

# House Amendment 3891

## Amendment Text

PAG LIN

1 1 Amend [Senate File 60](#), as passed by the Senate, as  
1 2 follows:  
1 3 #1. Page 1, by inserting before line 1 the  
1 4 following:  
1 5 "Section 1. Section [12.32](#), Code 1995, is amended  
1 6 to read as follows:  
1 7 12.32 DEFINITIONS.  
1 8 As used in this division, unless the context  
1 9 otherwise requires:  
1 10 1. "Eligible borrower" means any person who is in  
1 11 the business or is entering the business of producing,  
1 12 processing, or marketing horticultural crops or  
1 13 nontraditional crops in this state or any person in  
1 14 this state who is qualified to participate in one of  
1 15 the programs in this division.  
1 16 2. "Eligible lending institution" means a  
1 17 financial institution that is empowered to make  
1 18 commercial loans, and is eligible pursuant to chapter  
1 19 12C to be a depository of state funds

~~1 20 , and agrees to~~

1 20

~~1 21 participate in the linked investments for tomorrow~~

1 21

~~1 22 program~~

1 22 3. "Linked investment" means a certificate of  
1 23 deposit placed pursuant to this division by the  
1 24 treasurer of state with an eligible lending  
1 25 institution, at an interest rate not more than

~~1 26 three~~

1 26 two percent below current market rates on the  
1 27 condition that the institution agrees to lend the  
1 28 value of the deposit, according to the investment  
1 29 agreement provided in section

~~1 30 12.37~~

~~1 31 12.35~~, to an

1 30 eligible borrower at a rate not to exceed four percent  
1 31 above the rate paid on the certificate of deposit.

1 32 Sec. \_\_\_\_\_. Section [12.34](#), Code 1995, is amended to  
1 33 read as follows:

1 34 12.34 LINKED INVESTMENTS &dash; LIMITATIONS.

1 35 1. The treasurer of state may invest up to ten  
1 36 percent of the

~~1 37 balance of the state pooled money fund~~

1 37 average balance of the pooled money investment fund  
1 38 for the previous fiscal year in certificates of  
1 39 deposit in eligible lending institutions pursuant to

1 40 this division.

1 41 2. Certificates of deposit placed by the treasurer  
1 42 on or after July 1, 1995, pursuant to this division  
1 43 may be renewed at the option of the treasurer but the  
1 44 length of time from the beginning of the initial  
1 45 certificate of deposit for a given borrower until the  
1 46 maturity of the final renewal shall not exceed six  
1 47 years.

1 48 3. A preference shall be given to those persons  
1 49 who are less able than other persons to secure funds  
1 50 without participation in the linked investment  
2 1 program.

2 2

~~2.~~

- 4. The treasurer shall adopt rules pursuant to  
2 3 chapter 17A to implement this division

~~including, but~~

-  
2 4

~~not limited to, rules identifying horticultural crops~~

-  
2 5

~~and nontraditional crops for which the linked~~

-  
2 6

~~investments may be loaned~~

-  
2 7 Sec. \_\_\_\_\_. Section [12.35](#), Code 1995, is amended to  
2 8 read as follows:

2 9 12.35 APPLICATION.

2 10 1. An eligible lending institution that desires to  
2 11 receive a linked investment shall enter into an  
2 12 agreement with the treasurer of state, which shall  
2 13 include requirements necessary to carry out this  
2 14 division.

2 15

~~1.~~

- 2. An eligible lending institution that desires  
2 16 to receive a linked investment shall accept and review  
2 17 applications for loans from eligible borrowers. The  
2 18 lending institution shall apply all usual lending  
2 19 standards to determine the credit worthiness of each  
2 20 eligible borrower and shall determine whether the  
2 21 applicant is an eligible borrower.

~~Loan applications~~

-  
2 22

~~shall be for the purchase or lease of land, machinery,~~

-  
2 23

~~equipment, seed, fertilizer, direct marketing~~

-  
2 24

~~facilities, or new or expanding processing facilities~~

-  
2 25

~~for horticultural crops or nontraditional crops. The~~

2 26

~~maximum size of a loan is two hundred thousand dollars~~

2 27

~~per borrower for a production loan and five hundred~~

2 28

~~thousand dollars for processing or marketing~~

2 29

~~facilities.~~

2 30

~~2.~~

~~3.~~ The eligible financial institution shall

2 31 forward to the

~~state~~

~~treasurer of state~~ a linked

2 32 investment loan package in the form and manner as

2 33 prescribed by the treasurer of state. The package

2 34 shall include information required by the treasurer of

2 35 state, including but not limited to the amount of the

2 36 loan requested and the purpose of the loan. The

2 37 institution shall certify that the applicant is an

2 38 eligible borrower

~~and shall certify the present~~

2 39

~~borrowing rate applicable to the specific eligible~~

2 40

~~borrower~~

2 41 Sec. \_\_\_\_ . Section [12.36](#), Code 1995, is amended to

2 42 read as follows:

