

F I N A L R E P O R T

RURAL DEVELOPMENT STUDY COMMITTEE

January, 1988

BACKGROUND INFORMATION

The Rural Development Study Committee was established by statute and by the Legislative Council to function during the 1987 legislative interim. The charge of the Committee is as follows:

Study and make recommendations to encourage and improve economic development efforts in rural Iowa, including but not limited to review of regional economic development efforts, the efficiency of the state's economic development administrative structure, and the availability of development capital in the state. [The] [s]tudy should also analyze the impact of the two job training programs, HF 623 ([Ch.] 280B) and HF 766 ([Ch.] 280C).

Members of the Committee are:

Senator Leonard L. Boswell, Davis, Co-Chairperson
 Representative Edward G. Parker, Mingo, Co-Chairperson
 Senator James R. Riordan, Waukee
 Senator Alvin V. Miller, Ventura
 Senator Jack Rife, Moscow
 Senator John W. Jensen, Plainsfield
 Representative Paul W. Johnson, Decorah
 Representative Bob Skow, Guthrie Center
 Representative Jane Svoboda, Clutier
 Representative Darrell R. Hanson, Manchester
 Representative Wendell C. Pellett, Atlantic
 Representative Bill Royer, Essex
 Mr. Jack Bailey, West Des Moines
 Ms. Jane Brimmer, Des Moines
 Mr. Neal Conover, Creston
 Mr. Jim Lodwick, Denison
 Mr. Lowell Norland, Cedar Falls
 Ms. Beth McFarlane, Oelwein
 Ms. Betty Roseberry, Albia

The Committee was granted and held four meetings during the interim on September 3, 1987, October 2, 1987, November 18, 1987, and January 4, 1988.

SUMMARY OF MEETINGS

First Meeting

A. Testimony

For the September 3rd meeting, several representatives of interested agencies and groups were invited to make presentations about rural development issues, including Mr. Thomas Slater representing the Iowa Rural Policy Group, Mr. Allan Collet, Administrator, Division for Finance, Department of Economic Development, Mr. Jeffrey Nall, Administrator, Division of Job Training, Department of Economic Development, Mr. Deets Neve, President of Area Community Commonwealth, and Mr. Joseph Borgen, President of Des Moines Area Community College.

IOWA RURAL POLICY GROUP. Mr. Slater spoke to the Committee regarding the need for "wholistic" approaches to rebuilding rural communities, through rural technical assistance and planning for community redevelopment and infrastructure.

DEPARTMENT OF ECONOMIC DEVELOPMENT. Mr. Collet spoke about the department's role in fostering economic development and the status of a federal program (Financing Rural Economic Development) designed to spur economic growth in the state. Mr. Nall spoke about job training programs operating in the state.

AREA COMMUNITY COMMONWEALTH. Mr. Neve addressed the Committee about how communities may work together to pool assets and distribute resources for their common welfare.

DES MOINES AREA COMMUNITY COLLEGE. President Borgen spoke about how community colleges are involved in developing rural economic growth, and the need to foster business leadership, provide technical assistance and ensure the availability of capital in the state.

B. Proposals

The following proposals were presented to the Committee:

1. **IOWA PLAN 2.** The Committee was presented with a variety of proposals contained in a plan presented by Mr. Thomas Slater, which supplements the Iowa Plan. Proposals of the Iowa Plan 2 focus upon addressing the comprehensive needs of rural communities, including the following:

a. **Leadership.** The first proposal relates to establishing a leadership program to foster community initiative by emphasizing community self-help strategies and action planning. Specifically, assistance may be provided through extension services, small business development centers, and area schools.

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b. Financing Rural Infrastructure. Second, to assist rebuilding rural community infrastructures, it was proposed that an Iowa Infrastructure Assistance Authority be created. The authority would provide low-cost long-term loans to rural communities for infrastructure (water treatment facilities, sewer upgrading and expansion, housing and neighborhood development).

c. Business and Development Assistance. Third, it was proposed that a State Finance Authority be created to provide three distinct services: providing guarantees to business development loans, loaning moneys for purchasers of agricultural land on a first mortgage basis, and providing a secondary market for the loans. Operation of the authority would reduce dependence on the farm credit system.

d. Strategies for Off Farm Income. Fourth, it was proposed that state moneys be used to supplement federal moneys under the FRED (Financing Rural Economic Development) program. Moneys should be used to expand the Targeted Small Business Linked Deposit Program. Moneys should also be used to provide increased support to SELP (Self Employed Loan Program).

e. Rural Resource Coordination. The fifth proposal related to creating a position of Rural Resources Coordinator to ensure that rural services delivered by state, local, regional, federal, and private agencies are coordinated and not duplicated. It was also proposed that a Rural Focus Advisory Group composed of the Secretary of Agriculture, President of Iowa State University, and Director of the Department of Economic Development be created to facilitate coordination.

f. Computer Information and Referral. Sixth, it was proposed that a comprehensive computer system be developed which would allow individuals and agencies in rural communities to identify personal or technical services providing assistance.

g. Training. Finally, it was proposed that a study be conducted relating to establishing programs for the training of workers and the retention of jobs.

2. COMMUNITY SELF-HELP. The Committee was presented with proposals related to how rural communities may help themselves. It was proposed by Mr. Neve that a fraction of lottery dollars contributed from a community remain in the community to assist local development initiatives. It was also proposed that tax incentives be created which would encourage residents of rural communities to invest in their communities.

President Borgen proposed that the state initiate a program which would fill the gap between the amount of money that a lending institution would risk and the amount needed to develop a business. The creation of a venture capital fund was cited as a means to encourage business development. It was proposed that

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S.F. 508 as debated during the first session of the Seventy-second General Assembly be recommended for passage.

Second Meeting

A. Testimony

For the October 2nd meeting, persons invited to speak before the Committee included Mr. Jeffrey Nall from the Department of Economic Development, Mr. Steve Ovel, Chairperson, East Central Iowa Economic Development Council, Mr. Edward Clark, President, Satellite Center, Des Moines Area Community College, and Ms. Mary Ellis, Director, Department of Public Health.

