

ing and revising appropriations, providing for properly related matters, and providing effective dates.

Senate File 403 is approved on this date, with the exceptions noted below, which I hereby disapprove.

I am unable to approve the item designated as Section 26 in its entirety, which provides a standing limited General Fund appropriation of \$160,000 to fund the operational expenses of the Real Estate Education Program at the University of Northern Iowa. Funding the day-to-day expenses of this program with a standing appropriation effectively removes this function from annual oversight by the Governor, the Board of Regents and the Legislature. I recommend that the Board of Regents or the presidents of the Iowa community colleges provide funding for this program from the General Fund appropriations for their operating budgets if the Real Estate Education Fund is insufficient to cover the expansion of this program contained in other sections of Division VII of Senate File 403 and if the program fits within the mission of the respective institution.

Finally, I am unable to approve the item designated as Division VIII in its entirety, including Sections 30, 31, 32, 33, 34, 35, 36, 37 and 38. This division deals with the Executive Branch's authority to dispose of real property with a fair market value of at least \$5,000,000 and imposes an additional requirement that such transactions must be approved by not only the Governor but also by a majority of each House of the General Assembly. It imposes an unnecessary legislative requirement on the Executive Branch's authority to manage state property in the best interests of the State and could, for instance, adversely affect the timing of certain transactions for the Department of Transportation and the Department of Natural Resources. For this reason, these sections of this division are unacceptable.

For the above reasons, I respectfully disapprove of the designated items in accordance with Article III, Section 16 of the Constitution of the State of Iowa. All other items in Senate File 403 are hereby approved this date.

Sincerely,
CHESTER J. CULVER, *Governor*

CHAPTER 207

TARGETED SMALL BUSINESS ASSISTANCE — PROGRAMS AND APPROPRIATIONS

H.F. 890

AN ACT relating to assistance for small businesses, making appropriations, and providing an effective date provision.

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

Section 1. Section 8A.311, subsection 10, unnumbered paragraph 1, Code 2007, is amended to read as follows:

The director shall adopt rules providing that any state agency may, upon request, purchase directly from a vendor if the direct purchasing is as economical or more economical than pur-

chasing through the department, or upon a showing that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need. The rules shall include a provision permitting a state agency to purchase directly from a vendor, on the agency's own authority, if the purchase will not exceed ~~five~~ ten thousand dollars and the purchase will contribute to the agency complying with or exceeding the targeted small business procurement goals under sections 73.15 through 73.21.

Sec. 2. NEW SECTION. 11.46 TARGETED SMALL BUSINESS.

After the conclusion of each fiscal year, the auditor of state shall annually conduct a review of whether state agencies are meeting their goal for procurement activities conducted pursuant to sections 73.15 through 73.21, and compliance with the forty-eight hour notice provision in section 73.16, subsection 2. By December 31 of each year, the auditor of state shall file a written report with the governor and the general assembly which shall include the findings of the review. The auditor of state may charge a fee to cover the costs of conducting activities under this section. The first report filed pursuant to this section shall be for the fiscal year beginning July 1, 2007. However, the auditor of state shall file a report pursuant to this section by March 1, 2008, for the time period beginning July 1, 2007, and ending September 30, 2007.

Sec. 3. Section 15.102, subsection 4, Code 2007, is amended to read as follows:

4. "Small business" means any enterprise which is located in this state, which is operated for profit and under a single management, and which has either fewer than twenty employees or an annual gross income of less than ~~three~~ four million dollars computed as the average of the three preceding fiscal years. This definition does not apply to any program or activity for which a definition for small business is provided for the program or activity by federal law or regulation or other state law.

Sec. 4. Section 15.102, subsection 5, paragraph a, subparagraph (3), Code 2007, is amended to read as follows:

(3) Has an annual gross income of less than ~~three~~ four million dollars computed as an average of the three preceding fiscal years.

Sec. 5. Section 15.102, subsection 5, paragraph b, subparagraph (3), Code 2007, is amended to read as follows:

(3) "Minority person" means an individual who is a Black, ~~Hispanic~~ Latino, Asian or Pacific Islander, American Indian, or Alaskan native American.

Sec. 6. Section 15.108, subsection 7, paragraph c, Code 2007, is amended to read as follows:

c. Aid for the development and implementation of the Iowa targeted small business procurement Act established in sections 73.15 through 73.21 and the targeted small business financial assistance program established in section 15.247. ~~The duties of the director under this paragraph include the following:~~

(1) (a) By December 1 of each year, the department of administrative services shall file a written report with the department of economic development regarding the Iowa targeted small business procurement Act activities during the previous fiscal year. At a minimum, the report shall include a summary of all activities undertaken by the department of administrative services in an effort to maximize the utilization of the targeted small business procurement Act.

(b) By December 1 of each year, the department of inspections and appeals shall file a written report with the department of economic development regarding certifications of targeted small businesses. At a minimum, the report shall include the number of certified targeted small businesses for the previous year and the increase or decrease in that number during the previous fiscal year compared to the prior fiscal year, the number of targeted small businesses that have been decertified over the previous fiscal year, and a summary of all activities undertaken by the department of inspections and appeals regarding targeted small business certification.

