

I am unable to approve the item designated as Section 27, unnumbered and unlettered paragraph 2, in its entirety. This provision prohibits the Department of General Services from discontinuing the upgrade of computer systems. Because the Department of General Services should retain the flexibility to manage their resources during this period of financial constraint, I am unable to approve this item.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2459 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor

CHAPTER 1244

APPROPRIATIONS — ECONOMIC DEVELOPMENT
H.F. 2462

AN ACT appropriating funds to the department of economic development, the Iowa finance authority, the Wallace technology transfer foundation, INTERNET, state university of Iowa, and Iowa state university of science and technology, creating the strategic investment fund, replacing the Iowa economic development network with a manufacturing technology program under the Wallace technology transfer foundation, providing for economic development planning and research activities by the department of economic development, and making related and other statutory changes.

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

Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

.....	\$	789,000
.....	FTEs	21.00

The department shall plan for and initiate a long-term process for the continuous improvement of the services provided to the citizens of Iowa using the principles of total quality management.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,000
.....	FTEs	6.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, and for utilizing \$20,000 or so much thereof as is necessary, to promote the film "Gentle Giants, Windows to our Heritage" regarding the impact of the Iowa draft horse in making Iowa the greatest food producing state in the world:

.....	\$	182,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,525,000
.....	FTEs	15.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, and business incubators, of which \$46,424 shall be allocated for the administration of the targeted small business program and \$50,000 shall be used to fund, with local matching funds, a targeted small business incubator in each county with a population greater than two hundred fifty thousand:

.....	\$	323,000
.....	FTEs	5.50

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	96,953
.....	FTEs	3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1993, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1993, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

.....	\$	4,075,733
.....	FTEs	10.00

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to the general fund but shall remain in the strategic investment fund.

e. Small business investment company capitalization

For transfer to the treasurer of state for the purpose of facilitating the organization and private capitalization of the small business investment company under sections 28.162 through 28.164. If the small business investment company for which the funds are to be used is not organized within eighteen months of the effective date of this Act, unused funds shall revert to the general fund of the state:

.....	\$	200,000
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f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for insurance economic development and international insurance economic development:

.....	\$	200,000
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3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

.....	\$	500,000
.....	FTEs	7.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

.....	\$	353,386
.....	FTEs	3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

c. Rural development program

**For allocating \$75,000 to the Adams community economic development corporation and* for salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, and the rural enterprise fund, out of which the department may set aside a portion of the moneys for one or more pilot efforts supporting cooperative agriculture-related or livestock production projects:*

.....	\$	675,000
.....	FTEs	3.50

The department shall allocate \$75,000 to the Adams community economic development corporation for the purposes of evaluating the organizational structure of the county, the present workload of the county office functions, consolidation of county offices, and exploring state outreach services available for cross-training employees, and that the funds shall not be used by the department for any other purpose.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,397
.....	FTEs	18.75

e. Councils of governments

To provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local governments to develop community development strategies for addressing long-term and short-term community needs:

.....	\$	187,500
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4. INTERNATIONAL DIVISION

a. International trade operations

For conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,000
.....	FTEs	6.00

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	743,000
.....	FTEs	6.00

c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the

*Item veto; see message at end of the Act

lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	334,000
.....	FTEs	.25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

.....	\$	1,400
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5. TOURISM DIVISION

a. Tourism operations

For utilizing \$41,586, or so much thereof as may be necessary, to be used for the operation of the interstate welcome center system, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

.....	\$	691,586
.....	FTEs	17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials:

.....	\$	2,250,000
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The department shall not use the moneys appropriated in this paragraph unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers throughout the state, for transferring \$30,000 to the city of West Branch for the purpose of conducting a study and for planning for the development of a welcome and historical center, and for a match of \$25,000 if the department uses \$125,000 of other moneys for a welcome center project based on the department's prioritization report, dated December 1991:

.....	\$	263,625
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Notwithstanding section 8.33, pursuant to 1990 Iowa Acts, chapter 1255, section 37, subsection 1, as amended by 1991 Iowa Acts, chapter 260, section 1001, the department may use up to \$125,000 for a welcome center project based upon the department's prioritization report, dated December 1991. Moneys used for welcome center projects based on the department's prioritization report require a dollar-for-dollar match. Moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

6. WORK FORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,000,000
.....	FTEs	1.90

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

To the community college job training fund created in section 280C.6, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	932,831
.....	FTEs	.60

c. Work force investment program

For purposes of the work force investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	500,000
.....	FTEs	.90

The department shall ensure that the work force investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	195,745
.....	FTEs	1.00

The department shall not use moneys appropriated in this paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during nonworking hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

7. For transfer to the Iowa product development corporation fund established in section 28.89:

.....	\$	887,500
.....	FTEs	5.00

Sec. 2. Notwithstanding section 28.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund from the moneys available during the fiscal year beginning July 1, 1992, and ending June 30, 1993, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, \$50,000, or so much thereof as is necessary, to be used for rural development financing; \$20,000 to be transferred to and used by the main street program; with the remainder of the Iowa community development loan fund to be transferred only to the rural development program to be used by the department for the purposes of the program, including pilot efforts supporting cooperative agriculture-related or livestock production projects.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administration of chapter 280B, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	125,000
.....	FTEs	2.40