1. DEPARTMENT OF ECONOMIC DEVELOPMENT. Mr. Nall presented to the Committee copies of the Iowa Rural Development Task Force Report as submitted to the Governor and summarized the recommendations contained in the report.

2. EAST CENTRAL IOWA ECONOMIC DEVELOPMENT CENTER. Mr. Ovel spoke about how the gap between the delivery of economic development program services and the needs of rural communities is being bridged by local agencies, including regional coordinating councils, satellite centers, and economic development centers.

3. DES MOINES AREA COMMUNITY COLLEGE. Mr. Clark spoke about efforts of the Des Moines Area Community College to sponsor within rural communities greater local leadership.

4. DEPARTMENT OF PUBLIC HEALTH. Ms. Ellis discussed with the Committee the delivery of health care services to small communities, particularly ambulance service to rural residents.

B. Proposals

The Committee again was presented with a variety of proposals which included the following:

1. IOWA RURAL DEVELOPMENT TASK FORCE: REPORT TO THE GOVERNOR.

Mr. Nall presented a report by the Iowa Rural Development Task Force. Proposals or "recommendations" contained in the report to the Governor can be summarized as follows:

a. Community Leadership Development. It was first recommended that the development of community leadership should be encouraged. Examples of successful leadership program models include the efforts in Greenfield, Iowa, the Rodale model, "Shaping Tomorrow's Economic Progress", town meetings initiated by the Governor, and community development projects sponsored by the Department of Economic Development.

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b. Entrepreneurial Development. The second recommendation related to "nurturing" community entrepreneurs starting up rural businesses by providing convenient managerial assistance. It was also recommended that a study be conducted regarding the reform of the state's banking rules.

c. Information Transfer and Technical Assistance. The third recommendation related to implementing procedures which would share cost-saving techniques among local elected officials and encouraging cooperation among communities. The state's satellite centers should be encouraged to provide more information and assistance to rural communities.

d. Education and Training. Fourth, the report mentions the need to raise public awareness of the importance for life-long education and training.

e. Infrastructure. The fifth recommendation related to developing systems able to match health care resources with the needs of areas. Programs should make use of the unique position of rural hospitals. Also recommended was the establishment of a process which would develop criteria for making decisions affecting distribution of scarce resources. Funding should be used to leverage local and private sector dollars to the extent possible and decision makers should approve projects based on the fitting of a project into the community's plan for development.

f. Environment. The sixth recommendation related to developing policies and criteria for arriving at a balance between ensuring environmental quality and industrial development.

g. Rural Development Policy and Coordination. Finally, the report encouraged the Department of Economic Development to establish the position of Rural Coordinator and establish an Advisory Rural Development Coordinating Committee to assist in monitoring existing programs.

2. HOUSE AND SENATE FILES. The Committee was provided with a variety of bills filed during last session. These bills include the following:

a. H.F. 555. The bill relates to regional venture capital companies in which the state would be authorized to invest up to \$5,000,000 to be matched dollar-for-dollar by private investment.

b. H.F. 611. The bill relates to financial institutions by providing for the creation of the Bank of Iowa, which would accept deposits from the state, its political subdivisions, and financial institutions, and which is authorized to make loans and issue bonds.

c. S.F. 47. The bill relates to the establishment of enterprise zones eligible for tax credits, exemptions, refunds, and other incentives.

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d. S.F. 491. The bill relates to the establishment of an Iowa Reindustrialization Training Program.

e. S.F. 508. The bill relates to investment pools for raising funds to be used for investment in small business by authorizing the boards of directors of area schools to approve the plans for organizing investment pools and by providing tax credits for investors.

3. PROPOSED RURAL DEVELOPMENT STUDY COMMITTEE BILL: COMMUNITY LOAN PROGRAM. The Committee considered a bill proposed by Co-chairperson Parker which would establish a community and rural development loan program to provide low-interest loans to assist communities in maintaining or constructing traditional infrastructure and new infrastructure systems such as technology transfer, health care, day care, and housing.

4. COMMUNITY COLLEGE SUPPORT. Mr. Ovel recommended that an additional staff person be hired at each community college to help administer development programs.

5. RURAL HEALTH CARE. A proposal was recommended to the Committee by Ms. Ellis, to increase the level of financial support to rural ambulance services.

6. MEMBER PROPOSALS. Mr. Jack Bailey, Mr. Lowell Norland, and Mr. James Lodwick, public members from the Committee, made proposals for Committee review.

a. Mr. Bailey's Proposal. Mr. Bailey proposed that the Committee consider the possibility of creating a state financial institution along the lines of the State Bank of North Dakota, the establishment of a state financial business development network, a program to enhance rural development water waste projects and a Business Investment Development Corporation similar to the California and Michigan models.

b. Mr. Norland's Proposal. Mr. Norland suggested that the Committee build on the findings of the Governor's Iowa Rural Development Task Force. He commented that the Committee should focus on providing hands-on management assistance; improving community infrastructure, pinpointing financial gaps, providing technical assistance and tools for common well-being.

c. Mr. Lodwick's Proposal. Mr. Lodwick proposed that the Committee consider establishing systems for greater cooperation between financial institutions and the state; promoting use of satellite centers, encouraging business incubators, and instituting means to encourage communities to help themselves; instituting tax relief measures; and shifting resources away from administering programs to providing communities greater financial support.

Third Meeting

A. Testimony

The third Committee meeting was held on November 18, 1987. The Committee heard testimony from several speakers, including Mr. Thomas Slater representing the Iowa Rural Policy Group; Mr. Patrick Murphey, Data Processing Executive Director, Kirkwood Community College; Mr. Tim Ostroski, Chairperson, Iowa Association of Regional Councils; Mr. Michael Audino, Director, Southwest Iowa Planning Council; Mr. William Greiner, Executive Director, Iowa Agricultural Development Authority; and Professor Neil Wilson, University of Northern Iowa, Small Business Development Center.

