

F I N A L R E P O R T

EXPORT AND TRADE CENTER STUDY COMMITTEE

January, 1985

The Export and Trade Center Study Committee was established in May, 1984 by the Legislative Council to determine the feasibility of and justification for establishing a world trade center in the state and how trade and economic development can be improved and enhanced with or without such a facility. The membership was chosen without regard to standing committee membership.

Members serving on the Study Committee were:

Senator Emil J. Husak, Co-chairperson
Representative Elaine Baxter, Co-chairperson
Senator Bob Carr
Senator Thomas Mann
Senator John Nystrom
Senator David Readinger
Senator Jack Rife
Senator Norman Rodgers
Representative James Anderson
Representative Eugene Blanshan
Representative Dale Cochran
Representative Kenneth DeGroot
Representative Hugo Schnekloth
Representative Gary Sherzan

The Study Committee was granted five meeting days and authorized six public hearings throughout the state. Meetings were held on September 7, October 23, November 27, December 18, and January 4. The public hearings were held in Ames on November 13, in Cedar Rapids and Council Bluffs on November 14, in Sioux City and Dubuque on November 15, and in Burlington on November 19. The public hearings were used for receiving input from labor, business, education and individual interests on the world trade center and exporting.

At the first meeting, the Study Committee heard presentations by Mr. Keith Heffernan and Mr. Doug Getter of the Iowa Development Commission who provided background information including statistics, trends and activities of the Iowa Development Commission and identified the challenges facing Iowa exporters such as identifying trade opportunities, trade regulations and export financing; Mr.

Jesse Durden of the Des Moines office of the International Trade Administration of the U. S. Commerce Department who expressed his concern that so little is appropriated to the Iowa Development Commission for developing export markets, his feeling that a world trade center would enhance exporting and his concern for the fact that there is only one broker-freight forwarder at the Des Moines Airport which has been designated as a port of entry; by Leo Mayer, Associate Administrator for the Foreign Agriculture Service of the U. S. Department of Agriculture who stated that there are four essentials in overseas marketing, knowing the markets, knowing the customers, having a reliable supply of the product, and having a quality product, and commented that there are a number of things the state could do to promote its agricultural exports such as assisting in market research, hosting and sponsoring trade missions, and providing information to exporters; and by Mr. Mike Goedert of the Legislative Service Bureau who described what the other states are doing in order to increase exports and the kinds of state involvement in the areas of export promotion, marketing and assistance, and financing.

At the second meeting, the Study Committee was briefed by Price Waterhouse on their report relating to trade promotion strategies for Iowa which they had just completed for the U. S. Department of Commerce. The Study Committee also received presentations from Ms. Judith Katz, manager of the International Trade Program of the National Association of State Development Agencies, who discussed various export financing programs available on the federal level which are being utilized by the states; from Dr. Daniel Zaffarano, Vice President for Research at Iowa State University and representing the Board of Regents universities who presented his reactions to the Price Waterhouse report one of which was that some of the recommendations are already in place in regards to the activities and research by the state universities; and from Dr. Paul J. Magelli, Vice President for Academic Administration for Drake University, who evaluated the state's agricultural export situation and commented that he was not impressed with the Price Waterhouse estimate of the number of new jobs created as a result of a world trade center because he saw the situation as how many jobs will be lost if the trade center is not built.

At the third meeting, the Study Committee concerned itself with determining the feasibility and desirability of a world trade center. With this as the purpose of the meeting the Study Committee heard from Mr. Herman Kilpper, President of the Iowa World Trade Center Corporation, and Mr. Bob Mickle, a partner in Community Research and Planning; Mr. Howard R. Heil and Mr. John Hausafus of FEH Associates; Mr. Don Canney, Mayor of Cedar Rapids and Mr. Tom Parks, President of Quik-Way Manufacturers of Cedar Rapids; Mr. Gene Zortman of Ottawa, Iowa; and Mr. Ray Raymond, President of Danali Brokerage Services. These speakers discussed the reasons for the building of a world trade center and offered their proposals on the design, functions, and services of the world trade center. The Study Committee also directed the Legislative Service Bureau to draft a number of proposed bills for discussion at the next meeting.

At the fourth and fifth meetings, the Study Committee discussed, amended and had redrafted a number of the proposed bills and recommended for passage a total of five bills.

The titles of the recommended bill drafts are as follows:

1. An Act relating to the creation of an Iowa export credit authority to aid in the financing of the exportation of goods, products, or services produced or assembled in the state.

2. An Act relating to international trade and finance by providing for the creation of one or more international currency and barter exchanges for certain purposes, a committee to write a constitution and bylaws for an exchange, requirements with respect to the self-regulation of an exchange, application of the securities laws, and limitations on investments in exchange members.

3. An Act relating to the involvement of the state in a world trade center.

4. An Act relating to small business by providing for set-asides in state procurement contracts for small minority businesses and by adding to the small business loan program of the Iowa housing finance authority by establishing an export loan program as part of the small business loan program to aid in providing financing for export sales by small businesses and by increasing the bonding limits of the Iowa housing finance authority and the small business loan program as a result of the export loan program.

5. An Act relating to trade promotion and development for the state by creating an Iowa export services organization to facilitate trade and to serve as the focal point for services that will facilitate this trade, a trade consortium of universities and colleges to establish trade related guidelines and policies for institutions of higher education, the board of regents, and the department of public instruction, and a private sector advisory board to provide advice to the state export services organization.

export trade
mg/dg/20

PROPOSED SENATE/HOUSE FILE _____

BY (PROPOSED EXPORT AND TRADE
CENTER STUDY COMMITTEE BILL)
RECOMMENDED FOR PASSAGE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the creation of an Iowa export credit
2 authority to aid in the financing of the exportation of
3 goods, products, or services produced or assembled in
4 the state.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 28G.1 SHORT TITLE.

2 This chapter may be cited as the "Iowa export credit
3 authority Act".

4 Sec. 2. NEW SECTION. 28G.2 DECLARATION OF POLICY.

5 It is the policy of this state, in the interests of
6 increasing job opportunities and promoting the general welfare
7 of the people of the state, to promote and facilitate the
8 financing of exports of manufactured goods, agricultural
9 products, and other goods and services produced or assembled
10 in the state by providing guarantees and insurance, including
11 coinsurance and reinsurance, of loans to small and medium-
12 sized exporters located within the state.

13 Sec. 3. NEW SECTION. 28G.3 DEFINITIONS.

14 1. "Authority" means the Iowa export credit authority
15 established in section 28G.4.

16 2. "Board" means the governing board of the authority.

17 3. "Export trade activities" includes, but is not limited
18 to, consulting, international market research, advertising,
19 marketing, insurance, product research and design, legal
20 assistance, transportation, including trade documentation and
21 freight forwarding, communication and processing of foreign
22 orders to and for exporters and foreign purchasers, and
23 warehousing, when undertaken to export or facilitate the
24 export of goods, products, or services produced or assembled
25 in the state.

26 Sec. 4. NEW SECTION. 28G.4 ESTABLISHMENT OF AUTHORITY-
27 STAFF.

28 1. The Iowa export credit authority is established and
29 constituted a public instrumentality and agency of the state
30 exercising public and essential governmental functions. The
31 powers of the authority are vested in and shall be exercised
32 by a board of nine members appointed by the governor subject
33 to confirmation by the Senate. The members of the board are
34 to be competent in financial affairs.

35 2. Members of the board shall be appointed by the governor

1 for staggered terms of six years beginning and ending as
2 provided in section 69.19. A person appointed to fill a
3 vacancy shall serve only for the unexpired portion of the
4 term. A member is eligible for reappointment. A member of
5 the board may be removed from office by the governor for
6 misfeasance, malfeasance, or willful neglect of duty or other
7 just cause, after notice and hearing, unless the notice and
8 hearing is expressly waived in writing. A member of the board
9 may also serve as a member of the Iowa development commission
10 or the small business advisory council established in chapter
11 28.

12 3. A majority of the members of the board constitute a
13 quorum and the affirmative vote of a majority of the appointed
14 members is necessary for any substantive action taken by the
15 board. The majority vote shall not include the vote of a
16 member who has a conflict of interest and a statement by that
17 member of a conflict of interest is conclusive for this
18 purpose. A vacancy in the membership does not impair the
19 right of a quorum to exercise all rights and perform all
20 duties of the authority.

21 4. Members of the board are entitled to receive forty
22 dollars per diem for each day spent in performance of duties
23 as members. Members shall be reimbursed for all actual and
24 necessary expenses incurred in the performance of duties as
25 members.

26 5. The director of the Iowa development commission is the
27 executive director of the authority and shall direct and
28 supervise its administrative affairs and general management.
29 Staff of the Iowa development commission shall provide staff
30 for the authority. However, the executive director may,
31 subject to the approval of the board, employ other employees,
32 consultants, and agents, including counsel and advisors.

33 6. The board shall elect a chairperson and vice
34 chairperson annually, and other officers as they determine,
35 but the executive director shall serve as secretary to the

1 authority.

2 7. The executive director, as secretary of the authority,
3 shall keep a record of the proceedings of the authority and
4 shall be the custodian of all books, documents, and papers
5 filed with the authority, the minute books of the authority,
6 and its official seal. The executive director may cause
7 copies to be made of all minutes and other records and
8 documents of the authority and shall certify that the copies
9 are true copies, and all persons dealing with the authority
10 may rely upon the certification.

11 8. A member of the board or officer or employee of the
12 authority or an associate or close relative of any of those
13 persons shall not, directly or indirectly, be a party to or be
14 in any manner interested in a loan, participation, contract,
15 or agreement with the authority for any matter, cause, or
16 thing. If a loan, participation, guarantee, contract, or
17 agreement is made in violation of this subsection, it is void
18 and action shall not be maintained on it against the
19 authority.

20 9. The net earnings of the authority, beyond that
21 necessary for retirement of its obligations or to implement
22 the public purposes and programs authorized, shall not inure
23 to the benefit of any person other than the state. Upon
24 termination of the existence of the authority, title to all
25 property owned by the authority including any net earnings
26 shall vest in the state.

27 Sec. 5. NEW SECTION. 28G.5 PURPOSES.

28 The purposes of the authority are to:

29 1. Assist, promote, encourage, develop, and advance
30 economic prosperity and employment throughout the state by
31 fostering the expansion of exports of manufactured goods,
32 agricultural products, and other goods and services produced
33 or assembled in this state for foreign purchasers.

34 2. Cooperate and act in conjunction with other
35 organizations, public or private, the objects of which are the

1 promotion and advancement of export trade activities in the
2 state.