2. For the target alliance program:

.....	\$	30,000
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**3. For allocation to the community colleges to supplement the coordination and instruction of apprentice related instruction, and instructional equipment for apprenticeship programs as provided in section 280A.44 on the basis of the percentage of total contact hours enrolled in apprenticeship training at community colleges as of July 1, 1992, if funds remain in the job training fund after the appropriations in subsections 1 and 2 are made:*

.....	\$	125,000*
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Sec. 4. There is appropriated from the community college job training fund created in section 280C.6, subsection 1, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for the administration of the Iowa small business new jobs training Act, and for not more than the following full-time equivalent positions:

.....	\$	38,954
.....	FTEs	.70

**Sec. 5. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:*

For deposit in the housing improvement fund created in section 220.100 for purposes of the fund:

.....	\$	1,623,550*
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Sec. 6. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, **for providing a state match of \$50,000 for present and future federal funding for the subcontractor of an existing federal grant for beef fat content research administered through the United States department of agriculture and the cooperative state research service,** for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for funding activities as provided in section 28.158, and for transferring \$75,000 of the funds appropriated in this subsection to the Iowa quality coalition for productivity enhancement projects:

.....	\$	2,900,000
.....	FTEs	6.00

The foundation shall transfer \$50,000 to the department of natural resources for the approval of a grant to a waste paper recycling company located in Iowa which recycles waste paper into paperboard products, which grant shall be used to conduct a feasibility study for a new cogeneration plant to be located in Iowa.

Sec. 7. There is appropriated from the general fund of the state to INTERNET for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the international network on trade fund created by the INTERNET board, provided that \$290,250 shall be allocated to the department of economic development for the Iowa international development foundation for the salaries and support for not more than 5.00

full-time equivalent positions for employees of the department of economic development, \$96,750 shall be allocated to the peace institute, and \$96,750 shall be allocated for the partner state program and the department may contract with private groups or organizations which are the most appropriate to administer this program, and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this section:

.....	\$	828,750
.....	FTEs	5.00

INTERNET shall use moneys appropriated in this section, unless otherwise specified, for the purposes set out in chapter 18B.

Of the full-time equivalent positions authorized for the Iowa international development foundation, 3.00 full-time equivalent positions shall be devoted to the agribusines centers in Russia and the Ukraine and shall be effective upon enactment of this Act.

Sec. 8. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding the small business development centers:

.....	\$	991,325
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2. For funding the institute for physical research and technology provided that \$281,360 shall be allocated to the institute for physical research and technology industrial incentive program in accordance with the legislative intent of this section:

.....	\$	3,281,360
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It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the senate and house appropriations committees the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year and the appropriation for the incentive program for the following year shall be reduced by an equal amount.

Sec. 9. There is appropriated from the general fund of the state to the university of Iowa for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park:

.....	\$	500,000
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Sec. 10. Section 12.44, unnumbered paragraph 1, Code 1991, is amended to read as follows:

Agencies of state government shall be required to waive the requirement of satisfaction, or performance, surety, or bid bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience, lack of net worth, or lack of capital. This waiver shall not apply to businesses with a record of repeated failure

of substantial performance or material breach of contract in prior circumstances. The waiver shall be applied only to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding section 573.2. In order to qualify, the targeted small business shall provide written evidence to the department of inspections and appeals that the bond would otherwise be denied the business. The granting of the waiver shall in no way relieve the business from its contractual obligations and shall not preclude the state agency from pursuing any remedies under law upon default or breach of contract.

Sec. 11. Section 15.108, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING AND RESEARCH ACTIVITIES. To provide leadership and support for economic and community development activities statewide. To carry out this responsibility, the department may establish a research center for economic development programs and services whose duties may include but are not limited to the following:

- a. Implementation of a comprehensive statewide economic development planning process and provision of leadership, coordination, and support to regional and local economic and community planning efforts.
- b. Coordination of the delivery of economic and community development programs with other local, regional, state, federal, and private sector programs and activities.
- c. Collection and analysis of data and information, development of databases and performing research to keep abreast of Iowa's present economic base, changing market demands, and emerging trends, including identification of targeted markets and development of marketing strategies.
- d. Provision of access to databases to facilitate sales and exports by Iowa businesses.
- e. Establishment of a database of community and economic information to aid local regional and statewide economic development and service delivery efforts.