1. IOWA RURAL POLICY GROUP. Mr. Slater described to the Committee, a computer information and referral system which distributes via a network of microcomputers information regarding services to assist rural-based individuals, agencies, and organizations. Mr. Murphey presented to the Committee a presentation of how the system operates.

2. IOWA ASSOCIATION OF REGIONAL COUNCILS. Mr. Ostroski spoke to the Committee about the function of regional planning organizations, and the importance of identifying community needs and resources and developing local strategic plans which evaluate and review the best use of those resources.

3. SOUTHWEST IOWA PLANNING COUNCIL. Mr. Audino stated that rural development means developing the quality of life for rural residents. He focused upon the need to coordinate available services and educate the public about the availability of those services.

4. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP. Mr. William Greiner summarized for the Committee rural development initiatives sponsored by the Department of Agriculture and Land Stewardship.

5. UNIVERSITY OF NORTHERN IOWA. Professor Wilson described to the Committee how the University's development center, staffed in part by former corporate executives, assists communities in developing their economies through resource management and sponsoring local leadership.

B. Proposals

The Committee considered the following proposals:

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1. **COMPUTER INFORMATION AND REFERRAL SYSTEM.** The Committee considered a proposal to provide additional support to the Computer Information and Referral System initiated by the Iowa Rural Policy Group. A fully operational system would provide individuals plus public and private agencies with information about who is able to provide a specific service to the person needing assistance in the person's geographic area.

2. **PLANNING PROGRAMS.** The Committee was presented with a proposal from Mr. Ostroski, regarding a four-step process for conducting rural development initiatives by communities, including the following:

a. **Preparedness.** The first step related to "inventorying" public facilities and the social plus economic assets of the community (streets, water systems, sewer systems, housing, community taxing ability, and community population).

b. **Criteria.** The second step related to developing criteria for awarding financial assistance, including an analysis of industry in the community, its geographic location, average income, and medical and social services available.

c. **Resource Allocation Plan.** The third step related to evaluating the resource obligation bond capacity and regional sales tax receipts.

d. **Clearinghouse Review.** The fourth step related to establishing a process for reviewing and evaluating applications for financial assistance.

3. **INFRASTRUCTURE.** The Committee was presented with a proposal by Mr. Audino, to support programs which would improve community infrastructure systems, including traditional infrastructure and education, day-care centers, and possibly tourism.

4. **IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP.** The Committee listened to Mr. Greiner concerning proposals to support rural development initiatives by the department, including the Individual Agricultural Development Bond Program, the Individual Agricultural Development Bond Program for Individual Investors, the Iowa Agricultural Loan Assistance Program, the Agricultural Loan Assistance Program for the 1988-89 production year, the operating loan guarantee program, the Soil Conservation Loan Program, a program relating to establishing private-public partnerships, the 1988 World Ag Expo, and the Ag in the Classroom Program.

5. **RESOURCE MANAGEMENT.** The Committee was presented with proposals from Mr. Wilson relating to supporting programs like the Small Business Development Center. Under such programs an agency would work with community leaders in managing resources, encourage

public-private partnerships, and assist communities and individuals in completing applications for assistance.

6. H.F. 529. The Committee, upon a recommendation by Representative Skow, was provided with H.F. 529 considered by the General Assembly during the first session of the Seventy-second General Assembly. The bill relates to governmental competition with and purchase of goods and services from private enterprise.

7. OTHER STATE INITIATIVES. The Committee was finally provided with proposals enacted in other states, including Minnesota rural development initiatives and information regarding the North Dakota State Bank.

Fourth Meeting

The fourth Committee meeting was held on January 4, 1988. The meeting was devoted to Committee discussion. The Committee considered several proposals. Co-chairperson Parker and Mr. Neal Conover, or Senator Boswell explained the bills, which included the following:

1. LSB 4512XH. A bill which establishes a community and rural development loan program to assist communities in financing traditional and new infrastructure and housing for the needy and elderly and providing for a revolving fund to be used for the program.

2. LSB 4513XH. A bill which relates to the establishment of the Iowa Economic Development Finance Authority to assist in providing financing for economic development.

3. LSB 4524IS. A bill which relates to economic development plans and the providing of financial and technical assistance by the department of economic development and the state transportation commission.

4. LSB 7554IS. A bill relating to the coordination of rural development programs by creating a Rural Development Coordinating Committee and the Office of Rural Resources Coordinator.

5. H.F. 508. A bill as debated in the first session of the Seventy-second General Assembly, relating to investment pools for raising funds to be used for investment in small business by authorizing boards of directors of area schools to approve the plans for organizing investment pools and by providing tax credits for investors.

6. HF. 555. A bill relating to regional venture capital companies in which the state would be authorized to invest in and which would be matched dollar-for-dollar by private investment.

RECOMMENDATIONS

The Rural Development Study Committee makes the following recommendations to the General Assembly:

1. That the General Assembly consider for enactment the following:

a. A bill for an Act establishing a community and rural development loan program to assist communities in financing traditional and new infrastructure and housing for needy and elderly and providing for a revolving fund to be used for the program.

b. A bill for an Act relating to the establishment of economic development finance corporations to assist in providing financing for small business development by providing loan guarantees, letters of credit, equity financing; underwriting for public offerings, and providing state matching funds.

c. A bill for an Act relating to the coordination of rural development programs by creating a rural development coordinating Committee and the office of rural resources coordinator.

2. That the Small Business and Economic Development standing Committee in the state Senate and the appropriate standing Committee in the state House of Representatives consider the concept of withholding financial or technical assistance from a community which has not adopted for the community or for the region in which it is located plan to guide the community in pursuing economic development.

3. That the appropriate standing Committee in the state House of Representatives and the state Senate consider combining into one bill the concepts expressed in Senate File 508 and House File 555 of the Seventy-second General Assembly.