2 43 12.36 ACTIONS BY TREASURER

~~anddash; AGREEMENT~~

2 44 1. The treasurer of state shall accept or reject a

2 45 linked investment loan package or any portion of the

2 46 package based on the type or terms of the loan

2 47 involved, the availability of state funds, or the

2 48 compliance of the eligible borrower or eligible

2 49 lending institution.

2 50 2. Upon acceptance of the linked investment loan

3 1 package or any portion of the package, the treasurer

3 2 of state shall place certificates of deposit with the

3 3 eligible lending institution at a rate not more than

3 4

~~three~~

~~two~~ percent below the current market rate.

3 5

~~After July 1, 1992, the~~

~~The treasurer of state shall~~  
3 6 not place a certificate of deposit with an eligible  
3 7 lending institution pursuant to this division, unless  
3 8 the certificate of deposit earns a rate of interest of  
3 9 at least two percent.

~~When necessary, the treasurer~~

~~3 10~~

~~may place certificates of deposit prior to acceptance~~

~~3 11~~

~~of a linked investment loan package.~~

~~Certificates of~~

3 12 deposits placed by the treasurer of state shall mature  
3 13 in three hundred sixty-five days or less. Interest  
3 14 earned on the certificate of deposit and principal not  
3 15 renewed shall be remitted to the treasurer of state at  
3 16 the time the certificate of deposit matures.

3 17 Certificates of deposit placed pursuant to this  
3 18 division are not subject to a penalty for early  
3 19 withdrawal.

3 20

~~2. The eligible lending institution shall enter~~

~~3 21~~

~~into an investment agreement with the treasurer of~~

~~3 22~~

~~state, which shall include requirements necessary to~~

~~3 23~~

~~carry out this division. The requirements shall~~

~~3 24~~

~~reflect the market conditions prevailing in the~~

~~3 25~~

~~eligible lending institution's lending area. The~~

~~3 26~~

~~agreement may include a specification of the period of~~

~~3 27~~

~~time in which the lending institution is to lend funds~~

~~3 28~~

~~upon the placement of a linked investment, and shall~~

~~3 29~~

~~include provisions for the certificates of deposit to~~

~~3 30~~

~~be placed for one year maturities that may be renewed~~

3 31

~~for eight additional one year periods. Interest shall~~

3 32

~~be paid at the times determined by the treasurer of~~

3 33

~~state.~~

3 34 Sec. \_\_\_\_\_. Section [12.38](#), Code 1995, is amended to  
3 35 read as follows:

3 36 12.38 REPORTS.

3 37 By February 1 of each year, the treasurer of state  
3 38 shall report on the linked investments for tomorrow

3 39

~~program, the rural small business transfer linked~~

3 40

~~investment loan program, the targeted small business~~

3 41

~~linked investments program, and the main street linked~~

3 42

~~investments loan program~~

~~programs for the preceding~~

3 43 calendar year to the governor, the department of  
3 44 economic development, the speaker of the house of  
3 45 representatives, and the president of the senate. The  
3 46 speaker of the house shall transmit copies of this  
3 47 report to the house co-chair of the the joint economic  
3 48 development appropriations subcommittee and the chairs  
3 49 of the standing committees in the house which  
3 50 customarily consider legislation regarding agriculture  
4 1 and commerce, and the president of the senate shall  
4 2 transmit copies of this report to the senate co-chair  
4 3 of the joint economic development appropriations  
4 4 subcommittee and the chairs of the standing committees  
4 5 in the senate which customarily consider legislation  
4 6 regarding agriculture and commerce. The report shall  
4 7 set forth the linked investments made by the treasurer  
4 8 of state under the program during the year, the date  
4 9 of the investments, the total amount deposited, the  
4 10 number of deposits, and an estimate of foregone  
4 11 interest, the borrowing rate applicable to each  
4 12 borrower, and shall include information regarding the  
4 13 nature, terms, and amounts of the loans upon which the  
4 14 linked investments were based and the eligible  
4 15 borrowers to which the loans were made.