Sec. 12. Section 15.241, unnumbered paragraphs 1 and 2, Code 1991, are amended to read as follows:

~~The department shall establish, contingent upon the availability of funds authorized for the program, a "self-employment loan program, account" is established within the strategic investment fund created in section 15.313 to provide funding for the self-employment loan program which is to be conducted in coordination with the job training partnership program and other programs administered under section 15.108, subsection 6, paragraph "c".~~ The department may contract with local community action agencies or other local entities in administering the program, and shall work with the department of employment services and the department of human services in developing the program.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons for the purpose of establishing or expanding small business ventures. The terms of the loans shall be determined by the department, but shall not be in excess of five ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. ~~A self-employment loan program revolving loan fund shall be established within the department.~~ The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Sec. 13. Section 15.241, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 14. Section 15.247, subsections 2 and 3, Code 1991, are amended to read as follows:

2. ~~The department shall establish, contingent upon the availability of funds authorized for the program, a~~ 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. A targeted small business in any year shall receive under this program not more than twenty-five thousand dollars in a loan or grant, and not more than forty thousand dollars in a guarantee, or a combination of loans, grants, or guarantees. The program shall provide guarantees not to exceed seventy-five percent for loans made by qualified lenders. The department shall establish a financial assistance reserve account from funds provided for this 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.

3. All moneys designated for the targeted small business financial assistance program shall be credited to the financial assistance reserve program account. The department shall also establish an administrative account from which the operating costs of the program shall be paid. The department may transfer moneys between the reserve and the administrative accounts except that not more than twenty-five percent of the moneys shall be used to administer the fund. The department shall determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

Sec. 15. Section 15.247, Code 1991, is amended by adding the following new subsection: NEW SUBSECTION. 6. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 16. NEW SECTION. 15.311 STRATEGIC INVESTMENT FUND.

This part shall be known as the "Iowa Strategic Investment Fund" program.

Sec. 17. NEW SECTION. 15.312 PURPOSE.

The purpose of this part shall be to provide a mechanism for funding those programs listed in section 15.313, subsection 2, in order to more efficiently meet the needs identified within those individual programs.

Sec. 18. NEW SECTION. 15.313 STRATEGIC INVESTMENT FUND.

1. An Iowa strategic investment fund is created as a revolving fund consisting of any money appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The fund shall also include all of the following:

a. All unencumbered and unobligated funds from the special community economic betterment program fund created under 1990 Iowa Acts, chapter 1262, section 1, subsection 18, remaining on June 30, 1992, all repayments of loans or other awards made under the community economic betterment account or under the community economic betterment program during any fiscal year beginning on or after July 1, 1985, and recaptures of awards.

b. All unencumbered and unobligated funds from the self-employment loan program, the targeted small business financial assistance program, the microenterprise development revolving fund, financing rural economic development or successor loan program, and the value-added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to any other fund but shall remain in the strategic investment fund for expenditure for subsequent fiscal years.

2. The assets of the fund shall be used by the department for the following programs and purposes:

a. The community economic betterment program created in sections 15.315 through 15.320.

b. The value-added agricultural products and processes financial assistance program created in sections 28.111 and 28.112.

c. The business development finance corporation created in sections 28.131 through 28.149.

- d. The self-employment loan program created in section 15.241.
 - e. The targeted small business financial assistance program created in section 15.247.
 - f. To provide comprehensive management assistance for applicants or recipients of assistance from programs supported by the fund.
 - g. If funds are available under a federal microloan demonstration program, a portion of the moneys in the strategic investment fund may be utilized to access those federal funds to expand the state's small business financial assistance programs including the self-employment loan program and the targeted small business financial assistance program.
3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, the value-added agricultural products and processes financial assistance program, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. The director shall report on a monthly basis to the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 19. NEW SECTION. 15.315 COMMUNITY ECONOMIC BETTERMENT PROGRAM. This part shall be known as the "Community Economic Betterment Program."

Sec. 20. NEW SECTION. 15.316 PURPOSE.

The purpose of this program is to assist communities and rural areas of the state with their economic development efforts and to increase employment opportunities for Iowans by increasing the level of economic activity and development within the state.

Sec. 21. NEW SECTION. 15.317 PROGRAM.

1. The department shall establish a program to effectuate the purposes of this part by providing financial assistance for small business gap financing, new business opportunities, and new product and entrepreneurial development. These purposes may be accomplished by providing the following types of assistance:
 - a. A principal buy-down program to reduce the principal of a business loan.
 - b. An interest buy-down program to reduce the interest of a business loan.
 - c. Loans or forgivable loans to aid in economic development.
 - d. Loan guarantees for business loans made by commercial lenders.
 - e. Equity-like investments.
2. Only a political subdivision of this state may apply to receive funds for any of the purposes specified in subsection 1. The political subdivision shall make application to the department specifying the purpose for which the funds will be used.
3. The department shall not provide more than one million dollars for any project, unless approved by at least two-thirds of the members of the economic development board.

Sec. 22. NEW SECTION. 15.318 RATING FACTORS AND CRITERIA.

In ranking applications for funds, the department shall consider a variety of factors including, but not limited to, the following:

1. The proportion of local match to be provided.
2. The proportion of private contributions to be provided, including the involvement of financial institutions.
3. The total number of jobs to be created or retained.

4. The size of the business receiving assistance. The department shall award more points to small businesses as defined by the United States small business administration than to other businesses.

