



SF 301 – Save Our Small Business Fund (LSB 1735SV)

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Fiscal Note Version – As amended by **S-3104**

Description

Senate File 301 as amended by S-3104, does the following:

- Extends the Save Our Small Business Fund and Program through March 31, 2012.
- Gives the Department of Economic Development (DED) the ability to negotiate terms of the financial assistance to accomplish the goals of the Program, including interest-free financing for up to six months.
- Changes the eligibility requirements allowing eligible businesses to have a business plan that has been reviewed by a bank or credit union.
- Increases the percentage of the fund allocated for retention of services related to issuing the loans and for administrative expense incurred by the Department.
- Extends the due date for repayments to March 31, 2017.

Background

The Save Our Small Business Fund and Program began in FY 2011 with an appropriation of \$5.0 million from the School Infrastructure Fund in Senate File 2389 (Infrastructure Appropriations Act). Iowa Code Section 15.301 specifies unobligated money in the Fund will revert to the General Fund on March 31, 2011. Loans repaid through the Fund will revert on a quarterly basis to the General Fund until March 31, 2016, when all money is to be repaid.

Assumptions

- \$3.4 million will be left unobligated in the Save Our Small Business Fund on March 31, 2011.
- If the Program deadline is extended, all funds will be awarded.
- All funds loaned through the Program are repaid.

Fiscal Impact

Senate File 301 will delay a one-time General Fund revenue increase of \$3.4 million for FY 2012. These funds will eventually be paid to the General Fund in quarterly increments beginning in FY 2013 and ending in FY 2017.

The amount available to the DED for administrative costs and contracting for administering the program will increase from \$100,000 to \$150,000.

Of the \$1.5 million that the DED has awarded to date, \$660,000 has not been disbursed. Since it is unknown when repayments will begin on these undisbursed loans, there is not enough data available to project a schedule of repayments for current or future loans.

Sources

Department of Economic Development
Fiscal Services Division Analysis

/s/ Holly M. Lyons

March 15, 2011

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Code **Section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