SPEAKERS APPEARING BEFORE THE COMMITTEE

The following persons appeared to present testimony and proposals before the Rural Development Study Committee:

1. Mr. Thomas Slater, representing the Iowa Rural Policy Group.

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2. Mr. Allan Collet, Administrator, Division of Finance, Department of Economic Development.
3. Mr. Jeffrey Nall, Administrator, Division of Job Training, Department of Economic Development.
4. Mr. Deets Neve, President of the Area Community Commonwealth.
5. Mr. Chris Nannegan, Secretary of the Area Community Commonwealth.
6. Mr. Fred Schuster, Field Representative, Office of Senator Charles Grassley.
7. Mr. Joseph Borgen, President, Des Moines Area Community College.
8. Mr. Steve Ovel, Chairperson, East Central Iowa Economic Development Council.
9. Mr. Edward Clark, President, Satellite Center, Des Moines Area Community College.
10. Ms. Mary Ellis, Director, Iowa Department of Public Health.
11. Mr. Patrick Murphey, Data Processing Executive Director, Kirkwood Community College.
12. Mr. Kenneth Collier, System Programmer, Kirkwood Community College.
13. Mr. Tim Ostroski, Chairperson, Iowa Association of Regional Councils and Director of the Southern Iowa Council of Governments.
14. Mr. Michael Audino, Director, Southwest Iowa Planning Council.
15. Mr. William Greiner, Executive Director, Iowa Agricultural Development Authority.
16. Mr. Daniel Cooper, Division of Agricultural Diversification, Department of Agriculture and Land Stewardship.
17. Professor William Wood, University of Northern Iowa, Small Business Development Center.
18. Professor Neal Wilson, University of Northern Iowa, Small Business Development Center.

HOUSE FILE _____
BY (PROPOSED RURAL DEVELOPMENT
STUDY COMMITTEE BILL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a community and rural development loan
2 program to assist communities in financing traditional and new
3 infrastructure and housing for needy and elderly and providing
4 for a revolving fund to be used for the program.

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

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1 Section 1. NEW SECTION. 15.281 TITLE.

2 This part shall be known as the "Community and Rural
3 Development Loan Program".

4 Sec. 2. NEW SECTION. 15.282 PURPOSE.

5 The purpose of this part is to assist communities and rural
6 areas of the state with their development and governmental
7 responsibilities by providing low interest and no-interest
8 loans for traditional infrastructure, new infrastructure, and
9 housing.

10 Sec. 3. NEW SECTION. 15.283 PROGRAM.

11 The department shall establish a program to effectuate the
12 purposes of this part subject to the following guidelines:

13 1. Program criteria and applications are to be developed
14 by the finance division of the department in conjunction with
15 the Iowa finance authority, subject to approval of the boards
16 of the department and Iowa finance authority.

17 2. All funds available for the program shall be handled by
18 the Iowa finance authority.

19 3. The program shall provide for three categories of
20 assistance. These are the traditional infrastructure
21 category, the new infrastructure category, and the housing
22 category.

23 4. Moneys allocated to the pursuit of this program shall
24 be divided evenly among all categories. If funds allocated to
25 one category are not used or dedicated by the end of the
26 fiscal year, the funds shall be reallocated to the categories
27 that have the most need as determined by the department and
28 the Iowa finance authority.

29 Sec. 4. NEW SECTION. 15.284 TRADITIONAL INFRASTRUCTURE.

30 1. The traditional infrastructure category contains
31 projects that include, but are not limited to, sewer, water,
32 roads, bridges, and airports.

33 2. Any Iowa city or county is eligible to apply for loans
34 from this category. Along with the application, the city or
35 county shall submit the following:

- 1 a. A needs assessment study.
- 2 b. A capital improvement program.
- 3 c. Evidence of matching contribution of at least twenty-
- 4 five percent.

5 3. Applications must be seeking funds to improve the
6 physical assets of the traditional infrastructure of the
7 political subdivision in aid of development.

8 4. The finance division of the department shall rank the
9 applicants according to financial need, cost-benefit of the
10 project, percent of match, impact, and ability to administer
11 project.

12 5. The interest rate shall range from zero to five
13 percent. The department may charge up to a one percent
14 administration fee.

15 Sec. 5. NEW SECTION. 15.285 NEW INFRASTRUCTURE.

16 1. The new infrastructure category contains projects which
17 are services or processes that do not currently meet the
18 guidelines of standard public works projects. These include,
19 but are not limited to, communication systems, day care,
20 health care, technology transfer adaptation, and special
21 transportation services.

22 2. Any political subdivision, or nonprofit development
23 corporation, is eligible to apply for loans under this
24 category.

25 3. Along with the application, the following shall be
26 submitted:

- 27 a. A needs assessment study.
- 28 b. A capital improvement plan.
- 29 c. Evidence of a match of at least ten percent.

30 4. The finance division of the department shall rank the
31 applications according to the applicant's financial need,
32 cost-benefit of the project, current conditions or situations,
33 percent of private investment or contribution, and ability to
34 administer the project.

35 Sec. 6. NEW SECTION. 15.286 HOUSING.

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1 Any Iowa city, county, housing agency, or developer shall
2 be eligible to apply for loans under this category. Along
3 with the application the person shall submit the following:

- 4 a. A needs assessment for the area to be served.
5 b. A demographic documentation of the housing trend.
6 c. Evidence of a local commitment of at least twenty-five
7 percent.

8 2. Applicants must be seeking funds to assist in meeting
9 the area needs of low and moderate income, or elderly people,
10 in pursuit of decent housing.

11 3. The Iowa finance authority shall develop criteria to
12 award assistance based upon the applicant's financial need,
13 the cost-benefit of the project, percent of private
14 investment, percent leveraged by other programs, assessment of
15 local housing situation, and ability to administer the
16 program.

17 4. Interest charged to applicants shall range from zero to
18 five percent. The Iowa finance authority may charge ap-
19 plicants an administration fee to be paid as a lump sum per-
20 cent, or a percent of the interest rate.