3 3. Establish a source of credit guarantees and insurance
4 to support export development not otherwise available, for
5 small and medium-sized business.

6 4. Provide financial counseling to potential and existing
7 exporters.

8 Sec. 6. NEW SECTION. 28G.6 GENERAL POWERS.

9 The authority has all of the general powers needed to carry
10 out its purposes and duties and exercise its specific powers,
11 including but not limited to the power to:

12 1. Guarantee, insure, coinsure, and reinsure loans against
13 political and credit risks of loss.

14 2. Provide export counseling services to businesses
15 located within the state.

16 3. Incur indebtedness for any of its purposes.

17 4. Receive, purchase, discount, sell, negotiate with or
18 without its endorsement or guarantee, and guarantee notes,
19 drafts, bills of exchange, acceptances, bankers' acceptances,
20 cable transfers, and other evidences of indebtedness.

21 5. Cooperate with and avail itself of the facilities of
22 federal and state agencies; cooperate with and assist, and
23 otherwise encourage local organizations in the various
24 communities in the state in the promotion, assistance, and
25 development of increased exporting activity; and render
26 advice, suggestions, and assistance to all state and municipal
27 agencies involved in promoting economic development and
28 employment through export activities.

29 6. Accept gifts, grants, or loans from and enter into
30 contracts or other transactions with a federal or state
31 agency, a municipality, a private organization, or other
32 source.

33 7. Make, alter, and repeal rules necessary for the
34 performance of its functions, powers, and duties under this
35 chapter.

1 8. Have and alter a corporate seal.

2 9. Sue and be sued.

3 10. Purchase, receive, take by grant, gift, devise,
4 bequest, or otherwise, lease, acquire, own, hold, improve,
5 employ, use and otherwise deal in and with, real or personal
6 property, or any interest in property, wherever situated.

7 11. Sell, convey, lease, exchange, transfer, or otherwise
8 dispose of, all or any of its property or any interest in its
9 property, wherever situated.

10 12. Exercise all other powers and functions necessary or
11 appropriate to carry out the duties and purposes set forth in
12 this chapter.

13 Sec. 7. NEW SECTION. 28G.7 GUARANTEES AND INSURANCE.

14 1. The authority may, under terms and conditions the board
15 deems appropriate, guarantee and insure against political and
16 commercial risks of loss, loans extended by financial
17 institutions or other public or private creditors to finance
18 export trade activities, if the loans are secured by export
19 accounts receivable or inventories of exportable goods, or as
20 otherwise required by the board. In exercising this power,
21 the authority shall, to the extent feasible, provide its
22 guarantee, insurance, coinsurance, or reinsurance to loans
23 which are or are eligible to be guaranteed, insured, or
24 coinsured by other state or federal agencies, including the
25 United States small business administration and the export-
26 import bank of the United States.

27 2. To be eligible for a guarantee, insurance, coinsurance,
28 or reinsurance under this section, a loan shall have a term
29 not longer than five years and shall be for the financing of
30 the export trade activities of a small or medium-sized
31 business having no more than fifty full-time equivalent
32 employees or no more than ten million dollars in gross
33 revenues annually.

34 3. The authority shall charge fees and premiums which are
35 commensurate with the risks covered and which are no greater

1 than necessary to make its guarantees, insurance, coinsurance,
2 or reinsurance functions actuarially sound and fully self-
3 supporting.

4 4. The guarantees or insurance are not an obligation of
5 this state or any political subdivision of this state other
6 than the authority within the meaning of any constitutional or
7 statutory debt limitations, but are special obligations of the
8 authority payable solely and only from the sources provided in
9 this chapter, and the authority shall not pledge the credit or
10 taxing power of this state or any political subdivision of
11 this state other than the authority or make its debts payable
12 out of any moneys except those of the authority.

13 Sec. 8. NEW SECTION. 28G.8 REVOLVING RESERVE FUND.

14 A revolving guarantee and insurance reserve fund is
15 established. The authority shall pay into the fund the fees
16 and premiums collected by the authority, moneys appropriated
17 to the fund by the state, and moneys made available by any
18 other public or private entity for the purpose of the fund and
19 may pay into the fund other moneys available to the authority.
20 The authority shall withdraw funds from the reserve fund only
21 to meet its guarantee and insurance obligations. However,
22 appropriations made to the fund by the state are advances by
23 the state and shall be repaid to the state without interest
24 from the amount of fees and premiums collected which are not
25 needed to replenish the reserve fund and to fund the risks of
26 guarantees and insurance outstanding, as determined by the
27 board, and shall be paid to the treasurer of state until the
28 amount of all appropriations made to the reserve fund is
29 repaid.

30 Sec. 9. NEW SECTION. 28G.9 LIMITS ON GUARANTEES AND
31 INSURANCE.

32 The authority shall not have outstanding at any one time
33 guarantees and insurance in an aggregate amount in excess of
34 two million five hundred thousand dollars.

35 Sec. 10. NEW SECTION. 28G.10 TREATIES AND INTERNATIONAL

1 AGREEMENTS.

2 The activities and operations of the authority shall comply
3 with treaties and international agreements, such as the
4 general agreement on tariffs and trade and the subsidies code,
5 to which the United States is then a party.

6 EXPLANATION

7 The bill establishes an Iowa export credit authority for
8 the purpose of promoting and facilitating the financing of the
9 exportation of manufactured goods, agricultural products, and
10 other goods and services produced or assembled in this state.
11 The authority would aid in this financing by insuring or
12 guaranteeing the loans made to export businesses. The
13 authority will charge a fee or premium to make its guarantee
14 or insurance. The fees and premiums will be credited to a
15 revolving reserve fund from which payments on the guarantees
16 or insurance will be made. Any moneys appropriated to the
17 reserve fund by the state may also be used for payments on
18 guarantees or insurance. Payments on the guarantees or
19 insurance are not obligations of the state but solely of the
20 authority. The fees and premiums that are in excess of the
21 amount needed to replenish this fund or to fund the risks of
22 the guarantees or insurance will be paid to the treasurer of
23 state until all moneys appropriated to this reserve fund have
24 been repaid. The amount of obligations outstanding which the
25 authority can guarantee or insure cannot be in excess of
26 \$2,500,000 at any one time. To be eligible for a guarantee or
27 insurance, a loan shall have a term not longer than five years
28 and shall be for the financing of export trade activities of a
29 small or medium-sized business having no more than fifty full-
30 time equivalent employees or no more than \$10,000,000 in gross
31 revenues annually.

32 The director of the Iowa development commission shall act
33 as the chief administrative and operational officer of the
34 authority and shall direct and supervise its administrative
35 affairs and general management. The staff of the commission

1 will also provide staff for the authority although the
2 director may hire additional staff subject to approval of the
3 governing board of the authority. The governing board
4 consists of nine members to be appointed by the governor
5 subject to confirmation by the senate for staggered terms of
6 six years.

7 The bill establishes a new chapter 28G.

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SENATE/HOUSE FILE _____

BY (PROPOSED EXPORT AND TRADE
CENTER STUDY COMMITTEE BILL -
RECOMMENDED FOR PASSAGE)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the involvement of the state in a world
2 trade center.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 18C.1 SHORT TITLE.

2 This chapter may be referred to and cited as the "Iowa
3 world trade center Act".

4 Sec. 2. NEW SECTION. 18C.2 DECLARATION OF NECESSITY AND
5 PURPOSE.

6 The purpose of this chapter is to benefit the citizens of
7 Iowa by strengthening and assuring economic development of the
8 state, developing and expanding marketing and exporting
9 opportunities particularly for small and medium-size Iowa
10 businesses and agricultural product producers, creating and
11 maintaining additional employment opportunities, and providing
12 a means for the state to promote the development of a world
13 trade center by participating in the construction and
14 operation of the Iowa world trade center for the purposes of
15 exhibiting and marketing Iowa products to the world's markets.

16 Sec. 3. NEW SECTION. 18C.3 LEGISLATIVE FINDINGS.

17 The general assembly finds and declares as follows:

18 1. There is a need to assist economic development and
19 create new employment opportunities in the state of Iowa.

20 2. Iowa is economically dependent upon export trade.

21 3. Export trade and world marketing have become more
22 competitive and Iowa's share of the total market is in
23 jeopardy.

24 4. Iowa's economic development is dependent upon
25 increasing international trade opportunities for Iowa
26 agricultural and manufactured products.

27 5. Iowa's economy is particularly dependent upon the
28 strength of its small and medium-size businesses and agri-
29 cultural product producers in diverse geographical locations
30 throughout its cities and agricultural areas, which provide
31 employment opportunities and economic vitality in its numerous
32 small and medium-size cities throughout the state; and a world
33 trade center will particularly assist small and medium-size
34 businesses to compete and maintain their strength by
35 increasing their worldwide market and therefore ensure the

1 economic development of the state of Iowa.

2 6. A world trade center will benefit continued expansion
3 of international marketing of Iowa agricultural and
4 manufactured products and will therefore result in economic
5 and employment opportunities and constitute a public purpose
6 for the benefit of all the people of the state of Iowa.

7 7. Private enterprise has indicated an interest in
8 developing the Iowa world trade center that would satisfy the
9 foregoing needs. However, the Iowa world trade center cannot
10 be constructed and operated without the involvement of and
11 investment by the state of Iowa.

12 8. The Iowa world trade council, ltd., a nonprofit
13 corporation under the laws of the state of Iowa, has been
14 incorporated as a means to facilitate the state's involvement
15 in the Iowa world trade center. It is in the best interest of
16 the state to join with private enterprise to secure the
17 realization of the Iowa world trade center and therefore it is
18 advantageous for the state to join with the Iowa world trade
19 council, ltd., to facilitate the construction and operation of
20 the Iowa world trade center in a cooperative manner and for
21 the state to fund a portion of the cost of construction and
22 the operation of the Iowa world trade center.

23 9. It may be desirable for the state to invest in the
24 construction of the Iowa world trade center through the Iowa
25 world trade council, ltd. which, together with the economic
26 investment of private sector funds, will enable the Iowa world
27 trade center to be constructed and maintained. It may be
28 desirable for the state to assist in the funding of the
29 operation of the exhibition areas of the Iowa world trade
30 center to ensure its operation and success.

31 10. All the above purposes are public purposes and uses
32 for which public moneys may be appropriated, expended,
33 borrowed, advanced, loaned, or granted.

34 Sec. 4. NEW SECTION. 18C.4 DEFINITIONS.

35 For purposes of this chapter, unless the context otherwise

1 requires:

2 1. "Iowa world trade council, ltd.," means the nonprofit
3 corporation established by that name under the laws of the
4 state of Iowa.