4 16 Sec. \_\_\_\_\_. Section [12.40](#), Code 1995, is amended to  
4 17 read as follows:

4 18 12.40 RURAL SMALL BUSINESS TRANSFER LINKED

4 19 INVESTMENT LOAN PROGRAM.

4 20 The treasurer of state shall adopt rules consistent  
4 21 with this division to implement a rural small business  
4 22 transfer linked investment loan program to maintain  
4 23 and expand existing employment opportunities and the  
4 24 provision of retail goods in small rural communities  
4 25 by assisting in the transfer of ownership of retail-

4 26 oriented businesses which, in the absence of  
4 27 sufficient financial assistance, may close. The rules  
4 28 shall be in accordance with the following:

4 29 1. As used in this section, "rural small business"  
4 30 means an existing rural small business, for which  
4 31 local competition does not exist in the principal  
4 32 realm of business activity of that business, and the  
4 33 loss of which will work a hardship on the rural  
4 34 community. A rural small business may include a  
4 35 grocery store, drug store, gasoline station,  
4 36 convenience store, hardware business, or farm supply  
4 37 store. A rural small business does not include a new  
4 38 business.  
4 39

~~2. The treasurer of state shall adopt rules~~

~~4 40~~

~~consistent with this division to implement a rural~~

~~4 41~~

~~small business transfer linked investment loan program~~

~~4 42~~

~~to further the following purposes:~~

~~4 43~~

~~a. To promote the business prosperity and economic~~

~~4 44~~

~~welfare of Iowa through promoting the prosperity and~~

~~4 45~~

~~economic welfare of rural Iowa.~~

~~4 46~~

~~b. To maintain and expand existing employment~~

~~4 47~~

~~opportunities and the provision of retail goods on a~~

~~4 48~~

~~local level in small rural communities by assisting in~~

~~4 49~~

~~the transfer of ownership of retail oriented~~

~~4 50~~

~~businesses where, in the absence of sufficient~~

~~5 1~~

~~financial assistance, the businesses may close.~~

~~5 2~~

~~3.~~

~~2.~~

~~Upon the placement of linked investment~~

~~5 3~~

~~moneys with an eligible lending institution, the~~

~~5 4~~

~~institution is required to lend money to a person~~

~~5 5~~

~~pursuant to rules adopted by the treasurer of state~~

~~5 6~~

~~for the transfer of a rural small business. The~~

~~In~~

~~5 7 order to qualify as an eligible borrower, the rural  
5 8 small business must be located in a city with a  
5 9 population of five thousand or less. A city located  
5 10 in a county with a population in excess of three  
5 11 hundred thousand, if the city is contiguous to another  
5 12 city in the county and that other city is contiguous  
5 13 to the largest city in that county, shall be  
5 14~~

~~considered as having a population in excess of five~~

~~5 15~~

~~thousand~~

~~ineligible to qualify as a borrower.~~

~~5 16~~

~~4.~~

~~3.~~

~~The~~

~~In order to qualify as an eligible~~

~~5 17 borrower, the transfer of the rural small business  
5 18 must be by purchase, lease-purchase, or contract of  
5 19 sale. The purchase must be for a portion of the  
5 20 business which is essential to its continued  
5 21 viability, including real estate where the business is  
5 22 located, fixtures attached to the real estate,  
5 23 equipment relied upon by the business, and inventory  
5 24 for sale by the business.  
5 25~~

~~5. The eligible lending institution shall apply~~

~~5 26~~

~~all usual lending standards to determine the~~

~~5 27~~

~~creditworthiness of each eligible borrower. The~~

~~5 28~~

~~lending institution shall forward to the treasurer of~~

5 29

~~state all information or any certification relating to~~

5 30

~~the loan required and in a manner prescribed by this~~

5 31

~~division and rules which shall be adopted by the~~

5 32

~~treasurer of state.~~

5 33

~~6.~~

~~4.~~

~~A~~

~~In order to qualify as an eligible~~

5 34 borrower, a borrower and the seller of the rural small

5 35 business shall not be within the third degree of

5 36 consanguinity or affinity.

5 37 5. Loan proceeds shall not be used to refinance

5 38 existing debt, including credit card debt. However,

5 39 proceeds may be used to refinance a short-term bridge

5 40 loan made in anticipation of the treasurer's approval

5 41 of the linked investment loan package.

