

20 This bill provides that the treasurer of state may invest  
21 state funds with Iowa lenders providing the lender agrees to  
22 lend funds at below market rates to eligible Iowa businesses  
23 which are retooling their operations. Also, the definition of  
24 "targeted small business" is amended to provide that a  
25 business which, in addition to the other requirements, employs  
26 20 or fewer employees or has an average gross income of less  
27 than \$3,000,000 over the preceding three years.

28 In addition, the bill provides that existing business  
29 incubators, rural incubators, and rural technical assistance  
30 centers may be funded beyond their initial three-year start-up  
31 period.

32 The bill takes effect upon enactment.

33 BACKGROUND STATEMENT

34 SUBMITTED BY THE AGENCY

35 Sections 1 and 2 -- It is important for the state to

1 facilitate and assist our existing business and industry to  
2 adopt practices that will assure that they are competitive in  
3 a global economy. The LIFT program should be expanded to  
4 include Iowa firms that are retooling their operations in  
5 order to increase competitiveness.

6 Section 3 -- Changes the identification of "targeted small  
7 business (TSB)" during the 1990 session required that a TSB  
8 have fewer than 20 employees and an annual gross income of  
9 less than \$3,000,000. This change severely limited the  
10 eligibility for certification of TSBs. This change will  
11 increase the pool of TSBs that are eligible for certification  
12 and thus increase the pool of TSBs from whom to purchase goods  
13 and services.

14 Sections 4 and 5 -- Experience with the business and rural  
15 incubator programs in Iowa has demonstrated that it is  
16 difficult for them to achieve self-sufficiency with three  
17 years of start-up. This proposal implements the  
18 recommendations of a recent study of Iowa's incubators.

19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

SENATE FILE 257

JOE J. WELSH  
President of the Senate

AN ACT

CHANGING THE DEFINITION OF TARGETED SMALL BUSINESS AND PROVIDING AN EFFECTIVE DATE.

ROBERT C. ARNOLD  
Speaker of the House

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 15.102, subsection 5, Code 1991, is amended to read as follows:

5. "Targeted small business" means a small business which is fifty-one percent or more owned, operated, and actively managed by one or more women or minority persons, provided the business meets all of the following requirements:

- a. Is located in this state.
- b. Is operated for profit.

~~c. Has twenty or fewer full-time equivalent employees.~~

d. Has an annual gross income of less than three million dollars computed as an average of the three preceding fiscal years.

As used in this subsection, "minority person" means an individual who is a Black, Hispanic, Asian or Pacific Islander, or American Indian, or Alaskan native American.

I hereby certify that this bill originated in the Senate and is known as Senate File 257, Seventy-fourth General Assembly.

Approved *May 6*, 1991  
JOHN F. DWYER  
Secretary of the Senate

TERRY E. BRANSTAD  
Governor

SF 257