5 2. "Iowa world trade center" means the proposed land,
6 buildings, easements, leases, and other rights for the center
7 to be constructed, operated, and maintained with the
8 assistance of the state under this chapter to fulfill the
9 objectives of this chapter.

10 Sec. 5. NEW SECTION. 18C.5 STATE PARTICIPATION IN IOWA
11 WORLD TRADE COUNCIL, LTD.

12 1. The state recognizes the Iowa world trade council, ltd.
13 as the entity that will facilitate the state's involvement in
14 the construction and operation of the Iowa world trade center.
15 The board of directors of the Iowa world trade council, ltd.
16 shall consist of nine members.

17 2. State representation on the Iowa world trade council,
18 ltd.'s board of directors consists of five directors appointed
19 by the governor subject to confirmation by the senate for
20 four-year terms. The terms shall begin and end as provided in
21 section 69.19. The governor shall fill a vacancy in the same
22 manner as the original appointment for the unexpired portion
23 of the member's term. For the initial appointments to the
24 board of directors, the governor shall appoint three members
25 whose terms will commence upon appointment and shall expire
26 April 30, 1987 and shall appoint two members whose terms will
27 commence upon appointment and shall expire April 30, 1989.

28 3. Private representation on the Iowa world trade council,
29 ltd.'s board of directors shall consist of four directors
30 appointed initially after the Iowa world trade council, ltd.
31 has selected the private enterprise interests to organize,
32 construct, and operate the Iowa world trade center and these
33 four directors shall be appointed by and from those same
34 private enterprise interests.

35 4. Amendments to the Iowa world trade council, ltd.'s

1 articles of incorporation relating to the governance of the
2 corporation shall not be made without all of the following:

3 a. A majority approval of the entire board of directors.

4 b. A majority approval of the five directors appointed by
5 the governor.

6 c. A majority approval by the four directors appointed by
7 the private sector.

8 5. The Iowa world trade council, ltd.:

9 a. May enter into the necessary contracts, leases, and
10 other agreements to facilitate the organization, construction,
11 and operation of the Iowa world trade center.

12 b. Shall submit semiannual progress reports to the
13 governor and the general assembly during the construction of
14 the Iowa world trade center.

15 c. Shall submit no later than December 1 of each year to
16 the governor and general assembly a financial report including
17 any request for state appropriations.

18 d. May exercise supervision on behalf of the state of that
19 portion of the Iowa world trade center for exhibition owned by
20 the state.

21 e. May determine policy for exhibitions in the Iowa world
22 trade center exhibition space.

23 f. May review the operating budget of the exhibition space
24 of the Iowa world trade center.

25 6. The Iowa world trade council, ltd. shall not be
26 construed to be a state agency, board, commission, department,
27 or other administrative unit of the state.

28 Sec. 6. NEW SECTION. 18C.6 DEPARTMENT OF GENERAL
29 SERVICES NOT INVOLVED.

30 Chapter 18 does not apply to the management, operation, and
31 ownership of the Iowa world trade center.

32 Sec. 7. NEW SECTION. 18C.7 SATELLITE CENTERS.

33 In entering into a contract or agreement for the operation
34 of the state's portion of the Iowa world trade center, the
35 Iowa world trade council, ltd. shall include provisions for

1 the establishment, either separately or in conjunction with an
2 existing entity, of satellite marketing centers throughout the
3 state. The satellite centers shall participate with the Iowa
4 world trade center and the Iowa development commission in the
5 cataloging of the products and services offered by businesses
6 located in the state, assisting area businesses in developing
7 international marketing skills and sales, coordinating
8 international and local marketing activities and efforts,
9 providing economic counseling to area businesses and other
10 duties and responsibilities designed to improve area economic
11 development.

12 Sec. 8. Chapter 220, Code 1985, is amended by adding the
13 following new section:

14 NEW SECTION. 220.53 LOANS WITH RESPECT TO THE IOWA WORLD
15 TRADE CENTER.

16 1. In addition to other powers, the authority may make
17 loans secured and unsecured for both the acquisition and
18 construction of projects with respect to the Iowa world trade
19 center on terms the authority determines. The authority may
20 take any action which is reasonable and lawful to protect its
21 security and to avoid losses from its loans. Before making a
22 loan, the authority shall find that the proposed project will
23 fulfill one or more of the purposes and objectives of the Iowa
24 world trade center Act or the purposes set out in section
25 220.63, subsection 1.

26 2. With respect to such projects, the authority has those
27 powers set out in subsections 2 through 7 of section 220.63.

28 3. Section 220.65 applies to projects with respect to the
29 Iowa world trade center.

30 EXPLANATION

31 The bill deals with the state's involvement with the Iowa
32 world trade center. It recognizes the corporation established
33 as the Iowa world trade council, ltd. as the entity that will
34 facilitate the state's involvement. The state will have five
35 of the nine members of the Iowa world trade council, ltd.'s

1 board of directors representing it. The other four members
2 will be representing those private enterprise interests which
3 have been selected to organize, construct, and operate the
4 Iowa world trade center. The governor will appoint the five
5 state members subject to confirmation by the senate. The
6 powers of the Iowa world trade council, ltd. include the
7 exercise of supervision on behalf of the state of that portion
8 of the world trade center exhibition area owned by the state,
9 determination of policy for exhibitions in the exhibition
10 area, and the ability to enter into contracts or leases to
11 facilitate the organization, construction, and operation of
12 the world trade center.

13 In entering into a contract or agreement for the operation
14 of the state's portion of the world trade center, the Iowa
15 world trade council, ltd. shall include provisions for the
16 establishment of satellite marketing centers throughout the
17 state. These centers will participate with the world trade
18 center and the development commission in assisting businesses
19 in developing trade skills and sales, cataloging Iowa products
20 and services, and coordinating marketing activities and
21 efforts. The bill authorizes the Iowa housing finance
22 authority to make loans to aid in the acquisition or
23 construction of projects with respect to the world trade
24 center if it determines that the projects will fulfill any
25 purposes of its small business loan program. The bill also
26 lists legislative findings on the need and importance of an
27 Iowa world trade center and the involvement of the state in
28 the construction and operation of it. The bill creates a new
29 chapter 18C.

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PROPOSED SENATE/HOUSE FILE _____

BY (PROPOSED EXPORT AND TRADE
CENTER STUDY COMMITTEE BILL)
RECOMMENDED FOR PASSAGE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to small business by providing for set-asides
2 in state procurement contracts for small minority businesses
3 and by adding to the small business loan program of the
4 Iowa housing finance authority by establishing an export
5 loan program as part of the small business loan program
6 to aid in providing financing for export sales by small
7 businesses and by increasing the bonding limits of the
8 Iowa housing finance authority and the small business
9 loan program as a result of the export loan program.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 18.170 TITLE.

2 Sections 18.171 through 18.175 may be cited as the "Iowa
3 small minority business procurement Act."

4 Sec. 2. NEW SECTION. 18.171 DEFINITIONS.

5 When used in sections 18.170 through 18.175, unless the
6 context otherwise requires:

7 1. "Small business" means a business organized for profit
8 which has its principal place of business in Iowa and which is
9 neither dominant in its field of operation nor an affiliate or
10 subsidiary of a business dominant in its field of operation.

11 2. "Dominant in its field of operation" means exercising a
12 controlling or major influence in a business activity in which
13 a number of businesses are engaged. The following businesses
14 are dominant in their field of operation:

15 a. Manufacturing businesses which employ more than one
16 hundred persons and whose gross receipts for the preceding
17 three fiscal years exceeded a total of fifteen million
18 dollars.

19 b. General construction businesses which had gross
20 receipts exceeding a total of six million dollars in the
21 preceding three fiscal years.

22 c. Speciality construction businesses which had gross
23 receipts exceeding three million dollars in the preceding
24 three fiscal years.

25 d. Nonmanufacturing businesses which employ more than
26 twenty-five persons and which had gross receipts exceeding
27 three million dollars in the preceding three fiscal years.

28 3. "Affiliate or subsidiary of a business dominant in its
29 field of operation" means a business which is at least twenty
30 percent owned by a business dominant in that field of
31 operation, or by partners, officers, directors, majority
32 shareholders, or their equivalent of a business dominant in
33 that field of operation.

34 4. "Socially or economically disadvantaged person" means a
35 person who has been deprived of the opportunity to develop and

1 maintain a competitive position in the economy because of any
2 of the following circumstances:

3 a. Cultural, social, or economic circumstances or
4 background.

5 b. Physical location if the person resides or is employed
6 in an area declared a labor surplus area by the United States
7 department of commerce.

8 c. Other similar cause as defined by rules adopted by the
9 director pursuant to chapter 17A.

10 Sec. 3. NEW SECTION. 18.172 PROCUREMENT FROM SMALL
11 MINORITY BUSINESSES.

12 1. SMALL MINORITY BUSINESS SET-ASIDES. Notwithstanding
13 section 18.6, the director may designate and set aside for
14 awarding to small businesses owned and operated by socially or
15 economically disadvantaged persons approximately five percent
16 of the value of anticipated total state procurement of goods
17 and services, including construction, but not including
18 utility services pursuant to section 18.8, each fiscal year.
19 The director may divide the procurements so designated into
20 contract award units of economically feasible production runs
21 to facilitate offers or bids from these small businesses. In
22 designating set-aside procurements, the director may vary the
23 included procurements so that a variety of goods and services
24 produced by different small businesses may be set aside each
25 year.

26 2. NEGOTIATED PRICE OR BID CONTRACT. The director may use
27 either a negotiated price or bid contract procedure in the
28 awarding of a contract under this set-aside program. The
29 amount of an award shall not exceed by more than five percent
30 the director's estimated price for the goods or services, if
31 they were to be purchased on the open market or under the
32 competitive bidding procedures of section 18.6, and not under
33 this set-aside program. Surety bonds guaranteed by the
34 federal small business administration are acceptable security
35 for a construction award under this section.

1 3. DETERMINATION OF ABILITY TO PERFORM. Before announcing
2 a set-aside award, the director shall evaluate whether the
3 small business scheduled to receive the award is able to
4 perform the set-aside contract. This determination shall
5 include consideration of production and financial capacity and
6 technical competence.

7 4. PROCUREMENT PROCEDURES. All laws and rules pertaining
8 to solicitations, bid evaluations, contract awards, and other
9 procurement matters apply to procurements set aside for small
10 businesses to the extent there is no conflict. If sections
11 18.171 through 18.175 conflict with other laws or rules, then
12 sections 18.171 through 18.175 govern.