5 42

~~7.~~

~~6. The maximum loan amount that a borrower may~~

5 43 ~~receive under this program shall~~

~~not be more than~~

~~be~~

5 44 ~~fifty thousand dollars.~~

5 45

~~8. Not more than one third of the amount of the~~

5 46

~~percentage authorized in section 12.34 may be used for~~

5 47

~~purposes of supporting this program and the main~~

5 48

~~street linked investment loan program under section~~

5 49

~~12.51.~~

5 50 Sec. \_\_\_\_ NEW SECTION. 12.41 HORTICULTURAL AND

6 1 NONTRADITIONAL CROPS LINKED INVESTMENT LOAN PROGRAM.

6 2 The treasurer of state shall adopt rules to

6 3 implement a horticultural and nontraditional crops

6 4 linked investment loan program to provide statewide

6 5 availability of lower cost funds for lending that will

6 6 stimulate existing or encourage new businesses in the

6 7 areas of producing, processing, or marketing  
6 8 horticultural or nontraditional crops. The rules  
6 9 shall be in accordance with the following:  
6 10 1. In order to qualify as an eligible borrower,  
6 11 the loan application shall be for the purchase or  
6 12 lease of land, machinery, equipment, or the purchase  
6 13 of other inputs used in the business of producing,  
6 14 processing, or marketing horticultural or  
6 15 nontraditional crops as defined by the treasurer.  
6 16 2. Loan proceeds shall not be used to refinance  
6 17 existing debt, including credit card debt. However,  
6 18 proceeds may be used to refinance a short-term bridge  
6 19 loan made in anticipation of the treasurer's approval  
6 20 of the linked investment loan package.  
6 21 3. The maximum loan amount that an eligible  
6 22 borrower may receive under this program is one hundred  
6 23 thousand dollars.  
6 24 Sec. \_\_\_\_\_. Section [12.43](#), Code 1995, is amended to  
6 25 read as follows:  
6 26 12.43 TARGETED SMALL BUSINESS LINKED INVESTMENTS  
6 27 LOAN PROGRAM

~~CREATED &dash; DEFINITIONS~~

6 28 The treasurer of state shall adopt rules to  
6 29 implement a targeted small business linked

~~investments~~

6 30 investment loan program to increase the availability  
6 31 of lower cost funds to inject needed capital into  
6 32 small businesses owned and operated by women or  
6 33 minorities, which is the public policy of the state.  
6 34 The rules shall be in accordance with the following:  
6 35 1. "Targeted small business" means a business as  
6 36 defined in section 15.102, subsection 5.  
6 37 2.

~~A linked investment shall only be approved in~~

6 38

~~connection with a loan application for a~~

~~In order to~~

6 39 qualify as an eligible borrower, the targeted small  
6 40 business

~~which has been~~

~~must be~~ certified pursuant to

6 41 section 10A.104, subsection 8.

6 42 3. In order to qualify as an eligible borrower,

6 43 the net worth of the targeted small business shall not

6 44 exceed four hundred thousand dollars.

6 45

~~3.~~

~~4.~~ Loan applications for a targeted small

6 46 business shall be for business expenses, including,

6 47 but not limited to, the purchase of land, machinery,

6 48 equipment, or licenses, or patent, trademark, or

6 49 copyright fees

~~and expenses~~

6 50 5. Loan proceeds shall not be used to refinance

7 1 existing debt, including credit card debt. However,

7 2 proceeds may be used to refinance a short-term bridge

7 3 loan made in anticipation of the treasurer's approval  
7 4 of the linked investment loan package.  
7 5

~~4.~~  
- 6. The maximum size of a targeted small  
7 6 business loan is two hundred

~~fifty~~  
- thousand dollars  
7 7 per borrower."  
7 8 #2. Page 1, by inserting after line 25 the  
7 9 following:  
7 10 "Sec. \_\_\_\_\_. Sections 12.33, 12.51, and 12.52, Code  
7 11 1995, are repealed."  
7 12 #3. Title page, line 1, by inserting after the  
7 13 word "to" the following: "the linked investments for  
7 14 tomorrow Act, including who may be an eligible  
7 15 borrower, limitation on the amount which may be  
7 16 invested by the treasurer of state, program criteria  
7 17 under the Act and".  
7 18 #4. By renumbering as necessary.  
7 19  
7 20  
7 21 \_\_\_\_\_  
7 22 METCALE of Polk  
7 23 SF 60.201 76  
7 24 mk/jj