21 Sec. 7. NEW SECTION. 15.287 REVOLVING FUND.

22 The Iowa finance authority shall establish a revolving fund
23 for the program. The fund shall consist of all
24 appropriations, grants, or gifts received by the authority or
25 the department specifically for use under this part; revenues
26 designated in section 98.35 to be deposited in the fund; and
27 all repayments of loans made under this part.

28 Sec. 8. Section 98.35, Code 1987, is amended to read as
29 follows:

30 98.35 TAX AND FEES PAID TO GENERAL FUND.

31 The proceeds derived from the sale of stamps and the
32 payment of taxes, fees and penalties provided for under this
33 chapter, and the permit fees received from all permits issued
34 by the department, shall be credited to the general fund of
35 the state, except as otherwise provided in this section. All

1 permit fees provided for in this chapter and collected by
2 cities in the issuance of permits granted by the cities shall
3 be paid to the treasurer of the city where the permit is
4 effective, or to another city officer as designated by the
5 council, and credited to the general fund of the city. Permit
6 fees so collected by counties shall be paid to the county
7 treasurer. Two and one-half cents of the first five cents
8 received from the sale of each stamp and the payment of the
9 tax on each pack of cigarettes or little cigars shall be
10 deposited into the revolving fund established by the Iowa
11 finance authority under section 15.287.

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EXPLANATION

13 The bill establishes a community and rural development loan
14 program to be administered by the finance division of the
15 department of economic development and the Iowa finance
16 authority. The program is established to provide low interest
17 loans to aid communities in maintaining or constructing
18 traditional infrastructure such as sewer, water, roads and
19 bridges; new infrastructure such as communications systems,
20 technology access or transfer, health care, and day care; and
21 housing for the low or moderate income and elderly. A
22 revolving fund is established and two and one-half cents of
23 the first five cents of tax received from the cigarette tax on
24 each pack of cigarettes is deposited in the fund.

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COMPANION TO LSB 7673IS

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LSB 7598IS 72

HOUSE FILE _____
BY (PROPOSED RURAL DEVELOPMENT
STUDY COMMITTEE BILL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the establishment of economic development
2 finance corporations to assist in providing financing for
3 small business development by providing loan guarantees,
4 letters of credit, equity financing, underwriting for public
5 offerings, and providing state matching funds.

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

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1 Section 1. NEW SECTION. 496D.1 TITLE OF ACT.

2 This chapter shall be known and may be cited as the "Iowa
3 Business Development Finance Act".

4 Sec. 2. NEW SECTION. 496D.2 DEFINITIONS.

5 As used in this chapter, unless the context otherwise
6 requires, the term:

7 1. "Business development finance corporation" means a
8 corporation organized pursuant to this chapter and for the
9 purpose of assisting small businesses in any phase of business
10 or product development in the state of Iowa by the loaning of
11 money to and investing money in the business, and otherwise
12 organizing for the purposes in section 496D.5.

13 2. "Financial institution" means a bank, trust company,
14 savings and loan association, insurance company or related
15 corporation, partnership, foundation or other institution
16 licensed to do business in the state of Iowa and engaged
17 primarily in lending or investing funds or any private or
18 public retirement fund.

19 3. "Member" means a financial institution which shall
20 undertake to lend money to a business development finance
21 corporation upon its call and in accordance with section
22 496D.9.

23 4. "Board of directors" means members of the board of
24 directors of a business development finance corporation
25 constituted under section 496D.13 in office from time to time.

26 5. "Loan limit" means, for any member, the maximum amount
27 permitted to be outstanding at any one time on loans made by
28 the member to a business development finance corporation, as
29 determined in this chapter.

30 6. "Department" means the Iowa department of economic
31 development or any agency which succeeds to the functions of
32 the Iowa department of economic development.

33 7. "Small business" means a business which meets the
34 United States small business administration's definition of
35 small business for that type of business.

1 Sec. 3. NEW SECTION. 496D.3 AUTHORIZED CORPORATIONS.

2 There is authorized to be incorporated under chapter 496A,
3 business development finance corporations which meet and
4 comply with the requirements of this chapter. These
5 corporations shall be subject to and have the powers and
6 privileges conferred by this chapter and those provisions of
7 chapter 496A which are not inconsistent with and to the extent
8 not restricted or limited by the provisions of this chapter.
9 A corporation shall not be deemed incorporated pursuant to and
10 under this chapter unless the incorporation is approved by the
11 department and unless its articles of incorporation provide
12 that it is incorporated pursuant to this chapter. To assure a
13 broad base from which corporations may obtain loans from
14 members, the department at its discretion may limit the number
15 of corporations organized and existing pursuant to this
16 chapter to one or more corporations.

17 Sec. 4. NEW SECTION. 496D.4 OFFICES.

18 A business development finance corporation may have offices
19 in places within the state of Iowa as may be fixed by the
20 board of directors.

21 Sec. 5. NEW SECTION. 496D.5 PURPOSES.

22 The purposes of a business development finance corporation
23 shall be limited to those provided in this section and shall
24 be to promote, stimulate, develop and advance small business
25 prosperity of the state of Iowa and its citizens; to encourage
26 and assist through loans, investments, or other business
27 transactions, the location of new small businesses in the
28 state; to rehabilitate and assist existing small businesses in
29 this state; to stimulate and assist in the expansion of any
30 kind of business activity which would tend to promote small
31 business development and maintain the economic stability of
32 this state, provide maximum opportunities for employment,
33 encourage thrift, and improve the standard of living of the
34 citizens of this state; to co-operate and act in conjunction
35 with other organizations, public or private, in the promotion

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1 and advancement of small business development in this state;
2 and to provide financing for the promotion, development, and
3 conduct of all kinds of small business activity in this state.