13 Sec. 4. NEW SECTION. 18.173 ROLE OF DEVELOPMENT
14 COMMISSION.

15 The director of general services may assist the director of
16 the Iowa development commission in publicizing the set-aside
17 program, attempting to locate small businesses able to perform
18 set-aside awards, and encouraging program participation. When
19 the director of general services determines that a small
20 minority business is unable to perform under a set-aside
21 contract, the director of general services shall inform the
22 director of the Iowa development commission who shall assist
23 the small business in attempting to remedy the causes of the
24 inability to perform. In assisting the small business, the
25 director of the Iowa development commission in cooperation
26 with the director of general services may use any management
27 or financial assistance programs available through state or
28 governmental agencies or private sources. Primary
29 responsibility under this section rests with the director of
30 the Iowa development commission.

31 Sec. 5. NEW SECTION. 18.174 CERTIFICATION.

32 The director shall adopt by rule standards and procedures
33 for certifying that small businesses owned and operated by
34 socially or economically disadvantaged persons are eligible to
35 participate in the set-aside program. The procedure for

1 determination of eligibility may include self-certification by
2 a business, provided the director retains the ability to
3 verify a self-certification. The director of general services
4 shall maintain a current directory of small businesses which
5 have been certified under this section.

6 Sec. 6. NEW SECTION. 18.175 REPORTS.

7 1. DIRECTOR OF GENERAL SERVICES. The director of general
8 services shall submit an annual report to the governor and the
9 general assembly with a copy to the director of the Iowa
10 development commission relating progress towards realizing the
11 objectives and goals of sections 18.171 through 18.174 during
12 the preceding fiscal year. The report shall include the
13 following information:

14 a. The total dollar value and number of potential set-
15 aside awards identified and the percentage of total state
16 procurements this figure reflects.

17 b. The total dollar value and number of set-aside
18 contracts awarded to small businesses owned and operated by
19 economically or socially disadvantaged persons with
20 appropriate designation as to the total number and value of
21 set-aside contracts awarded to each small business, and the
22 percentages of the total state procurements the figures of
23 total dollar value and the number of set-asides reflect.

24 c. The number of contracts which were designated and set
25 aside pursuant to section 18.172, but which were not awarded
26 to a small business, the estimated total dollar value of these
27 awards, the lowest offer or bid on each of these awards made
28 by the small business and the price at which these contracts
29 were awarded pursuant to the normal procurement procedures.

30 2. DIRECTOR OF THE IOWA DEVELOPMENT COMMISSION. The
31 director of the Iowa Development Commission shall submit an
32 annual report to the governor and the general assembly with a
33 copy to the director of general services. The report shall
34 include the following information:

35 a. The efforts undertaken to publicize the set-aside

1 program during the preceding year.

2 b. The efforts undertaken to identify small businesses
3 owned and operated by socially or economically disadvantaged
4 persons, and the efforts undertaken to encourage participation
5 in the set-aside program.

6 c. The efforts undertaken by the director to remedy the
7 inability of these small businesses to perform on potential
8 set-aside awards.

9 d. The director's recommendations for strengthening the
10 set-aside program and delivery of services to these small
11 businesses.

12 Sec. 7. Section 28.7, Code 1985, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. Aid in the set aside of procurements for
15 small businesses owned and operated by economically or
16 socially disadvantaged persons pursuant to sections 18.171 to
17 18.175.

18 Sec. 8. Section 220.1, subsection 27, Code 1985, is
19 amended to read as follows:

20 27. "Iowa small business loan program" or "loan program"
21 means the program for lending moneys to small business estab-
22 lished under sections 220.61 to ~~220.65~~ 220.66.

23 Sec. 9. Section 220.26, subsection 1, Code 1985, is
24 amended to read as follows:

25 1. The authority may issue its negotiable bonds and notes
26 in principal amounts as, in the opinion of the authority, are
27 necessary to provide sufficient funds for achievement of its
28 corporate purposes, the payment of interest on its bonds and
29 notes, the establishment of reserves to secure its bonds and
30 notes, and all other expenditures of the authority incident to
31 and necessary or convenient to carry out its purposes and
32 powers. However, the authority shall not have a total
33 principal amount of bonds and notes outstanding at any time in
34 excess of ~~six~~ seven hundred fifty million dollars plus a total
35 of fifty million dollars for property improvement loans to

1 finance solar and other renewable energy systems in housing as
2 authorized by section 220.37 and to finance loans to provide
3 solar and other renewable energy systems for and to increase
4 the energy efficiency of small businesses under the Iowa small
5 business loan program. Two hundred fifty million dollars plus
6 fifty million dollars for the export loan program of the total
7 principal amount of bonds and notes may be issued pursuant to
8 the small business loan program. The bonds and notes ~~shall be~~
9 deemed-to-be are investment securities and negotiable
10 instruments within the meaning of and for all purposes of the
11 uniform commercial code.

12 Sec. 10. Section 220.61, subsection 1, paragraph d, Code
13 1985, is amended to read as follows:

14 d. Private financing for small businesses at low interest
15 rates is unavailable to assist small business expansion and
16 development. The Iowa small business loan program is
17 necessary to encourage the investment of private capital in
18 small business expansion and development through the use of
19 public financing as provided in this section and sections
20 220.62 to ~~220-65~~ 220.66.

21 Sec. 11. Section 220.61, subsection 1, Code 1985, is
22 amended by adding the following new lettered paragraph:

23 NEW LETTERED PARAGRAPH. It is important to the viability,
24 expansion, and development of the small business community
25 that the export business of small businesses be encouraged and
26 expanded.

27 Sec. 12. Section 220.61, subsection 2, Code 1985, is
28 amended by adding the following new lettered paragraph:

29 NEW LETTERED PARAGRAPH. To encourage and increase the
30 availability of debt capital for expansion of export business
31 activity in this state by small businesses.

32 Sec. 13. Section 220.63, Code 1985, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. Purchase and enter into commitments to
35 purchase all or part of export loans and to lend funds to

1 export trade companies and financial institutions which agree
2 to use the funds immediately to make export loans under
3 section 220.66, if the authority determines that conventional
4 loans are unavailable on reasonably equivalent terms and
5 conditions.

6 Sec. 14. Chapter 220, Code 1985, is amended by adding the
7 following new section after section 220.65:

8 NEW SECTION. 220.66 EXPORT LOAN PROGRAM.

9 1. For purposes of this section:

10 a. "Export loan" means a loan to finance an export sale.

11 b. "Export sale" means a sale of producer or consumer
12 goods, commodities, or services outside the United States.

13 c. "Export trading company" means a person, partnership,
14 association, or similar organization whether operated for
15 profit or as a nonprofit organization, which does business
16 under the laws of the United States or any state of the United
17 States and which is organized and operated principally for
18 purposes of exporting goods or services produced in the United
19 States, or facilitating the exportation of goods or services
20 produced in the United States by unaffiliated persons by
21 providing one or more export trade services.

22 d. "Financial institution" means a bank, savings and loan
23 association, credit union, insurance company, finance company,
24 mortgage banker, community development corporation, small
25 business investment corporation, pension fund or other lender
26 which provides commercial loans in this state.

27 e. "Small business" means a business which meets the
28 appropriate United States small division administration
29 definition of small business.

30 2. As part of the small business loan program, there is
31 established an export loan program under which the authority
32 may issue up to fifty million dollars of the total principal
33 amount of bonds and notes that may be issued under the small
34 business loan program as provided in section 220.62,
35 subsection 1. The purpose of this program is to provide

1 financing for export loans to be made to small businesses.

2 3. All financial institutions and export trade companies
3 are eligible to participate in the export loan program.

4 4. An export loan may be funded by the authority only if
5 the authority finds in writing that all of the following
6 conditions are met:

7 a. Loan proceeds will finance the export sale of producer
8 or consumer goods, commodities, or services having a majority
9 of their export value produced in this state.

10 b. The export sale will serve to maintain or increase
11 employment in this state.

12 c. The principal amount of the loan does not exceed the
13 lesser of five million dollars or eighty-five percent of the
14 export sale amount.

15 d. The term of the loan will be not less than one hundred
16 eighty days and not more than five years.

17 e. The financial institution or export trade company
18 obtains insurance against default from the export-import bank
19 of the United States or the foreign credit insurance
20 association or obtains similar insurance approved by the
21 authority.

22 f. The export trade company or financial institution
23 assumes full responsibility for repayment of the loan.

24 g. Financing by the export-import bank of the United
25 States or similar financing is unavailable to the exporter on
26 reasonably equivalent terms and conditions.

27 5. a. The authority shall adopt rules and procedures
28 under chapter 17A to implement subsection 4.

29 b. The authority shall promote the use of export loans by
30 export trade companies and financial institutions.

31 6. On or before July 1, 1986, and every July 1 thereafter,
32 the authority shall submit to the appropriate standing
33 committee of each house of the legislature, as determined by
34 the presiding officer, a report setting forth all of the
35 following:

1 a. Sufficient information to identify the person whose
2 purchase of goods, commodities or services was financed by an
3 export loan and a statement of the amount of the loan.

4 b. Sufficient information to identify the person from
5 which goods, commodities or services were purchased under
6 paragraph "a" and a description of the goods, commodities or
7 services purchased.

8 c. The net increase or decrease in employment in this
9 state resulting from each export loan.

10 EXPLANATION

11 The bill provides for an optional set-aside in state
12 procurement contracts for small minority businesses. The
13 director of the department of general services may designate
14 and set aside for awarding to small businesses owned and
15 operated by socially or economically disadvantaged persons up
16 to five percent of the value of the goods and services to be
17 procured. A small business is one that is neither dominant in
18 its field or affiliate or subsidiary of a business that is
19 dominant in its field. To be dominate in its field means to
20 exercise a controlling or major influence in a business
21 activity in which a number of firms are engaged. The bill
22 lists examples of businesses that are dominate in their
23 fields. These vary according to the type of business
24 activity.

25 The director of the development commission is responsible
26 to publicize the set-aside and to locate and encourage
27 businesses to participate in the set-aside. The directors of
28 the development commission and department of general services
29 must annually file a report on their activities in regard to
30 and the success of the set-aside.

31 The bill establishes an export loan program as part of the
32 small business loan program under the housing financing
33 authority. The program allows the authority to purchase
34 export loans made to small businesses or to lend to export
35 trade companies and financial institutions who would make

1 export loans to small businesses. The amount of an export
2 loan funded by the authority cannot exceed the lesser of \$5
3 million or eighty-five percent of the export sale amount. The
4 term of the loan is not less than one hundred eighty days and
5 not more than five years. The financial institution or export
6 trade company assumes full responsibility for repayment and
7 obtains insurance against default from the U.S. export-import
8 bank.

