

15.301 Save our small businesses fund and program.

1. a. A save our small businesses fund is created in the state treasury under the control of the authority and consisting of any moneys appropriated to the fund by the general assembly and any other moneys available and obtained or accepted by the authority for placement in the fund.

b. Payments of interest, repayments of moneys loaned pursuant to this section, and recaptures of loans shall be deposited in the fund. The fund shall be used to provide financial assistance in the form of low-interest loans as provided under the program created in this section.

c. (1) If, on March 31, 2011, there are unobligated moneys in the fund, such unobligated moneys shall revert to the general fund of the state.

(2) For each quarter, beginning with the first quarter after the reversion of moneys pursuant to subparagraph (1) and ending with the last quarter prior to the reversion of moneys pursuant to subparagraph (3), the authority shall, on the last day of the quarter, transfer to the general fund of the state the balance of unencumbered moneys in the fund.

(3) On March 31, 2016, all moneys in the fund shall revert to the general fund of the state.

2. a. The authority shall establish and administer a program for purposes of providing financial assistance to eligible small businesses. For purposes of this section, “*financial assistance*” means loans at an interest rate not to exceed three and nine-tenths percent per annum and “*eligible small business*” means a small business meeting the requirements of subsection 3.

b. (1) The department of economic development or the authority may designate an organization to administer the provisions of this section on the authority’s behalf.

(2) In order to be designated, an organization must be a nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code and must be designated by the United States small business administration as a statewide microloan program provider.

(3) If the authority elects to designate an organization pursuant to subparagraph (1), the authority shall enter into an agreement with the organization for purposes of ensuring that the program is administered pursuant to the requirements of this section.

(4) An organization designated pursuant to subparagraph (1) may accept, evaluate, and approve applications for financial assistance from eligible small businesses pursuant to the requirements of this section and may monitor the compliance of eligible businesses with the terms of an agreement entered into with the department or authority.

(5) All disbursements of moneys to recipients of financial assistance approved by an organization designated pursuant to subparagraph (1) shall be made by the authority.

(6) All repayments of principal and interest on financial assistance provided under the program shall be remitted to the authority and deposited in the fund.

(7) The authority, with the assistance of an organization designated pursuant to subparagraph (1), may seek the recapture of financial assistance provided pursuant to this section as provided in subsection 4.

c. Financial assistance under the program shall be provided from the fund created in subsection 1.

d. Financial assistance to a small business shall be at least two thousand five hundred dollars, but shall not exceed fifty thousand dollars.

e. The department of economic development, under the terms of an agreement with the organization designated pursuant to paragraph “b”, shall begin to provide financial assistance from the fund not later than August 1, 2010, and shall to the extent practicable obligate all available moneys in the fund prior to March 31, 2011.

f. A loan made to a small business under the program may be for any period of time, but the terms of such loan shall provide for the repayment of principal and interest prior to the date the moneys in the fund revert pursuant to subsection 1, paragraph “c”, subparagraph (3).

3. A business is eligible to apply for financial assistance under the program if the business meets all of the following criteria at the time of application:

a. The business has thirty-five or fewer full-time equivalent employees.

b. The business is located in Iowa.

- c. The business is owned, operated, and actively managed by a resident of Iowa.
 - d. The business has a business plan and has received assistance in the development stage or the expansion stage from a small business development center or from a qualified public or nonprofit small business consultant as defined by the authority.
 - e. If a business has been a going concern for two years or more, the business has not been found to be in violation of any environmental or worker safety laws, rules, or regulations.
 - f. The business only employs individuals legally authorized to work in this state.
 - g. The business does not engage in the production, depiction, or distribution of obscene material. For purposes of this paragraph, “*obscene material*” means the same as defined in section 728.1.
 - h. The business is not in bankruptcy and is not imminently contemplating filing for bankruptcy.
4. Upon approval of the application for financial assistance by the department of economic development, the authority, or an organization designated pursuant to subsection 2, paragraph “b”, the eligible business shall enter into an agreement with the department or authority which shall include but not be limited to all of the following provisions:
- a. If an eligible business, after receiving financial assistance, does not continue to meet one or more of the criteria for eligibility under subsection 3, except for subsection 3, paragraph “a”, all or a portion of the financial assistance received is subject to disallowance, recapture, or immediate repayment.
 - b. If, after receiving financial assistance, an eligible business ceases operations within the state or removes a significant portion of its operations to a location outside of the state, all or a portion of the financial assistance received is subject to disallowance, recapture, or immediate repayment.
5. a. An eligible business shall not receive more than one award of financial assistance under this section.
- b. An eligible business that receives financial assistance under this section may subsequently apply for financial assistance under other programs administered by the authority.
- c. An eligible business that receives financial assistance under this section shall not use such financial assistance for purposes of meeting payroll obligations to employees.
6. a. The small business development centers shall track the number of referrals for assistance made to the authority for assistance under this section and shall include that number in the small business development center’s annual report to the general assembly.
- b. The authority in conjunction with an organization designated pursuant to subsection 2, paragraph “b”, shall by January 15 of each year submit a report on the program administered pursuant to this section to the general assembly. The report shall include information on the number of businesses that receive loans under the program and any other information the authority deems relevant to assessing the success of the program.
7. The authority shall adopt rules pursuant to chapter 17A as necessary to administer the program. The authority may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph “b”, as necessary for the administration of this section.

2010 Acts, ch 1184, §42, 44; 2011 Acts, ch 118, §87, 89; 2012 Acts, ch 1021, §13 – 15

Referred to in §15.300

[P] Duties of former department of economic development were assumed by economic development authority beginning July 1, 2011, pursuant to 2011 Acts, ch 118

[T] Subsection 2, paragraph b, subparagraphs (1) and (4) amended

[T] Subsection 2, paragraph e amended

[T] Subsection 4, unnumbered paragraph 1 amended