4 Sec. 6. NEW SECTION. 496D.6 POWERS.

5 A business development finance corporation shall, subject
6 to the restrictions and limits contained in this chapter, have
7 the following powers:

- 8 1. To provide letters of credit or guarantees to small
9 businesses for any phase of product or business development,
10 not to exceed thirty percent of the total loan amount.
- 11 2. To provide equity financing to small businesses for any
12 phase of business or product development.
- 13 3. To provide loans for small businesses in any phase of
14 product or business development when serviced by an Iowa
15 financial institution.
- 16 4. To underwrite the public offering of shares by small
17 businesses.
- 18 5. To request, as a condition of participation or
19 assistance, royalty, equity ownership, or fees, as it
20 determines appropriate, for its assistance.
- 21 6. To make contracts and incur liabilities for any of the
22 purposes of the corporation.
- 23 7. To borrow money either from its members or pursuant to
24 lending arrangements entered into under the authority granted
25 in subsection 9, or both from its members and pursuant to said
26 lending arrangements, and to issue its bonds, debentures,
27 notes or other evidences of indebtedness, whether secured or
28 unsecured, and when necessary to secure the same by mortgage,
29 pledge, deed of trust, or other lien on its property,
30 franchises, rights and privileges of every kind and nature, or
31 any part thereof or interest therein, without securing
32 shareholder or member approval. However, no loan to the
33 corporation shall be secured in any manner unless all
34 outstanding loans to the corporation, and for which loan or
35 loans no subordination agreement has been entered into between

1 the respective loan maker and the corporation, shall be
2 secured equally and ratably in proportion to the unpaid
3 balance of the loans and in the same manner.

4 8. To do all acts and things necessary or convenient to
5 carry out the powers expressly granted in this chapter and
6 such other powers not in conflict with this chapter granted
7 under chapter 496A.

8 9. To enter into lending arrangements with state and
9 federal agencies or instrumentalities whereby the corporation
10 may participate in lending operations or secure guarantees or
11 qualify under applicable laws to further state or federal
12 lending programs by becoming a participant therein.

13 10. To accept broker deposits from member institutions.

14 Sec. 7. NEW SECTION. 496D.7 STOCK -- LIMITATIONS.

15 Capital stock shall be issued only on receipt by each
16 business development finance corporation of cash in an amount
17 not less than the par value as may be determined by the board
18 of directors. A shareholder of a business development finance
19 corporation shall not be entitled as of right to purchase or
20 subscribe for any unissued or treasury shares of the
21 corporation, and the shareholder shall not be entitled as of
22 right to purchase or subscribe for any bonds, notes,
23 certificates of indebtedness, debentures, or other obligations
24 convertible into shares of the corporation.

25 Sec. 8. NEW SECTION. 496D.8 STOCKHOLDERS PRIVILEGES.

26 Notwithstanding any rule at common law or any provision of
27 any general or special law or any provision in their
28 respective articles of incorporation, agreements of
29 association, or trust indentures:

30 1. A person is authorized to acquire, purchase, hold,
31 sell, assign, transfer, mortgage, pledge or otherwise dispose
32 of any bond, security or other evidences of indebtedness
33 created by, or the shares of the capital stock of, business
34 development finance corporations, and while owners of said
35 shares to exercise all the rights, powers and privileges of

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1 ownership, including the right to vote thereon, all without
2 the approval of any regulatory agency of this state.

3 2. A financial institution is authorized to become a
4 member of a business development finance corporation and to
5 make loans to the corporation.

6 3. A financial institution which does not become a member
7 of a business development finance corporation shall not be
8 permitted to acquire any shares of the capital stock of the
9 corporation.

10 4. Each financial institution which becomes a member of a
11 business development finance corporation is authorized to
12 acquire, purchase, hold, sell, assign, mortgage, pledge, or
13 otherwise dispose of, bonds, securities or other evidences of
14 indebtedness created by, or the shares of the capital stock
15 of, the business development finance corporation, of which it
16 is a member and while owners of such shares to exercise all
17 rights, powers and privileges of ownership, including the
18 right to vote thereon, all without the approval of any
19 regulatory agency of this state. However, the amount of the
20 capital stock of a business development finance corporation
21 which may be acquired by any member pursuant to the authority
22 granted in this subsection, shall not exceed ten percent of
23 the loan limit of the member. The amount of capital stock of
24 a corporation which a member is authorized to acquire pursuant
25 to the authority granted in this subsection, is in addition to
26 the amount of capital stock in other corporations which the
27 member may otherwise be authorized to acquire. However, a
28 financial institution shall not become a shareholder or member
29 of more than one business development finance corporation.

30 Sec. 9. NEW SECTION. 496D.9 LOAN PROCEDURES.

31 A financial institution may request membership in a
32 business development finance corporation by making application
33 to the board of directors of the corporation on forms and in
34 the manner as the board of directors may require, and
35 membership shall become effective upon acceptance of the

1 application by the board. Each member of a business
2 development finance corporation shall make loans to the
3 corporation as and when called upon by that corporation to do
4 so on terms and conditions as shall be approved from time to
5 time by the board of directors subject to the following:

6 1. All loan limits shall be established at the thousand
7 dollar amount nearest the amount computed in accordance with
8 this section.

9 2. A loan to the corporation shall not be made if
10 immediately thereafter the total amount of the obligations of
11 the corporation calling for the loan would exceed ten times
12 the amount then paid in on the outstanding capital stock of
13 the corporation.

14 3. The total amount outstanding at any one time on loans
15 to a corporation made by a member of the corporation when
16 added to the amount of the investment in the capital stock of
17 the corporation and held by the member, shall not exceed the
18 lesser of:

19 a. Twenty percent of the total amount then outstanding on
20 loans to the corporation by all members, including in that
21 total amount outstanding amounts validly called for loan but
22 not yet loaned.

23 b. The limit, to be determined as of the time the member
24 becomes a member, on the basis of the audited balance sheet of
25 the member at the close of its fiscal year immediately
26 preceding its application for membership, as follows:

27 (1) Banks and trust companies -- two percent of the paid-
28 in capital, surplus, and undivided profits.

29 (2) Savings and loan associations -- two percent of the
30 general reserve account, surplus and undivided profits.

31 (3) Stock life insurance companies -- one percent of
32 capital and unassigned surplus.