9 The bill also increases the bonding limits of the housing
10 finance authority from \$650 million to \$700 million and the
11 authority's small business loan program by adding \$50 million
12 for the export loan program.

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SENATE/HOUSE FILE _____

BY (PROPOSED EXPORT AND TRADE
CENTER STUDY COMMITTEE BILL)

RECOMMENDED FOR PASSAGE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to trade promotion and development for the
2 state by creating an Iowa export services organization
3 to facilitate trade and to serve as the focal point for
4 services that will facilitate this trade, a trade con-
5 sortium of universities and colleges to establish trade
6 related guidelines and policies for institutions of
7 higher education, the board of regents, and the department
8 of public instruction, and a private sector advisory
9 board to provide advice to the state export services
10 organization.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 28H.1 ORGANIZATION CREATED --
2 OBJECT AND PURPOSES.

3 There is created an Iowa export services organization. The
4 governor shall appoint, subject to confirmation of the senate,
5 a board of nine directors for the organization and shall
6 designate a member as chairperson of the board. The
7 chairperson and other members of the board shall serve at the
8 pleasure of the governor. The primary objective of the Iowa
9 export services organization is to facilitate trade from the
10 state and to serve as the focal point for services that will
11 facilitate this trade. The primary function of this
12 organization is to serve as the lead agency of the public
13 sector by providing the policy direction and guidance for the
14 public sector in implementing an overall state trade promotion
15 and development plan. This plan is designed to promote and
16 develop trade of Iowa's agricultural and manufactured products
17 in both the domestic and foreign marketplaces.

18 The purposes and responsibilities of the Iowa export
19 services organization include, but are not limited to, the
20 following:

- 21 1. Enhance exports from Iowa.
- 22 2. Consolidate trade development and marketing resources
23 that are spread across several state agencies.
- 24 3. Establish single points of contact for those seeking
25 export assistance in both marketing and financing.
- 26 4. Create new opportunities for developing resources in
27 trade facilitation and finance and develop unified programs.

28 Members of the board of directors shall receive forty
29 dollars per diem, actual necessary expenses and mileage
30 expenses incurred while engaged in the business of the Iowa
31 export services organization.

32 Sec. 2. NEW SECTION. 28H.2 DEFINITIONS.

33 For purposes of this chapter, unless the context otherwise
34 requires:

- 35 1. "Organization" means the Iowa export services

1 organization created by this chapter.

2 2. "Plan" or "trade plan" means the overall state trade
3 promotion and development strategy designed under this chapter
4 to promote and develop trade of the state's agricultural and
5 manufactured products in both the domestic and foreign
6 marketplaces.

7 3. "Trade consortium" or "consortium" means the trade
8 consortium of universities and colleges established under
9 chapter 28I.

10 4. "Private sector advisory board" means the board
11 established under chapter 28J.

12 Sec. 3. NEW SECTION. 28H.3 LEGISLATIVE FINDINGS.

13 The general assembly finds and declares as follows:

14 1. There is a strong interest in Iowa in improving the
15 state's economic condition and enhancing its export potential.

16 2. There is a need for more information on Iowa's
17 industrial and export base to assess the state's resources and
18 expand its export potential.

19 3. Small and medium-sized companies have difficulty
20 identifying foreign markets for trade development.

21 4. It is difficult for small and medium-sized companies to
22 gain access to foreign markets.

23 5. Lack of knowledge about exporting in general and the
24 inability to assess the export potential of certain products
25 prevents many smaller companies from exporting.

26 6. Educational resources for international business
27 courses and certain language courses are limited in Iowa.
28 Moreover, enrollment in language courses is well below the
29 national average.

30 7. Iowa manufacturers face barriers to exporting which are
31 not unique to Iowa and which are not under the state's
32 control.

33 8. There is limited post-export, buyer, financing
34 available in Iowa.

35 9. Few firms in Iowa engage in countertrade which involves

1 barter or use of noncurrency payment for their products.

2 10. The network of export middlemen, such as banks, export
3 management companies and export trading companies in Iowa is
4 limited.

5 11. While Iowa's physical infrastructure, highway, rail,
6 and waterway transportation systems are adequate for ex-
7 porting, passenger air transportation service is limited and
8 needs to be addressed in the future.

9 12. While Iowa has a highly educated workforce, a review
10 of the manufacturing business climate reveals that Iowa ranks
11 relatively low in terms of factors judged by manufacturers as
12 important to their business success.

13 13. Manufacturing in Iowa is concentrated in four major
14 industrial groups which have experienced slow growth, and are
15 projected to continue growing slowly.

16 14. Increased sales in the major industries could come
17 from innovative approaches to international trade.

18 15. Bulk agricultural commodities, while important to
19 Iowa's economy and trade, do not represent significant
20 opportunities for trade development efforts because of their
21 unique distribution channels and external factors.

22 16. High growth industries nationwide include four with
23 development potential in Iowa, such as electronic industries;
24 medical products and equipment; poultry, dairy and value-added
25 food processing; and printing and publishing.

26 17. The services sector represents a high-growth sector
27 both nationally and in Iowa.

28 18. Small and medium-sized businesses remain a relatively
29 untapped potential for exporting.

30 19. The state of Iowa needs a more comprehensive approach
31 to trade development with the resources needed to facilitate
32 trade.

33 20. There are several other states that are taking
34 aggressive action to address trade related problems similar to
35 those facing Iowa.

1 Sec. 4. NEW SECTION. 28H.4 GUIDING PRINCIPLES.

2 In the performance of its responsibilities and purposes and
3 in the development of the overall trade plan, the organization
4 shall be guided by the following principles:

5 1. The organization shall address three interrelated goals
6 as follows:

7 a. Encourage economic growth and improve the business
8 climate in Iowa by solidifying current markets, attracting new
9 industry, and finding new markets for Iowa products both
10 domestically and abroad.

11 b. Diversify and stabilize Iowa's agricultural and manu-
12 facturing base by broadening its manufacturing base beyond the
13 state's current strengths in agribusiness and agriculture-
14 related equipment manufacturing.

15 c. Reduce unemployment by transforming of Iowa's economy
16 so that jobs can be created in the nonfarm sector to meet the
17 state's employment objectives and reduce the exodus of the
18 state's young and unemployed.

19 2. A partnership shall be created between the public and
20 private sectors. The trade plan shall be responsive to the
21 needs of businesses in Iowa, particularly small and medium-
22 sized businesses, and shall capitalize on the resources of the
23 public and private sectors. While the organization will serve
24 as a lead facilitator for trade, the business community and
25 academia shall play an active role in providing the expertise
26 needed to make trade possible.

27 3. A two-pronged approach to strengthen Iowa's trade shall
28 be established as follows:

29 a. A worldwide direct marketing approach that is customer
30 oriented and recognizes the need for reaching out to customers
31 in their home markets worldwide, not just in Iowa. This
32 approach shall take the seller to the customer.

33 b. An Iowa-based supermarket approach that fulfills the
34 perceived need and desire to make Iowa a focal point in
35 domestic and foreign trade. This approach shall bring the

1 customer to Iowa.

2 4. The trade plan shall be comprehensive with specific
3 trade related programs within at least the following four
4 major areas:

- 5 a. Education and training.
- 6 b. Marketing and promotion.
- 7 c. Financing.
- 8 d. Sales.

9 5. The trade plan shall address the problems,
10 disadvantages, disincentives, and other negative aspects
11 delineated by the legislative findings in section 28H.3.

12 Sec. 5. NEW SECTION. 28H.5 TRADE RELATED PROGRAMS.

13 A major component of the trade plan shall be the trade re-
14 lated programs described and developed as provided in this
15 section.

16 1. Education and training programs shall include activi-
17 ties directed at businesses engaged in exporting and at those
18 who may some day become involved in exporting. Educating and
19 alerting businesses to the opportunities available through
20 exporting are the first and often most productive steps in
21 developing trade. Building an awareness of trade
22 opportunities shall be achieved through counseling sessions
23 for those unfamiliar with exporting. Seminars and workshops
24 shall help provide information on the mechanics of exporting
25 and methods of marketing and financing products in other
26 markets. Guidebooks shall provide additional information on
27 export methods and requirements, forms of federal assistance,
28 and local resources to facilitate trade. Training in the
29 local universities and colleges shall help create the skills
30 necessary for engaging in trade and in providing the skilled
31 labor force necessary for emerging industries with trade
32 potential.

33 The Iowa export services organization has primary respon-
34 sibility in the following education and training program areas
35 and shall create programs in these areas as soon as

1 practicable:

2 a. OUTREACH AND COUNSELING. The organization shall
3 maintain several extension offices around the state staffed
4 with trade specialists available to local business for trade
5 development and counseling.

6 b. SEMINARS AND WORKSHOPS. The organization shall provide
7 on a regular basis seminars and workshops on various aspects
8 of trade and conduct industry specific seminars and workshops
9 to identify and focus resources on the potential sectors and
10 markets that have promising growth potentials for the state.
11 Topics covered shall include the mechanics of trade, uses of
12 export management companies and export trade companies,
13 sources and methods of export financing, and overseas
14 marketing and market potential.

15 c. PUBLICATIONS. The organization shall prepare several
16 publications designed to facilitate trade including an
17 exporting guidebook, directory of Iowa exporters, and Iowa
18 statistical profile, and be responsible for updating and
19 refining these and similar publications. The organization
20 shall prepare a monthly trade newsletter designed to keep Iowa
21 businesses apprised about evolving trade developments.

22 d. TRAINING AND RECRUITING. The organization shall advise
23 the trade consortium on curriculum development, develop
24 training programs on the mechanics of exporting, and assist
25 the Iowa development commission in training and recruitment
26 for Iowa businesses.

27 2. Marketing and promotion programs include market re-
28 search into sources of supply in the domestic market, as well
29 as an examination of market potential both domestically and
30 abroad. Marketing assistance may also include representatives
31 around the country and overseas, establishment of a trade lead
32 service, trade missions, catalog shows, and trade fairs. Per-
33 manent out-of-state representation can make contacts with in-
34 dustrial prospects, provide buyers with contact names, provide
35 industrial investors with information on location and the

1 state's business climate, and generally assist in identifying
2 sites for plants. Reverse investment and state product sales
3 efforts may be combined. These promotion efforts may be
4 conducted both domestically and abroad with a variety of
5 methods including promotional films, temporary and permanent
6 exhibition centers, luncheons, direct mailings, media
7 advertising, and targeting of specific firms.