5. The potential for future growth in the industry represented by the business being considered for assistance.

6. The need of the business for financial assistance from governmental sources. The department shall award more points to a business for which the department determines that governmental assistance is most necessary to the success of a project, than to other businesses.

7. The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. Businesses that have wage scales substantially below that of existing Iowa businesses in that area should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.

8. The level of need of the political subdivision.

9. The impact of the proposed project on the economy of the political subdivision.

10. The impact of the proposed project on other businesses in competition with the business being considered for assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for assistance. The department shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for assistance, jobs created as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created.

11. The impact to the state of the proposed project. In measuring the economic impact the department shall award more points for projects which have greater consistency with the state strategic plan than other projects. Greater consistency may include any or all of the following:

a. A business with a greater percentage of sales out-of-state or of import substitution.

b. A business with a higher proportion of in-state suppliers.

c. A project which would provide greater diversification of the state economy.

d. A business with fewer in-state competitors.

e. A potential for future job growth.

f. A project which is not a retail operation.

12. If a business has a record of violations of the law over a period of time that tends to show a consistent pattern, the business shall be given the lowest ranking for providing assistance. The department shall make a good faith effort to compile this information.

13. If a business has, within three years of application for assistance, acquired or merged with an Iowa corporation or company, whether the business has made a good faith effort to hire the workers of the acquired or merged company.

14. Whether a business provides for a preference for hiring residents of the state or of the economic development area, except for out-of-state employees offered a transfer to Iowa or to the economic development area.

15. Whether all known required environmental permits have been issued and regulations met before moneys are released.

Sec. 23. NEW SECTION. 15.319 MONITORING OF JOB CREATION AND RETENTION.

1. The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the actual number of permanent, full-time positions which businesses actually create or retain and which can be documented by comparison of the payroll reports during the twenty-four-month period after awards to the businesses are made.

2. The department shall document the actual job creation and retention effects of all businesses receiving financial assistance from the program in the context of the employer contribution and payroll reports filed by the businesses.

3. The department shall require businesses which receive assistance from the program to submit historical copies of the employer contributions and payroll reports with the application for funds, require businesses to submit the reports after an award is made on a timely basis, and require businesses to estimate the expected job creation and retention effects for the twelve-month and twenty-four-month periods after an award is made in terms of the number of employees and total wages as documented in the payroll reports.

Sec. 24. NEW SECTION. 15.320 COMMUNITY ECONOMIC BETTERMENT PROGRAM ACCOUNT.

1. A community economic betterment program account is established within the strategic investment fund to be used by the department for the community economic betterment program. The account shall consist of all appropriations, grants, or gifts received by the department specifically for use under this part and any moneys allocated to the community economic betterment program account from the strategic investment fund.

2. Payments of interest, repayments of moneys loaned under the community economic betterment program, or recaptures of awards shall be deposited into the strategic investment fund.

Sec. 25. Section 28.111, subsection 3, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of economic development may grant financial or technical assistance to a person eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. ~~The council shall make recommendations to approve or disapprove an application to the department.~~ The department shall consider the recommendations council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan, or to finance traditional agricultural operations. An application is eligible for consideration if the application seeks assistance for any of the following purposes:

Sec. 26. Section 28.112, Code Supplement 1991, is amended to read as follows:

28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE FUND ACCOUNT.

1. ~~The department may establish a~~ A value-added agricultural products and processes financial assistance fund account is established within the strategic investment fund created in section 15.313. ~~The fund account shall be a revolving fund composed consist of any money appropriated by the general assembly for that purpose, moneys allocated to the account from the strategic investment fund, and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund account.~~ Except as otherwise provided in subsection 2, the assets of the fund account shall be used by the department only for carrying out the purposes of section 28.111.

2. The department may use moneys in the fund account to do any of the following:

a. Contract, sue and be sued, and adopt administrative rules necessary to carry out the provisions of this section and section 28.111, but the department shall not in any manner directly or indirectly pledge the credit of the state.

b. Authorize payment from the fund account for costs, commissions, attorney fees, and other reasonable expenses related to and necessary for insuring or guaranteeing loans under section 28.111, and for the recovery of loan moneys insured or guaranteed or the management of property acquired in connection with such loans.

3. ~~Section 8.33 shall not apply to moneys in the fund.~~ Payments of interest, recaptures of awards, or repayments of moneys loaned under the value-added agricultural products and processes financial assistance program shall be deposited into the strategic investment fund.

Sec. 27. Section 28.148, Code 1991, is amended to read as follows:

28.148 STATE ASSISTANCE FUND.

There is created in the treasurer of state's office a "business development finance corporation assistance fund". The fund shall consist of all appropriations, grants, or gifts received by the treasurer specifically for assistance under this division and moneys allocated from the strategic investment fund created in section 15.313. Moneys in this fund are appropriated to the corporation for the purposes stated in this division. Moneys allocated to this fund for purposes of the capital access program and repayments of moneys or recaptures of awards from the capital access program which remain unobligated at the end of a fiscal year may be returned to the strategic investment fund upon approval of the board of directors of the business development finance corporation.