33 (4) Mutual life insurance companies -- one percent of the
34 unassigned surplus.

35 (5) All other insurance companies -- one-tenth of one

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1 percent of the assets.

2 (6) Other financial institutions -- such limits as may be
3 approved by the board of directors of the business development
4 finance corporation.

5 However, the lending limit of a member shall not exceed two
6 hundred fifty thousand dollars.

7 4. Each call for loan shall be prorated among the members
8 in substantially the same proportion that the adjusted loan
9 limit of each member bears to the aggregate of the adjusted
10 loan limits of all members. The adjusted loan limit of a
11 member shall be the amount of the member's loan limit, reduced
12 by the balance of outstanding obligations of the corporation
13 to the member and the investment in capital stock of the
14 corporation held by the member at the time of the call.

15 5. All loans to a corporation by a member shall be
16 evidenced by registered bonds, debentures, notes, or other
17 evidences of indebtedness of the corporation, which shall be
18 freely transferable by the registered holder thereof on the
19 books of the corporation.

20 Sec. 10. NEW SECTION. 496D.10 DURATION OF MEMBERSHIP.

21 Membership in a business development finance corporation
22 shall be for the duration of the respective corporation.
23 However, upon written notice given to the corporation five
24 years in advance a member may withdraw from membership in the
25 corporation at the expiration date of the notice. A financial
26 institution may at any time withdraw from membership without
27 such notice in the event of its merger with another financial
28 institution, after commencement of proceedings for voluntary
29 or involuntary dissolution, receivership, or reorganization
30 pursuant to or by operation of federal or state law or in the
31 event of conversion from a state financial institution to a
32 federal financial institution or the reverse. If there shall
33 be a legislative amendment of this chapter affecting the
34 rights and obligations of the members and shareholders or
35 otherwise affecting the articles of incorporation of the

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1 corporation which shall not have been approved by the members
2 and shareholders within the time set forth and in the manner
3 provided in this chapter, a member not approving the amendment
4 may immediately withdraw from membership upon giving written
5 notice to the corporation not later than ninety days from the
6 effective date of the amendment. A member shall not be
7 obligated to make loans to a corporation pursuant to calls
8 made subsequent to the withdrawal of the member from the
9 corporation.

10 Sec. 11. NEW SECTION. 496D.11 POWERS OF SHAREHOLDERS.

11 The shareholders and the members of the business
12 development finance corporation shall have the following
13 powers of the corporation:

14 1. Those powers granted in chapter 496A which are not
15 inconsistent with this chapter.

16 2. To determine the number and elect directors as provided
17 in this chapter.

18 3. To amend the articles of incorporation as provided in
19 this chapter.

20 4. To dissolve the corporation as provided in this
21 chapter.

22 5. To exercise other powers of the corporation as may be
23 conferred on the shareholders and the members by the bylaws.
24 As to all matters requiring action by the shareholders and the
25 members of the corporation, the shareholders and the members
26 shall vote separately thereon by classes and, except as may be
27 otherwise provided in this chapter, approval of the matters
28 shall require the affirmative vote of a majority of the votes
29 to which the shareholders present or represented at the
30 meeting are entitled, and the affirmative vote of a majority
31 of the votes to which the members present or represented at
32 the meeting are entitled. Each shareholder shall have one
33 vote, in person or by proxy, for each share of capital stock
34 held by the shareholder, and each member shall have one vote,
35 in person or by proxy, except that any member having a loan

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1 limit of more than one thousand dollars shall have one
2 additional vote, in person or by proxy, for each additional
3 one thousand dollars which the member is authorized to have
4 outstanding on loans to the corporation at any one time as
5 determined in this chapter.

6 Sec. 12. NEW SECTION. 496D.12 ARTICLES AMENDED.

7 The articles of incorporation of a business development
8 finance corporation may be amended by the votes of the
9 shareholders and the members voting separately by classes. An
10 amendment shall require approval by the affirmative vote of
11 two-thirds of the votes to which the shareholders shall be
12 entitled and two-thirds of the votes to which the members
13 shall be entitled. An amendment shall not be made which is
14 inconsistent with this chapter, authorizes an additional class
15 or classes of shares of capital stock, or eliminates or
16 curtails the authority of the department with respect to the
17 corporation. Without the consent of each of the members
18 affected, an amendment shall not be made which increases the
19 obligation of a member to make loans to the corporation; makes
20 any change in the principal amount, interest rate, maturity
21 date, or in the security or credit position of an outstanding
22 loan of a member to the corporation; affects a member's right
23 to withdraw from membership, as provided in this chapter; or
24 affects a member's voting rights in the corporation. Within
25 thirty days after a meeting at which amendment of the articles
26 has been adopted, articles of amendment signed and sworn to by
27 the president, secretary, and majority of the directors,
28 setting forth the amendment and the due adoption of them,
29 shall be submitted to the director of the department who shall
30 examine them, and if the director finds that they conform to
31 the requirements of this chapter, shall certify and endorse
32 the director's approval of them. Thereupon, the articles of
33 amendment shall be filed in the office of the secretary of
34 state in the manner set forth and as provided in chapter 496A
35 and the amendment shall not take effect until the articles of

1 amendment shall have been approved and filed as provided in
2 this section. Within sixty days after the effective date of a
3 legislative amendment affecting the rights and obligations of
4 the members and shareholders or otherwise affecting the
5 articles of incorporation, the approval of the legislative
6 amendments shall be voted on by the shareholders and the
7 members of the corporation at a meeting duly called for that
8 purpose. If the legislative amendment is not approved by the
9 affirmative vote of two-thirds of the votes to which the
10 shareholders shall be entitled and two-thirds of the votes to
11 which the members shall be entitled, a member voting against
12 the approval of the legislative amendment shall have the right
13 to withdraw from membership as provided in this chapter.
14 Within thirty days after any meeting at which a legislative
15 amendment affecting the articles of incorporation of a
16 corporation has been voted on, a certificate filed and sworn
17 to by the secretary or other recording officer of the
18 corporation setting forth the action taken at the meeting with
19 respect to the amendment shall be submitted to the director of
20 the department and upon receipt of the approval shall be filed
21 in the office of the secretary of state.