8 Key marketing and promotion activities shall include but
9 not be limited to:

10 a. MARKET RESEARCH. Working with the trade consortium and
11 the private sector advisory board to engage in market research
12 that focuses on promising sectors and markets that have
13 promising growth potentials for the state. Major components
14 of this program include:

15 (1) Developing an inventory of Iowa's producers and
16 manufacturers to identify products, types of products that are
17 exported, exports to different world markets, and Iowa's
18 export potential.

19 (2) Examining opportunities in some emerging sectors
20 including high technology with an agricultural and
21 manufacturing orientation and the services sector.

22 (3) Researching new markets both domestically and abroad
23 to identify growing markets for Iowa products and those that
24 could be developed in Iowa to serve these markets, including
25 an assessment of the feasibility of establishing permanent
26 representation overseas.

27 b. OVERSEAS REPRESENTATION. Assessing the feasibility of
28 strengthening Iowa's overseas representation and identifying
29 the strategic markets in which overseas representation would
30 be desirable by increasing the commitment of resources to
31 present and other potential locations to strengthen the
32 state's function in marketing Iowa products in the customer's
33 marketplace and in providing onsite market research. The
34 representatives abroad shall aggressively work to provide up-
35 to-date information on trade leads. The organization shall

1 make a determination of whether such representation is more
2 feasible if provided by the state or through the private
3 sector.

4 c. TRADE MISSIONS AND PROMOTION. Continuing overseas
5 trade missions, including not less than four trade missions a
6 year, which emphasize advance planning and postmission
7 followup. Working with the United States department of
8 commerce, the organization shall research potential markets
9 and needs and then assemble the appropriate teams of business
10 persons to represent the relevant Iowa products. Following
11 the mission, the organization should assess the impact of the
12 mission on trade development.

13 d. OTHER MECHANISMS. Serving as a catalyst or broker to
14 facilitate the development of exporting joint ventures between
15 Iowa businesses. The joint ventures may range from those that
16 are project specific, such as physical infrastructure projects
17 in developing countries; to encouraging piggybacking of Iowa
18 small and medium-sized manufacturers with Iowa's major manu-
19 facturers and exporters that have well established exporting
20 networks; to the formation of export trade companies by Iowa
21 businesses.

22 3. Trade financing programs shall combine public and pri-
23 vate sources. In addition to preexport and postexport
24 financing by a few of Iowa's major banks, the organization
25 shall seek sources of funds at both the federal and state
26 levels. The programs shall inform businesses about federal
27 financing programs such as those offered by the small business
28 administration, the export-import bank, and the United States
29 department of agriculture. Financing assistance may take the
30 form of direct loans or loan guarantees.

31 The organization has a secondary role in export financing
32 and shall support the private sector advisory board in the
33 following areas:

34 a. Providing subsidized loans or sharing expenses for Iowa
35 businesses participating in trade missions.

- 1 b. Engaging in trade development feasibility studies.
- 2 c. Educating Iowa businesses as to sources of financing
- 3 within and without the state.
- 4 d. Examining the feasibility of establishing a counter-
- 5 trade or barter exchange.

6 4. Sales programs shall not involve the organization in
7 direct sales but shall encourage the development of the
8 middleman structure necessary for the small and medium-sized
9 businesses to consummate sales and support and expand overseas
10 sales through the organization's marketing functions.

11 5. Notwithstanding any other provision of the Code, every
12 state agency, board, commission, or department shall cease
13 their programs and activities upon the creation or performance
14 of similar programs or activities by the organization. These
15 programs and activities include, but are not limited to, those
16 described in this section. However, the organization may
17 provide for a state agency, board, commission, or department
18 to continue any program or activity that it feels does not
19 interfere with or will aid its programs or activities.

20 Sec. 6. NEW SECTION. 28H.6 EMPLOYEES.

21 The organization shall employ a director and may employ
22 assistants, clerks, and stenographers as necessary. The
23 employees shall be paid from funds appropriated to the
24 organization. The director, subject to approval of the board
25 of directors, may employ administrative assistants or deputies
26 as the director needs.

27 Sec. 7. NEW SECTION. 28H.7 POWERS -- COOPERATION.

28 In the performing of its duties, the organization may make
29 and enter into contracts, and do all things in its judgment
30 necessary, proper and expedient in accomplishing the
31 objectives of this chapter. However, as far as practicable in
32 performing its duties in connection with the collection and
33 assembling of information, the organization shall cooperate
34 with boards, commissions, agencies and institutions of this
35 state, and shall be given access to records, data, information

1 and statistics of other boards, commissions, agencies and
2 institutions of this state, and shall have studies and
3 research conducted as necessary and proper, the cost to be
4 paid out of the funds appropriated to the organization.

5 Sec. 8. NEW SECTION. 28H.20 AGRICULTURE MARKETING
6 DIVISION.

7 An agriculture marketing division, hereinafter referred to
8 as the division, is created within the organization. It is
9 the duty of the division to do or cause to be done those
10 things designed to lead to more advantageous marketing of Iowa
11 agricultural products. To implement this purpose, the
12 division may do, but is not limited to, the following:

- 13 1. Investigate marketing of farm products.
- 14 2. Promote their sales, distribution and merchandising.
- 15 3. Furnish information and assistance concerning the
16 marketing of Iowa products to the public.
- 17 4. Study and recommend efficient and economical methods of
18 marketing.
- 19 5. Cooperate with the division of agriculture of Iowa
20 state university of science and technology in its farm
21 marketing education and research and avoid unnecessary
22 duplications.
- 23 6. Gather and diffuse useful information concerning all
24 phases of the marketing of Iowa farm products in cooperation
25 with other public or private agencies.

26 The division shall have a deputy director appointed by the
27 director of the organization.

28 Sec. 9. NEW SECTION. 28H.21 DEPUTY DIRECTOR'S POWERS.

29 The deputy director, under the general supervision and
30 direction of the director, shall:

- 31 1. Appoint competent and experienced persons to assist the
32 deputy director in the performance of the deputy director's
33 duties and powers as necessary to effectuate the purposes of
34 this division, and delegate to any employee of this division
35 any of the powers and duties conferred upon the deputy

1 director.

2 2. Investigate methods and practices in connection with
3 the processing, handling, standardizing, grading, classifying,
4 sorting, weighing, packing, transportation, storage,
5 inspection and merchandising of farm and food products within
6 the state and all relevant matters.

7 3. Cooperate with Iowa state university of science and
8 technology extension service in disseminating information
9 relative to matters described in subsection 2.

10 4. Ascertain sources of supply of Iowa farm and food
11 products, prepare and publish from time to time lists of names
12 and addresses of producers and consignors, and furnish the
13 lists to persons applying for them.

14 5. Consult with the research foundations existing in Iowa
15 when issues concerning technology transfer occur.

16 6. Perform the acts of inspection and grading, or both, of
17 any farm product where requested by a person, or group of
18 persons engaged in the production, marketing, or processing of
19 the farm products, providing the person or persons, is willing
20 to pay for the services under rules the deputy director
21 prescribes, including payment of fees the deputy director
22 deems reasonable. The standards, grades, or classifications
23 shall not be lower in their requirements than the minimum
24 requirements of the official standards for corresponding
25 standards, grades and classifications commonly known as United
26 States grades promulgated from time to time by the secretary
27 of agriculture of the United States.

28 7. Adopt rules as necessary to carry out this division.

29 Sec. 10. NEW SECTION. 28H.22 GRANTS AND GIFTS OF FUNDS.

30 The division may accept grants and allotments of funds from
31 the federal government and enter into cooperative agreements
32 with the secretary of agriculture of the United States for
33 projects to effectuate any of the purposes of this division,
34 and may accept grants, gifts or allotments of funds from any
35 person for the purpose of carrying out this division.

1 Sec. 11. NEW SECTION. 28H.23 FUND.

2 All fees collected as a result of inspection and grading by
3 the division shall be paid into the state treasury, to be set
4 aside in a separate fund which is appropriated for the use of
5 the division. Withdrawals from this fund shall be by warrant
6 of the state comptroller upon requisition by the deputy
7 director approved by the director. The fund shall be
8 continued from year to year, provided, that if there is any
9 balance remaining at the end of the biennium which, in the
10 opinion of the governor, state comptroller and director, is
11 greater than necessary for the proper administration of the
12 inspection and grading program, the treasurer of state is
13 authorized on the recommendation and with the approval of the
14 governor, state comptroller and director, to transfer to the
15 general fund of the state that portion of the fund they deem
16 advisable.

17 Sec. 12. NEW SECTION. 28H.24 GRADES OR CLASSIFICATIONS
18 OF FARM PRODUCTS.

19 A certificate issued under this division of the grade or
20 other classification of any farm products shall be accepted in
21 any court of this state as prima facie evidence of the true
22 grade or classification of those farm products as they existed
23 at the time of their classification.

24 Sec. 13. NEW SECTION. 28H.25 MARKETING BOARD.

25 The agriculture marketing board is established. The
26 agriculture marketing board is composed of the secretary of
27 agriculture, the director or the director's designee and the
28 dean of agriculture at Iowa state university of science and
29 technology, each of whom shall serve as a member of the board
30 as a nonvoting member, and a producer member from each of the
31 following statutory associations: Iowa swine producers
32 association, Iowa turkey marketing council, Iowa beef cattle
33 producers association, Iowa state sheep association, Iowa
34 poultry association, incorporated, Iowa state dairy
35 association, Iowa crop improvement association, Iowa soybean

1 association, Iowa corn growers association and state
2 horticulture society. The names of three persons shall be
3 certified to the director by the presidents of the Iowa swine
4 producers association, Iowa turkey marketing council, Iowa
5 beef cattle producers association, Iowa poultry association,
6 incorporated, and state horticulture society by June 1 of each
7 odd-numbered year. The director shall appoint by July 1 one
8 of these three from each organization to the agriculture
9 marketing board. The appointee shall serve for a period of
10 two years beginning on July 1 of the year of appointment and
11 until a successor is appointed or qualified. Three names
12 shall be submitted and appointments made in the same manner in
13 even-numbered years for representation from the Iowa state
14 dairy association, Iowa soybean association, Iowa corn growers
15 association, Iowa state sheep association, and Iowa crop
16 improvement association. A vacancy occurring in the
17 agriculture marketing board shall be filled within two months
18 of the vacancy in the manner provided in this section.

19 Appointive members of the board shall receive forty dollars
20 per diem, actual necessary expenses and mileage expenses
21 incurred while engaged in the business of the agriculture
22 marketing board.