Sec. 28. Section 28.156, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Carry out the duties specified in section 28.166 regarding the manufacturing technology program and adopt rules pursuant to chapter 17A for the monitoring and enforcement of contracts awarded to community colleges to carry out the purposes of the program. The foundation may withhold the disbursement of funds for failure to comply with the elements required to be included in the contracts.

Sec. 29. Section 28.158, subsection 1, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. For the manufacturing technology program.

Sec. 30. **NEW SECTION. 28.162 IOWA BUSINESS INVESTMENT CORPORATION — PURPOSE.**

1. The purpose of this section is to provide for the incorporation under chapter 504A of a nonprofit corporation to organize, capitalize, and fund an Iowa-based small business investment company which shall have the purpose of increasing the availability of funds for investment in and loans to Iowa small businesses on a regional basis. The small business investment company shall be incorporated under the Iowa law.

2. In addition to the powers granted under chapter 504A, the corporation shall have the power to invest in the small business investment company and to serve as guarantor of the preferred stock of the small business investment company.

In exchange for the guaranty, the corporation shall receive warrants for a percentage of the preferred stock of the small business investment company. The guaranty shall expire ten years after the guaranty agreement is entered into. The corporation shall only be liable as guarantor in the event that capital replenishment becomes necessary due to federal small business administration requirements or in the event of a capital loss upon liquidation of the small business investment company.

Sec. 31. **NEW SECTION. 28.163 BOARD OF DIRECTORS OF CORPORATION.**

1. The powers of the corporation are vested in and shall be exercised by the board of directors. The directors shall serve a term of three years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16.

2. The board shall consist of three members appointed as follows:

a. One member appointed by the governor or the governor's designee.
b. One member shall be the treasurer of state or the treasurer's designee.
c. One member shall be a private citizen appointed by the legislative council. This member shall be well qualified and shall have at least five years of experience in a responsible position in a business involved in investing in business concerns.

3. The board shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary.

4. Each director of the corporation shall take an oath of office which shall be filed in the office of the secretary of state.

Sec. 32. NEW SECTION. 28.164 SMALL BUSINESS INVESTMENT COMPANY.

1. The small business investment company organized pursuant to section 28.162 and this section may make investments in the common and preferred stock of and may make loans to or purchase the debt obligations of Iowa small businesses which are unable to raise equity capital or obtain financing from conventional sources. The criteria for investment in or loans to Iowa small businesses by the small business investment company shall include geographic distribution, economic diversity, potential for job creation and retention, and potential for long-term success.

2. The small business investment company shall comply with the small business investment company licensing requirements of the federal small business administration.

3. The capital of the small business investment company shall consist of shares sold on a regional basis to banks, insurance companies, finance companies, savings institutions, other corporations, limited liability companies, partnerships, and individuals. For the purposes of section 28.162 the shares acquired by each investor shall be divided equally between common and preferred shares.

4. Applications to the small business investment company for investments and loans shall originate within the regions set out in section 28H.1. For the purposes of this section, Boone, Dallas, Jasper, Marion, Polk, Story, and Warren counties shall constitute a region.

5. The operations of the small business investment company shall be conducted by a private manager contracted for by the board of directors of the company on the basis of the manager's expertise and record in the making or procuring of investments in and loans to small businesses. The small business investment company shall be operated in accordance with federal small business administration regulations.

6. The board of directors of the small business investment company shall consist of not less than seventeen nor more than twenty-one persons who shall be elected by the private shareholders from each of the seventeen regions set out in subsection 4.

7. To qualify for the guaranty under section 28.162, the small business investment company shall satisfy the conditions set out in this section and those of the federal small business administration, provided that federal small business administration requirements shall take precedence over the requirements of this section.

Sec. 33. NEW SECTION. 28.165 PURPOSE — INTENT.

The purposes of the manufacturing technology program are:

1. To create and stimulate economic opportunity by providing technical assistance to individual industry or to industrial sectors in this state.

2. To assist in the identification of opportunities for modernization and increased competitiveness of individual business or industry or industrial sectors.

3. To assist individual business and industry or industrial sectors to integrate state-of-the-art technologies and processes.

4. To provide specific programs for individual industry or industrial sectors by:

a. Developing partnerships and coordination between statewide and regional providers of services for modernization and increased competitiveness for Iowa industry.

b. Establishing an industrial contact outreach program to evaluate the need for technical services and implementing an industrial needs assessment database.

c. Collaborating with a network of specialized technology resource sites throughout the state.

5. To facilitate the transfer of university research that is available for commercial application to individual industry or industrial sectors.

6. To provide technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

Sec. 34. NEW SECTION. 28.166 REGIONALLY BASED MANUFACTURING TECHNOLOGY PROGRAM.