(c) By December 1 of each year, the department of economic development shall compile an internal report regarding the targeted small business financial assistance program. At a minimum, the report shall contain the number of loans, loan guarantees, and grants distributed during the previous fiscal year, the individual amounts provided to targeted small businesses during the previous fiscal year, and how many financial assistance awards to targeted small businesses were the subject of repayment or collection activity during the previous fiscal year.

(d) By December 1 of each year, the targeted small business marketing and compliance manager of the department of economic development shall compile a list of the procurement goals established pursuant to section 73.16, subsection 2, and the performance of each agency in meeting the goals. The compilation of the performance of each agency shall be based upon the reports required to be filed under section 73.16, subsection 2.

(e) By January 15 of each year, the department of economic development shall submit to the governor and the general assembly a compilation of reports required under this subparagraph.

~~(1) (2)~~ The director, in conjunction with cooperation from the director of the department of management other state agencies, shall publicize the procurement goal program for established in sections 73.15 through 73.21 to targeted small businesses and to agencies of state government, attempt to locate targeted small businesses able to perform contracts, and encourage program participation. The director may request the cooperation of the department of administrative services, the state department of transportation, the state board of regents, or any other agency of state government in publicizing this program.

~~(2) (3)~~ The director, in conjunction with the director of the department of management other state agencies, shall publicize the financial assistance program established in section 15.247 to targeted small businesses.

~~(3) (4)~~ When the director determines, or is notified by the head of another agency of state government, that a targeted small business is unable to perform a procurement contract, the director shall assist the small business in attempting to remedy the causes of the inability to perform. In assisting the small business, the director may use any management or financial assistance programs available through state or governmental agencies or private sources.

~~(4) (5)~~ The director, in conjunction with the director of the department of management and jointly with the universities under the jurisdiction of the state board of regents, and the community colleges, shall develop and make available in all areas of the state, programs to offer and deliver concentrated, in-depth advice and services to assist targeted small businesses. The department of economic development shall establish targeted small business advocate service providers for purposes of providing mentoring, outreach, and professional development services to targeted small businesses certified pursuant to section 10A.104. Targeted small business advocate service providers shall be established through a request for proposals process. Entities eligible to bid under the request for proposals process shall include but not be limited to a business accelerator, a small business development center, or any organization that provides mentoring, outreach, and professional development services to businesses. A person serving on or staffing a governor's task force on targeted small businesses during calendar year 2006 shall not be eligible to be part of a bid under the request for proposals process until after July 1, 2009. A person serving on or staffing a governor's targeted small business advisory council shall not be eligible to be part of a bid under the request for proposals process until three years following the termination of service or staffing the advisory council. The advice and services provided by providers shall extend to all areas of business management in its practical application, including but not limited to accounting, engineering, drafting, grant writing, obtaining financing, locating bond markets, market analysis, and projections of profit and loss.

Sec. 7. Section 15.247, subsection 2, Code 2007, is amended to read as follows:

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, revolving loans, ~~loans secured by accounts receivable~~, or grants to targeted small businesses

and to low-income persons establishing or expanding small business ventures. A targeted small business or low-income person 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 ~~seventy-five~~ 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.

Sec. 8. Section 15.247, Code 2007, is amended by adding the following new subsections: NEW SUBSECTION. 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.

NEW SUBSECTION. 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.

Sec. 9. Section 19B.7, subsection 1, paragraph d, Code 2007, is amended to read as follows:
d. Report results under the contract compliance policy to the governor and the general assembly on an annual basis. Any information reported by the department of administrative services to the department of economic development pursuant to section 15.108 shall not be required to be part of the report under this paragraph. The report shall detail specific efforts to promote equal opportunity through state contracts and services and efforts to promote, develop, and stimulate the utilization of minority, women's, and disadvantaged business enterprises in programs receiving or benefiting from state financial assistance.

Sec. 10. Section 73.16, subsection 2, unnumbered paragraph 1, Code 2007, is amended to read as follows:

The Prior to the commencement of a fiscal year, the director of each agency or department of state government having purchasing authority, in cooperation with the targeted small business marketing and compliance manager of the department of economic development, shall establish for that fiscal year a procurement goal from certified targeted small businesses identified pursuant to section 10A.104, subsection 8, of at least ten percent of the value of anticipated procurements of. The procurement goal shall include the procurement of all goods and services, including construction, but not including utility services, each fiscal year. A procurement goal shall be stated in terms of a dollar amount of certified purchases and shall be established at a level that exceeds the procurement levels from certified targeted small businesses during the previous fiscal year. The director of an agency or department of state government that has established a procurement goal as required under this subsection shall provide a report within fifteen business days following the end of each calendar quarter to the targeted small business marketing and compliance manager of the department of economic development, providing the total dollar amount of certified purchases from certified targeted small businesses during the previous calendar quarter. The required report shall be made in a form approved by the targeted small business marketing and compliance manager. The first quarterly report shall be for the calendar quarter ending September 30, 2007. The director of each department and agency of state government shall cooperate with the director of the department of inspections and appeals, the director of the department of economic development, and the director of the department of management and do all acts necessary to carry out the provisions of this division.