23 Sec. 14. NEW SECTION. 28H.26 DUTIES OF BOARD.

24 The duties of the agriculture marketing board shall
25 include, but are not limited to, the following:

26 1. To elect a chairperson, a secretary, and other officers
27 it deems advisable.

28 2. To keep accurate books, records, and accounts of all
29 its dealings, which books, records and accounts shall be
30 audited annually by the auditor of state.

31 Sec. 15. NEW SECTION. 28H.27 LEGISLATIVE INFLUENCE
32 PROHIBITED.

33 The agriculture marketing division, the agriculture
34 marketing board or an employee or representative of either the
35 division or board shall not engage in legislative programs nor

1 attempt in any manner by the adoption of rules, resolutions or
2 otherwise, to influence legislation affecting any matters
3 pertaining to the activities of this marketing division.

4 Sec. 16. NEW SECTION. 28I.1 CONSORTIUM ESTABLISHED.

5 A trade consortium of universities and colleges is created
6 for the purpose of establishing trade-related guidelines and
7 policies for the board of regents, the department of public
8 instruction, and representatives of Iowa's private colleges
9 and universities. However, the consortium has no direct
10 control over programs and activities in the universities and
11 colleges, and no control over the curricula or program
12 development of private colleges and universities.

13 Sec. 17. NEW SECTION. 28I.2 COMPOSITION OF BOARD.

14 The consortium is nonpartisan and composed of the following
15 members appointed by the legislative council:

16 1. Three persons representing the state's major insti-
17 tutions of higher education, not more than one each from the
18 university of Iowa, university of northern Iowa, and Iowa
19 state university.

20 2. Three persons representing the state's private colleges
21 and universities, not more than one from any one institution.

22 3. One person representing the state's community colleges.

23 4. One person representing the state board of regents.

24 5. One person representing the department of public
25 instruction.

26 Representatives of the academic community as chosen by the
27 consortium will serve on an advisory board to the consortium.

28 Appointment shall be for three-year terms beginning July 1
29 in the year of appointment. Vacancies shall be filled for an
30 unexpired term by appointment of the legislative council.

31 Members shall serve no more than three terms or nine years,
32 whichever is least.

33 The consortium shall organize annually and elect a
34 chairperson. At least one meeting of the consortium per year
35 shall be held at the seat of government. The members of the

1 consortium shall be paid forty dollars per diem and actual and
2 necessary expenses from funds appropriated by the general
3 assembly.

4 Sec. 18. NEW SECTION. 28I.3 DUTIES.

5 The objectives of the consortium are to coordinate trade-
6 related resources already available in Iowa higher education
7 institutions, serve as a focal point for the educational
8 community for trade-related topics and courses, initiate the
9 development of trade-related curricula and curricula to
10 support potential growth sectors, develop new programs
11 providing trade assistance to small and medium-sized
12 businesses, and serve as a point of contact for coordinating
13 trade activities among itself, the Iowa export services
14 organization, and the private sector.

15 The consortium's major activities shall be in the areas of
16 education, training, marketing, and promotion, and working
17 with the Iowa export services organization in expanding trade
18 marketing assistance and in promoting Iowa's products.
19 Specifically, the consortium shall:

20 1. Work through the small business development centers at
21 the state and private universities to facilitate outreach to
22 potential exporters in Iowa who would benefit from the
23 counseling services offered by the centers.

24 2. Work with the Iowa export services organization in
25 preparing and presenting export-related seminars and workshops
26 on pertinent and timely export trade topics.

27 3. Prepare documents summarizing different trade programs
28 at educational institutions across Iowa, and prepare periodic
29 reports on potential markets and industry analysis.

30 4. Review the trade curricula in the various state
31 academic institutions, as well as training materials as they
32 relate to potential growth sectors.

33 5. Coordinate market research concerning the promotion of
34 trade at the state's universities and colleges.

35 6. Facilitate the penetration of foreign markets by

1 establishing an "alumni ambassador" program and capitalizing
2 on the network of the state's higher education alumni who are
3 situated around the world.

4 7. Examine the feasibility of joining the state and
5 private sector to form an agribusiness research and
6 development center.

7 Sec. 19. NEW SECTION. 28J.1 PRIVATE SECTOR ADVISORY
8 BOARD CREATED -- MEMBERSHIP.

9 1. A private sector advisory board is created to provide
10 advice to the Iowa export services organization. The board
11 consists of fifteen members of whom three shall be from each
12 of the following groups:

13 a. Farmers or farm organizations.

14 b. Manufacturers.

15 c. Local world trade organizations.

16 d. The Iowa district export council.

17 e. Trade associations including agricultural trade
18 associations.

19 2. Members of the advisory board shall be appointed by the
20 governor subject to confirmation by the senate. Members shall
21 be residents of the state. Not more than eight members shall
22 belong to the same political party. In appointing members to
23 the advisory board, the governor shall attempt to obtain a
24 wide spectrum of interests from within the exporting community
25 and shall look at the factors of geographic spread, rural-
26 urban mix, size of export operations, type of product exported
27 and other relevant factors, including women and minorities, in
28 making appointments.

29 3. Members shall be paid forty dollars per diem and shall
30 also be reimbursed for necessary travel and expenses incurred
31 in the performance of their duties.

32 4. Members shall serve three-year terms. The term of each
33 member shall begin and end as provided in section 69.19.

34 Sec. 20. NEW SECTION. 28J.2 DUTIES.

35 1. The primary role of the private sector advisory board

1 is to advise the Iowa export services organization on business
2 needs and to facilitate the actual buying and selling of
3 products in the private sector.

4 2. The board shall:

5 a. Facilitate the development of export education and
6 training programs and curricula that meet the needs of the
7 private sector.

8 b. Provide a mechanism to provide assistance from ex-
9 perience exporters to businesses that are new or
10 inexperienced in exporting.

11 c. Advise the Iowa export services organization on its
12 plans for market research, overseas representation, trade
13 missions, and other promotional activities.

14 d. Assess and advise regarding the development of a
15 research and development center.

16 Sec. 21. Notwithstanding section 19 of this Act, the
17 governor shall appoint initial members of the commission
18 established under that section to staggered terms. One member
19 from each group shall be appointed to a one-year term, one
20 member from each group shall be appointed to a two-year term,
21 and one member from each group shall be appointed to a three-
22 year term. The governor shall appoint initial members in the
23 same manner as vacancies, subject to section 2.32.

24 Sec. 22. Section 28.7, subsection 1, Code 1985, is amended
25 to read as follows:

26 1. Collect and assemble, or cause to have collected and
27 assembled, all pertinent information available regarding the
28 industrial, and agricultural and recreational opportunities
29 and possibilities of the state of Iowa~~-including raw~~
30 ~~materials-and-products-that-may-be-produced-therefrom;~~ power
31 and water resources; transportation facilities; available
32 markets; the availability of labor; the banking and financing
33 facilities; the availability of industrial sites; the
34 advantages of the state as a whole, and the particular
35 sections thereof of the state, as industrial locations; the

1 development of a grain alcohol motor fuel industry and its
2 related products; and such other fields of research and study
3 as the commission may-deem deems necessary. Such This
4 information, as far as possible, shall consider both the
5 encouragement of new industrial enterprises in the state and
6 the expansion of industries now existing within the state, and
7 allied fields to such industries.

8 Sec. 23. Section 28.7, subsection 8, Code 1985, is amended
9 by striking the subsection and inserting in lieu thereof the
10 following:

11 8. Cease those programs and activities upon the creation
12 or performance of similar programs or activities by the Iowa
13 export services organization. These programs and activities
14 include, but are not limited to, extension offices for trade
15 development and counseling, marketing seminars and workshops,
16 publication of trade or marketing books or pamphlets, market
17 research, overseas marketing representation, and trade
18 missions and promotions. Notwithstanding this subsection, the
19 Iowa export services organization may provide for the
20 commission to continue any program or activity that it feels
21 does not interfere with or will aid its programs or
22 activities.

23 Sec. 24. Section 185.4, Code 1985, is amended to read as
24 follows:

25 185.4 INITIAL BOARD.

26 For the initial board, the secretary shall notify the Iowa
27 soybean association, ~~mentioned in section 159.257~~ immediately
28 after approval of a promotional order at the referendum
29 election and the association shall nominate two candidates for
30 each position as director. Candidates shall be resident
31 producers of the district from which they are nominated. The
32 secretary shall receive the nominations, and shall call an
33 election for members of the initial board within thirty days
34 following passage of the promotional order.

35 Sec. 25. Section 185C.4, Code 1985, is amended to read as

1 follows:

2 185C.4 INITIAL BOARD.

3 For the initial board, the secretary shall notify the Iowa
4 corn growers association~~7-mentioned-in-section-159-257~~
5 immediately after approval of a promotional order at the
6 referendum election and the association shall nominate two
7 candidates for each position as director. Additional
8 candidates may be nominated by written petition of twenty-five
9 producers. Procedures governing the time and place of filing
10 petitions shall be established and publicized by the
11 secretary. Candidates shall be resident producers of the
12 district from which they are nominated. The secretary shall
13 receive the nominations, and shall call an election for
14 members of the initial board within thirty days following
15 passage of the promotional order.

16 Sec. 26. Sections 159.20 through 159.27, Code 1985, are
17 repealed.

18 Sec. 27.

19 1. Moneys, accounts receivable and payable, and records of
20 the marketing division of the state department of agriculture
21 shall be transferred to the Iowa export services organization.
22 Moneys in the separate fund in the state treasury prescribed
23 for in section 159.23 shall remain in that fund and be avail-
24 able for use of the Iowa export services organization subject
25 to section 28H.23.

26 2. A rule adopted pursuant to the marketing division of
27 the state department of agriculture before the effective date
28 of this Act and in force just prior to the effective date of
29 this Act by the marketing division, its director, or the state
30 secretary of agriculture remains effective until modified or
31 rescinded by action of the Iowa export services organization,
32 its director, or the deputy director of its agriculture
33 marketing division.

34

EXPLANATION

35 Sections 1 through 7 create the Iowa export services

1 organization for the purposes of enhancing exports from Iowa,
2 consolidating trade development and marketing resources,
3 establishing single points of contact for those seeking export
4 assistance in both marketing and financing, and creating
5 opportunities for developing resources, trade facilitation and
6 finance, and for unified programs. The export services
7 organization also has the responsibility of developing and
8 implementing an overall state trade promotion and development
9 plan. Programs of the trade plan would be developed in the
10 major areas of education and training, marketing and
11 promotion, trade financing, and sales. The Iowa export
12 services organization shall take over certain trade programs
13 and activities of the Iowa development commission and other
14 state agencies. The Iowa development commission and other
15 state agencies shall cease any trade program or activity as
16 soon as a similar program or activity is started by the Iowa
17 export services organization unless the organization approves
18 the continuation of the program or activity.