1. Contingent on the availability of funding from sources other than the general fund of the state or other state funds, the executive director of the foundation shall contract with six or more community colleges for employment of an industrial technology outreach specialist to work with individual industry or industrial sectors to determine company needs and provide technical assistance or referral to services, or to coordinate with other service providers to determine how services should be accessed or provided. However, if the foundation does not receive funding from other sources, the executive director shall contract with at least four community colleges. The contract shall include but is not limited to the following:

a. The establishment of an industrial technology outreach program that will identify needs of individual industry or industrial sectors.

b. Criteria for assuring access to programs and services to assist individual industry or industrial sectors.

c. An annual budget for operation of the program and activities agreed to in the contract including provisions related to the transfer of funds to the community college, as agreed upon by the president of the community college and the executive director.

d. Performance measures for quarterly and annual evaluation of the program and activities agreed to in the contract. The foundation may withhold the disbursement of funds for failure to achieve criteria established in the contract.

e. The duties of the industrial technology outreach specialist.

f. The provision of technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

2. The foundation may provide or contract for the delivery of technical services to individual industry or industrial sectors.

3. The executive director of the foundation shall issue requests for proposals to the community colleges and shall select the best proposals after considering, among other factors, the geographic distribution of the provision of the program services to areas of the state which do not serve a city with a population over twenty thousand, the number of small and medium-sized industries within the community college district, and the level of community college interaction with those industries. Community colleges in contiguous regions may submit a joint proposal.

**Sec. 35. Section 29C.9, subsections 7 and 8, Code 1991, as amended by 1992 Iowa Acts, Senate File 390, section 10, are amended to read as follows:*

7. The commission shall delegate to the emergency management coordinator the authority to fulfill the commission duties as described in the division's administrative rules. Each commission shall appoint a county emergency management coordinator who shall meet the qualifications specified in the administrative rules by the administrator of the emergency management division. However, in counties having a population of twenty-five thousand or less, an emergency management coordinator is not required to meet the qualifications specified by the administrator of the emergency management division. Additional emergency management personnel may be appointed at the discretion of the commission.

8. The commission shall develop, adopt, and submit for approval by local governments within the county, a comprehensive county-wide emergency operations plan which meets standards adopted by the division in accordance with chapter 17A. If an approved comprehensive county-wide emergency operations plan has not been prepared according to established standards and the administrator of the emergency management division finds that satisfactory progress is not being made toward the completion of the plan, or if the administrator finds that a local emergency management commission has failed to appoint a qualified emergency management coordinator as provided in this chapter, the administrator shall notify the governing bodies of the counties and cities affected by the failure and the governing bodies shall not

*Item veto; see message at end of the Act

*appropriate any moneys to the local emergency management fund until the disaster plan is prepared and approved or a qualified emergency management coordinator is appointed. If the administrator finds that a city or a county has appointed an unqualified emergency management coordinator, the administrator shall notify the governing body of the city or county citing the qualifications which are not met and the governing body shall not approve the payment of the salary or expenses of the unqualified emergency management coordinator. However, in counties having a population of twenty-five thousand or less, funding sanctions in this subsection based solely on the qualifications of an emergency management coordinator do not apply.**

Sec. 36. Section 73.18, Code Supplement 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, the administrator of each area education agency, the president of each community college, and the superintendent of each school district 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 consult a directory of certified targeted small businesses produced by the department of economic development that lists all certified targeted small businesses by category of goods or services provided prior to or upon release of the solicitation and shall send a copy of the request for proposal or solicitation to any appropriate targeted small business listed in the directory. The Iowa department of economic development may charge the department, agency, area education agency, community college, or school district a reasonable fee to cover the cost of producing, distributing, and updating the directory. 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 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 8, and which may be qualified to bid.

Sec. 37. Section 99E.31, subsection 2, Code 1991, is amended by striking the subsection.

Sec. 38. Section 99E.32, subsection 2, Code Supplement 1991, is amended by striking the subsection.

**Sec. 39. Section 280B.6, Code 1991, is amended by adding the following new subsection:
NEW SUBSECTION. 7. Notwithstanding any other provision of this chapter to the contrary, a community college may use funds available from the retirement of certificates for the purposes of sections 280A.44 and 280A.46 and for economic development purposes. The funds may be used for these purposes for a period of five years following the date a certificate is retired.**

**Sec. 40. NEW SECTION. 307.41 MAINTENANCE FACILITIES.*

*The department shall maintain maintenance facilities within the boundaries of every county with a population in excess of eight thousand persons in which the department maintains a maintenance facility as of January 1, 1988.**

Sec. 41. Section 321.19, subsection 2, unnumbered paragraph 2, Code 1991, is amended to read as follows:

Any person, firm, corporation, or company operating an urban transit system shall pay to the county treasurer annually as a registration fee for each bus, car, or vehicle used in the transportation of passengers, five dollars, which shall be paid into the city general fund. Any urban transit company operated by a municipality is not required to pay such registration fees. The department, in accordance with subsection 1, shall furnish distinguishing plates for vehicles used by urban transit companies operated by a municipality. No other provision of law providing for the payment of taxes, registration, or license fees for vehicles shall be applicable to any bus, car, or vehicle for the transportation of passengers owned and operated by any urban transit company.