Sec. 11. Section 262.34A, subsection 2, Code 2007, is amended to read as follows:

2. Notwithstanding section 73.16, subsection 2, and due to the high volume of bids issued by the board and the need to coordinate bidding of three institutions of higher learning, the board may shall issue electronic bid notices for distribution to the targeted small business internet site through internet links to each of the regents institutions.

Sec. 12. APPLICATION REVIEW. For applications for financial assistance under section 15.247 received on or before June 30, 2007, the department of economic development shall use the same review and approval process used prior to the effective date of this Act.

Sec. 13. TARGETED SMALL BUSINESS ADVOCATE SERVICE PROVIDERS.

1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the establishment of targeted small business advocate service providers, including salaries, support, maintenance, and miscellaneous purposes:

..... \$ 900,000

2. Of the moneys appropriated under this section, not more than \$150,000 shall be expended on one targeted small business advocate service provider.

3. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 14. TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE PROGRAM. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the targeted small business financial assistance program account of the strategic investment fund:

..... \$ 2,500,000

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 15. MARKETING AND COMPLIANCE MANAGER.

1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of marketing and compliance activities and for administrative costs related to the targeted small business financial assistance program and the Iowa targeted small business procurement Act, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	225,000
.....	FTEs	1.00

2. From moneys appropriated under this section, the department shall create a full-time position for a targeted small business marketing and compliance manager. The position shall be responsible, at a minimum, for coordinating the establishment of the targeted small business advocate service providers, providing marketing support for the Iowa targeted small business procurement Act and targeted small business financial assistance program, providing state agencies with Iowa targeted small business procurement Act assistance, and providing any related services.

3. The department may use moneys appropriated under this section for purposes of paying fees associated with services provided by the auditor of state pursuant to section 11.46.

4. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 16. PROCESS IMPROVEMENT — MARKETING ACTIVITIES. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For implementing process improvement activities and for administrative costs for the targeted small business financial assistance program and the Iowa targeted small business procurement Act, for developing and conducting a vendor fair to increase awareness of the targeted small business financial assistance program and the Iowa targeted small business procurement Act, and for an awards banquet to recognize the accomplishments under the Iowa targeted small business procurement Act:

.....	\$	225,000
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The department may use moneys appropriated under this section for purposes of paying fees associated with services provided by the auditor of state pursuant to section 11.46.

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 17. CERTIFICATION.

1. There is appropriated from the general fund of the state to the department of inspections and appeals for the fiscal year beginning July 1, 2006, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of a dedicated targeted small business certification employee, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	150,000
.....	FTEs	1.00

2. From moneys appropriated under this section, the department shall create a full-time

position for a targeted small business certification employee. The position shall be responsible, at a minimum, for processing applications for targeted small business applications, conducting on-site visits, maintaining a publicly available active directory of certified targeted small businesses, organizing and participating in educational meetings for certified targeted small businesses and potential targeted small businesses, coordinating activities with other state agencies to promote the Iowa targeted small business procurement Act, and any other related responsibilities.

3. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

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

Approved May 22, 2007

CHAPTER 208

**HEALTHY IOWANS TOBACCO TRUST AND
TOBACCO SETTLEMENT TRUST FUND — APPROPRIATIONS**

H.F. 907

AN ACT relating to and making appropriations from the healthy Iowans tobacco trust and the tobacco settlement trust fund and providing an effective date.

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

Section 1. HEALTHY IOWANS TOBACCO TRUST — APPROPRIATIONS TO DEPARTMENTS. There is appropriated from the healthy Iowans tobacco trust created in section 12.65 to the following departments for the fiscal year beginning July 1, 2007, and ending June 30, 2008, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. To the department of human services:
 - a. To supplement the medical assistance program appropriations for the fiscal year, including for reimbursement of noninstitutional medical assistance providers with the exception of anesthesia and dental providers and to continue the resource-based relative value system of reimbursement based upon the reimbursement rates established for the fiscal year beginning July 1, 2007, and ending June 30, 2008; for reimbursement of dental services, hospitals, home health care services, critical access hospitals, expansion of home health care services and habilitative day care for children with special needs, and expansion of respite care services provided through home and community-based waivers based upon the reimbursement rates established for the fiscal year beginning July 1, 2007, and ending June 30, 2008; and for provision of coverage to women who require treatment for breast or cervical cancer as provided in section 249A.3, subsection 2, paragraph "b":

.....	\$ 35,327,368
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Of the amount appropriated in this paragraph, \$250,000 shall be used to continue the efforts of the Iowa chronic care consortium pursuant to 2003 Iowa Acts, chapter 112, section 12, as amended by 2003 Iowa Acts, chapter 179, sections 166 and 167.