19 Sections 8 through 15 and 24 through 27 involve the
20 transfer of the agriculture marketing board from the
21 department of agriculture to the Iowa export services
22 organization. A marketing division is created in the
23 organization and its powers and duties as well as those of the
24 marketing board are the same as they were in the department of
25 agriculture. All funds available to the previous marketing
26 board division are also transferred and the marketing division
27 in the agriculture department is eliminated.

28 A new chapter 28H is created.

29 Sections 16 to 18 establish a trade consortium of
30 universities and colleges for the purpose of establishing
31 trade-related guidelines and policies for the board of
32 regents, the department of public instruction, and
33 representatives of Iowa's private colleges and universities.
34 The trade consortium is composed of members appointed by the
35 legislative council. Three members represent the state's

1 major institutions of higher education, three represent the
2 state's private colleges and universities, and one member each
3 represents the community colleges, the board of regents and
4 the department of public instruction. The main objectives of
5 the trade consortium are to coordinate trade-related resources
6 already available in the state's higher education
7 institutions, develop trade-related curricula and new programs
8 to assist small and medium-sized businesses in trade and serve
9 as a point of contact for coordinating trade activities among
10 itself, the state export services organization and the private
11 sector. The objectives will be accomplished by working
12 through the small business development centers to facilitate
13 outreach to potential exporters, preparing and presenting
14 export-related seminars and workshops, and coordinating market
15 research concerning the promotion of trade.

16 A new chapter 28I is created.

17 Section 19 creates a private sector advisory board to
18 advise the state export services organization regarding
19 various aspects of exporting. Fifteen members are on the
20 advisory board and shall represent various components of the
21 export community. Section 20 enumerates the specific duties
22 of the advisory board. These duties include the development
23 of export education and training programs and curricula,
24 providing assistance from experienced exporters to businesses
25 that are new or inexperienced, advising the state export
26 services organization on its plans for market research,
27 overseas representation, trade missions, and other promotional
28 activities, and assessing the feasibility of developing a
29 research and development center.

30 A new chapter 28J is created.

31 The Iowa export services organization, the trade consortium
32 of universities and colleges, and the private sector advisory
33 board were part of the recommendations made by the consultant
34 Price-Waterhouse in its study done for the U.S. Department of
35 Commerce on trade promotion and development for Iowa. The

1 legislative findings and the programs described in the bill
2 were from that same report.

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PROPOSED SENATE/HOUSE FILE _____

BY (PROPOSED EXPORT AND TRADE
CENTER STUDY COMMITTEE BILL)

Recommended for Passage

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to international trade and finance by pro-
2 viding for the creation of one or more international
3 currency and barter exchanges for certain purposes, a
4 committee to write a constitution and bylaws for an ex-
5 change, requirements with respect to the self-regulation
6 of an exchange, application of the securities laws, and
7 limitations on investments in exchange members.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. INTERNATIONAL CURRENCY AND BARTER
2 EXCHANGE.

3 1. There may be created one or more international currency
4 and barter exchanges, with one or more offices each, upon a
5 determination by the director of the Iowa development
6 commission that each exchange can operate in an economic and
7 beneficial manner. This determination shall be based on the
8 results of a feasibility study concerning the possible struc-
9 ture, operation, scope of activities and transactions, and
10 regulation of each exchange, to be carried out under the
11 supervision of the director of the Iowa development
12 commission. This section does not require the expenditure of
13 state funds for the purpose of conducting any feasibility
14 study. For the purposes of this section, "exchange" applies
15 to any international currency and barter exchange proposed or
16 created under this section.

17 2. Each exchange created under this section may locate its
18 central office in any area of the state and may have ad-
19 ditional offices around the state as the exchange deems
20 necessary. The comptroller shall determine whether such
21 locations or such additional offices will be in the public
22 interest.

23 3. The purpose of the exchange is to provide a marketplace
24 for the negotiation, arrangement, exchange, sale, purchase,
25 brokerage, syndication, underwriting, and all activities
26 incidental to them, of foreign currency and exchange, and of
27 services, goods, commodities, raw materials, and interests
28 therein, in an institutionalized, and, to the maximum extent
29 possible, self-regulated fashion.

30 4. Within thirty days following a determination by the
31 director of the Iowa development commission that the exchange
32 could operate in an economic and beneficial manner, a
33 committee shall be appointed to write the constitution and
34 bylaws of the exchange. The committee shall consist of fif-
35 teen members, eleven to be appointed by the governor, two to

1 be appointed by the speaker of the house of representatives,
2 and two to be appointed by the president of the senate. A
3 chairperson shall be elected from the members of the committee
4 by a majority of the committee. The committee shall submit a
5 proposed constitution, bylaws, and other recommendations to
6 the state comptroller for approval no later than ninety days
7 following the first meeting of the committee. In reviewing
8 the constitution and the bylaws of the exchange, as well as
9 other recommendations made to the state comptroller by the
10 committee, the state comptroller shall consider whether the
11 constitution, bylaws, and recommendations are consistent with
12 the public interest and the efficient functioning of the
13 exchange. The state comptroller shall approve the
14 constitution and bylaws of the exchange if the state
15 comptroller finds that they describe the types of activity and
16 transactions the exchange will conduct, that the business
17 activities do not violate state or federal law, that the form
18 of the business organization of the exchange complies with
19 statutory requirements, and that the interest of the members
20 of the exchange and their customers will be adequately
21 protected. The state comptroller shall have thirty days
22 within which to approve or reject the constitution and bylaws.
23 The state comptroller may adopt rules allowing for review of
24 recommendations made by the committee. The state comptroller
25 shall work closely with the committee on the development of
26 the constitution and bylaws of the exchange.

27 5. The exchange may function sixty days after its
28 constitution and bylaws are approved by the state comptroller.
29 The initial board of governors of the exchange shall consist
30 of the members of the committee who shall serve until the
31 first election of the board of governors by the members of the
32 exchange pursuant to the constitution and bylaws. If the
33 constitution and bylaws are disapproved by the state
34 comptroller, the committee, in consultation with the state
35 comptroller, shall have sixty days from the date of the

1 disapproval within which to submit an alternative constitution
2 and bylaws. The state comptroller shall have thirty days
3 within which to approve or reject the alternative constitution
4 and bylaws.

5 6. The constitution and bylaws of the exchange shall
6 include, but are not limited to, the following provisions:

7 a. There shall be no less than nine nor more than fifteen
8 governors of the exchange, at least one third of whom shall
9 not be members of the exchange.

10 b. The principal offices of the exchange and the principal
11 offices of its members shall be located within this state for
12 the purpose of conducting the type of business described in
13 subsection 3.

14 c. All members and applicants for membership on the
15 exchange shall submit all financial information reasonably
16 required by the state comptroller.

17 d. The state comptroller shall require each member of the
18 exchange who holds custody of any funds or property belonging
19 to a person or entity other than a member, which person or
20 entity is transacting business through the exchange, to post a
21 security bond for the protection of all the transacting
22 persons or entities. The amount of the security bond shall be
23 determined by the state comptroller by rule. The security
24 bond shall be in a form acceptable to the state comptroller
25 and the surety for the bond shall be a surety company
26 authorized to do business in the state. In lieu of the
27 security bond, the state comptroller may require another form
28 of protection or insurance, provided that the amount of that
29 protection or insurance does not exceed the amount imposed for
30 a security bond. This section does not prohibit a transacting
31 person or entity from reaching an agreement with a member of
32 the exchange, as a matter of contract, for the posting of
33 additional security or protection.

34 e. The exchange shall establish requirements for
35 eligibility for membership and the voting power, duties, and

1 rights to participate in the conduct and management of the
2 affairs of the exchange by the members, the rights and duties
3 to include the manner and form of conducting business,
4 financial stability requirements, dues, membership fees,
5 resolution of dispute mechanisms, and all other matters
6 necessary or appropriate to conduct any business permitted in
7 this section.

8 f. Elections to the board of governors of the exchange by
9 the members of the exchange shall be held once every two
10 years, with those persons receiving the greatest number of
11 votes cast being elected.

12 7. Amendments to the constitution and bylaws are subject
13 to the approval of the state comptroller.

14 8. The exchange or any member shall reimburse the state
15 comptroller for the actual costs incurred by the state
16 comptroller in connection with the regulation and supervision
17 of the exchange. The state comptroller shall adopt rules
18 specifying the procedures for reimbursement. As used in this
19 section, "actual costs" means all direct and indirect costs
20 and expenses incurred by the state comptroller in connection
21 with the regulation and supervision of the exchange, including
22 general administrative costs, travel expenses, and salaries
23 involved in the regulation and supervision of the exchange.
24 The state comptroller may require the exchange or its members
25 to pay interim assessments related to estimated final
26 assessments.

27 9. The Iowa securities laws and rules apply to the
28 exchange and to its members.

29 10. The state comptroller may by rule establish
30 limitations on investments in members of the exchange by a
31 person or company, consistent with the public interest and the
32 efficient functioning of the exchange.

33 11. An exchange or any entity formed for the purposes
34 specified in subsection 3 shall not be established except
35 under the provisions of this section. Any exchange es-

1 tablished under this section is not a state agency,
2 department, or commission.

3 12. The state comptroller may adopt reasonable rules
4 necessary to implement this section.

5 EXPLANATION

6 The bill allows for the creation of one or more
7 international currency and barter exchanges upon approval of
8 the director of the Iowa development commission. An exchange
9 would be created for the purpose of providing a marketplace
10 for the negotiation, arrangement, exchange, sale, purchase,
11 brokerage, syndication, and underwriting of foreign currency
12 and of services, goods, commodities, and raw materials. After
13 approval by the director of the Iowa development commission,
14 which must be based upon a feasibility study, a 15-member
15 committee would be appointed to establish a constitution and
16 bylaws of the exchange. Eleven members would be appointed by
17 the governor and two each by the speaker of the house of
18 representatives and president of the senate. The constitution
19 and bylaws must include provisions that the board of governors
20 of the exchange have between nine and 15 members with at least
21 one third being nonmembers of the exchange, that the principal
22 offices of the exchange and the principal offices of its
23 members must be located in the state, and that election to the
24 board of governors of the exchange be held every two years.
25 The state comptroller is responsible for the approval of the
26 constitution and bylaws and the regulation and supervision of
27 the exchange.

28 The bill provides that each exchange created may locate its
29 central office in any area of the state and may have
30 additional offices throughout the state.

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