*Item veto; see message at end of the Act

Sec. 42. Section 321.22, subsection 4, Code 1991, is amended by striking the subsection.

**Sec. 43. Section 368.7, unnumbered paragraphs 2 and 3, as amended by 1992 Iowa Acts, Senate File 2290, section 2, is amended to read as follows:*

An application for annexation of territory not within an urbanized area must be approved by resolution of the council which receives the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. Upon receiving approval of the council, the city clerk shall file a copy of the resolution, map, and legal description of the territory involved with the state department of transportation. The city clerk shall also file a copy of the map and resolution with the county recorder and secretary of state. The secretary of state shall not accept and acknowledge a copy of a map and resolution of annexation which would create an island, however, the applicant shall be given an opportunity to amend or correct its application to eliminate any island. The annexation is completed upon acknowledgment by the secretary of state that the secretary of state has received the map and resolution.

*An application for annexation of territory within an urbanized area must be approved both by resolution of the council which receives the application and by the board. The board shall not approve an application which creates an island. If the board, committee, or secretary of state determines that granting an application or petition would create an island, or that the application or petition is in violation of a requirement of this chapter, the applicant or petitioner shall be given reasonable opportunity, after notice thereof from the board, committee, or secretary of state, to amend or otherwise correct such application or petition. Notice of the application shall be mailed by certified mail, by the city to which the annexation is directed, at least ten days prior to any action by the city council on the application to the council of each city whose boundary adjoins the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, and to the regional planning authority of the territory. Notice of the application shall be published in an official county newspaper in each affected county at least ten days prior to any action by the city council on the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. The annexation is completed when the board has filed copies of applicable portions of the proceedings as required by section 368.20, subsection 2.**

Sec. 44. Section 455B.310, subsection 2, paragraph b, subparagraph (1), Code Supplement 1991, is amended to read as follows:

(1) Ten cents per ton per year is appropriated to the department of natural resources to establish a program to provide competitive grants to regional coordinating councils for projects in regional economic development centers related to a by-products and waste exchange system. Grantees under this program shall coordinate activities with other available state or multistate waste exchanges, including but not limited to the by-products and waste search service at the university of northern Iowa. The department shall consult with the department of economic development and the waste reduction center at the university of northern Iowa in establishing criteria for and the awarding of grants under this program. The department of natural resources shall expend not more than thirty thousand dollars of the moneys appropriated under this subparagraph to contract with the by-products and waste search service at the university of northern Iowa to provide training and other technical services to grantees under the program. If regional economic development centers cease to exist, the department shall transfer existing contracts to one or more community colleges or councils of governments and shall revise the criteria and rules for this program to allow community colleges or councils of governments or regional planning councils to be applicants for competitive grants.

Sec. 45. Section 455D.16, Code 1991, is amended to read as follows:

*Item veto; see message at end of the Act

455D.16 PACKAGING PRODUCTS – RECYCLING – PROHIBITION OF POLYSTYRENE PRODUCTS.

The department, in cooperation with businesses involved in the manufacturing and use of packaging products or food service items, shall establish a recycling program to increase the recycling of packaging products or food service items by twenty-five percent by ~~January 1, 1992~~ July 1, 1993, and by fifty percent by ~~January 1, 1993~~ July 1, 1994. If the recycling goals are not reached, beginning January 1, ~~1994~~ 1995, a person shall not manufacture, offer for sale, sell, or use any polystyrene packaging products or food service items in this state.

Sec. 46. Section 490.1422, subsection 1, unnumbered paragraph 1, Code 1991, is amended to read as follows:

A corporation administratively dissolved under section 490.1421 may apply to the secretary of state for reinstatement within ~~two~~ ten years after the effective date of dissolution. The application must meet all of the following requirements:

Sec. 47. Section 508.10, unnumbered paragraph 2, Code 1991, is amended to read as follows:

An alien insurer, with the approval of the commissioner, may be treated as a domestic insurer of this state in whole or in part, and if so approved is deemed to be organized under the laws of this state and is an Iowa domestic insurer as provided by rules adopted by the commissioner. The approval of the commissioner may be based upon such factors as:

Sec. 48. NEW SECTION. 634.7 PUBLIC GRANTS BY PRIVATE FOUNDATIONS OR TRUSTS.

A grant, by a trust organized and funded prior to January 1, 1992, to which this chapter applies, to the state of Iowa, or a political subdivision, or agency of the state or political subdivision, for purposes of economic development, shall be regarded as a charitable contribution if made prior to January 1, 1994.

Sec. 49. Notwithstanding the provision in section 15.313 granting the director of the department of economic development discretion in the allocation of the moneys to the various accounts in the strategic investment fund, for the fiscal year beginning July 1, 1992, a minimum of \$500,000 shall be allocated to the targeted small business financial assistance program account and a minimum of \$220,000 shall be allocated to the self-employment loan program account.

Sec. 50. All loan repayments under the rural community 2000 program shall be transferred to the Iowa finance authority housing improvement fund under section 220.100.

Sec. 51. Sections 15.301 through 15.307, Code 1991, are repealed.

Approved June 3, 1992, except the items which I hereby disapprove and which are designated as those portions of Section 1, subsection 3, paragraph c which are herein bracketed in ink and initialed by me; Section 3, subsection 3 in its entirety; Section 5 in its entirety; those portions of Section 6 which are herein bracketed in ink and initialed by me; Section 35 in its entirety; Sections 39 and 40 in their entirety; and Section 43 in its entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Madam Secretary:

I hereby transmit House File 2462, an Act appropriating funds to the department of economic development, the Iowa finance authority, the Wallace technology transfer foundation, INTERNET, state university of Iowa, and Iowa state university of science and technology, creating the strategic investment fund, replacing the Iowa economic development network with a manufacturing technology program under the Wallace technology transfer foundation, providing for economic development planning and research activities by the department of economic development, and making related and other statutory changes.

House File 2462 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the designated portion of Section 1, subsection 3, paragraph c. This provision would appropriate \$75,000 for a specific economic development project. Projects such as this are eligible for funding under the Rural Enterprise Fund. Appropriate plans and applications for specific projects should be submitted to the Department of Economic Development and be reviewed on a competitive basis with other locally initiated projects. By disapproving this provision, the Department of Economic Development will revert \$75,000 to the general fund of the state at the end of fiscal year 1993.

I am unable to approve the item designated as Section 3, subsection 3, in its entirety. This provision would appropriate moneys from the job training fund to community colleges for apprenticeship programs. I support the establishment of apprenticeship programs and encourage trade associations to sponsor such programs. However, because the availability of sufficient funds from the job training fund is uncertain, I am unable to approve this item.

I am unable to approve the item designated as Section 5, in its entirety. This section would provide funding for housing assistance programs. Iowa recently received an award of \$9.5 million from the federal National Affordable Housing Act which will provide significant new funding for housing programs. I will continue to seek other alternative funding sources for Iowa's housing needs.

I am unable to approve the designated portions of Section 6. These provisions would appropriate \$50,000 for beef fat content research and appropriate \$50,000 for a feasibility study for a new cogeneration plant. The Wallace Technology Transfer Foundation has established a peer review process to evaluate applications for financial assistance awarded to projects such as these. This evaluation process assures that applications are consistent with the Foundation's strategic plan and have the highest potential for development of transferable technologies. These projects should be submitted to the Foundation and be subject to the regular review process. By disapproving these provisions, the Wallace Technology Transfer Foundation will revert \$100,000 to the general fund of the state at the end of fiscal year 1993.

I am unable to approve the item designated as Section 35, in its entirety. This provision would exempt Emergency Management Coordinators in counties of less than 25,000 population from meeting qualifications for that position. This could make the counties ineligible to receive federal grants under emergency management assistance program rules. Administrative rules have been developed in cooperation with the Iowa Emergency Management Directors Association and can allow for temporary certification while coordinators receive training. Current law allows two or more adjacent counties to share a coordinator.

I am unable to approve the item designated as Section 39, in its entirety. This section would allow for the continued collection of incremental income and property withholding taxes for up to five years after training certificates have been retired. The funds collected during this five-year period could be used for apprenticeship programs, program and administrative sharing programs between community colleges and Regent universities and other economic development purposes. While I understand the desire to provide an alternative source of funding for community college programs, this provision goes far beyond the original intent of the uses for the taxes, and cannot be approved.

I am unable to approve the item designated as Section 40, in its entirety. This item places an inappropriate restriction on the Department of Transportation's ability to adjust to changing needs.

I am unable to approve the item designated as Section 43, in its entirety. Changes made by this section would allow a city to amend an application for annexation after it has been submitted to the City Development Board if it is determined that the application would create an island or would be in violation of a requirement of Chapter 368. Current board policy allows a city to correct a minor technical defect or omission in a filed application. If an application is flawed to the extent that it is in violation of Chapter 368, the application should be withdrawn and resubmitted.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2462 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1245

COMPENSATION FOR PUBLIC EMPLOYEES

H.F. 2490

AN ACT relating to compensation and benefits for public employees by providing adjustments for salaries, by providing for other properly related matters, by making appropriations, and providing retroactive applicability.

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

**Section 1. COLLECTIVE BARGAINING AGREEMENTS FUNDED — GENERAL FUND APPROPRIATION FOR COVERED AND NONCOVERED EMPLOYEES. There is appropriated from the general fund of the state to the salary adjustment fund for distribution by the department of management to the various state departments, boards, commissions, councils, and agencies for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, \$101,009,928, or so much thereof as may be necessary, to fully fund the following annual pay adjustments, expense reimbursements, and related benefits:*

- 1. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the blue collar bargaining unit.*
- 2. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the state police officers council bargaining unit.*
- 3. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the security bargaining unit.*
- 4. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the technical bargaining unit.*
- 5. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional fiscal and staff bargaining unit.*
- 6. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the university of northern Iowa faculty bargaining unit.*
- 7. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the clerical bargaining unit.*
- 8. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional social services bargaining unit.*

*Item veto; see message at end of the Act