22 Sec. 13. NEW SECTION. 496D.13 BOARD OF DIRECTORS.

23 The board of directors shall consist of not less than
24 fifteen members as shall be determined in the first instance
25 by the incorporators and thereafter annually by the members
26 and the shareholders at each annual meeting or at a special
27 meeting held in lieu of the annual meeting. At each annual
28 meeting or at a special meeting held in lieu of the annual
29 meeting, the members of each corporation shall elect two-
30 thirds of the board of directors and the shareholders shall
31 elect the remaining directors. The directors shall hold
32 office until the next annual meeting of the corporation or
33 special meeting held in lieu of the annual meeting after their
34 election, and until their successors are elected and qualify
35 unless sooner removed in accordance with the provisions of the

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1 bylaws. A vacancy in the office of a director elected by the
2 members shall be filled by the directors elected by the
3 members, and a vacancy in the office of a director elected by
4 the shareholders shall be filled by the directors elected by
5 the shareholders.

6 If the corporation receives assistance from the business
7 development finance corporation assistance fund under section
8 496D.19, the board of directors shall include the director of
9 the department, the treasurer of state, and the state
10 secretary of agriculture as ex officio voting members.

11 Notwithstanding any provisions of law to the contrary,
12 officers and directors of insurance companies and other
13 financial institutions may be members of the board of
14 directors of a corporation organized for the purposes of this
15 chapter to which the insurance company or other financial
16 institution may make a loan or may make an investment.

17 Sec. 14. NEW SECTION. 496D.14 EARNED SURPLUS SET ASIDE.

18 Each year each business development finance corporation
19 shall set apart as earned surplus not less than ten percent of
20 its net earnings for the preceding fiscal year until the
21 surplus shall be equal in value to one-half of the amount paid
22 in on the capital stock then outstanding. Whenever the amount
23 of surplus established shall become impaired, it shall be
24 built up again to the required amount in the manner provided
25 for its original accumulation. Net earnings and surplus shall
26 be determined by the board of directors, after providing for
27 the reserves as the directors deem desirable, and the
28 directors' determination made in good faith shall be
29 conclusive on all persons.

30 Sec. 15. NEW SECTION. 496D.15 DEPOSIT OF FUNDS.

31 A business development finance corporation shall not
32 deposit any of its funds in a financial institution unless the
33 institution has been designated as a depository by a vote of a
34 majority of the directors present at an authorized meeting of
35 the board of directors exclusive of a director who is an

1 officer or director of the depository designated. The
2 corporation shall not receive money on deposit.

3 Sec. 16. NEW SECTION. 496D.16 REPORTS TO DEPARTMENT OF
4 ECONOMIC DEVELOPMENT.

5 Each business development finance corporation is subject to
6 the examination of the department and shall make reports of
7 its condition not less than annually to the department. The
8 department shall make copies of the reports available to the
9 commissioner of insurance and the superintendent of banking.
10 Each corporation shall also furnish other information as the
11 department may require. The department may request the
12 superintendent of banking to examine the condition of a
13 corporation and to submit a report on the examination to the
14 department and the commissioner of insurance.

15 Sec. 17. NEW SECTION. 496D.17 CERTIFICATE TO DO BUSINESS
16 AND RECEIVE STATE ASSISTANCE.

17 Upon the approval of the department as required in this
18 chapter and the issuance of a certificate as provided in
19 chapter 496A, a business development finance corporation shall
20 be authorized to commence business and to issue stock to the
21 extent authorized in its articles of incorporation. Upon
22 approval and issuance of a certificate as provided in section
23 496D.19, the business development finance corporation is
24 entitled to state assistance from the business development
25 finance corporation assistance fund.

26 Sec. 18. NEW SECTION. 496D.18 DISSOLUTION.

27 A business development finance corporation may be dissolved
28 upon the affirmative vote of two-thirds of the votes to which
29 the shareholders shall be entitled and two-thirds of the votes
30 to which the members shall be entitled. Upon dissolution of a
31 business development finance corporation, the corporation's
32 assets shall not be distributed to the shareholders until all
33 sums due the members of the corporation as creditors have been
34 paid in full.

35 Sec. 19. NEW SECTION. 496D.19 STATE ASSISTANCE FUND.

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1 1. There is created in the treasurer of state's office a
2 "business development finance corporation assistance fund".
3 The fund shall consist of all appropriations, grants, or gifts
4 received by the treasurer specifically for assistance under
5 this chapter and revenues designated in section 98.35 to be
6 deposited in the fund. Moneys in this fund shall be used to
7 match, on a dollar-for-dollar basis, the amount of capital
8 investment made by financial institutions and persons that are
9 not financial institutions under section 496D.7 in the capital
10 stock of a qualified business development finance corporation.
11 However, the treasurer shall not provide matching funds in any
12 one year in excess of the lesser of five million dollars or
13 ten percent of the total capital investment as certified as of
14 the last audit. If the amount of investments to be matched
15 exceeds the limit in any year, including amounts carried
16 forward from a previous year, the excess shall be carried
17 forward until matching funds have been provided.

18 2. A business development finance corporation may apply
19 for assistance under subsection 1 and shall be qualified to
20 receive the assistance if it meets the following criteria:

21 a. The corporation has received the approval of the
22 department to commence business and issue stock as required in
23 this chapter.

24 b. The corporation has provided in its articles of
25 incorporation or bylaws that three of the members of the board
26 of directors shall consist of the director of the department,
27 the treasurer of state, and the state secretary of
28 agriculture.

29 c. The corporation's policies have been reviewed and
30 approved by the financial assistance division of the
31 department.

32 d. The director issued a certificate for assistance. This
33 certificate must be applied for annually along with a report
34 of the following year's activities and recommendations for
35 statutory changes the corporation deems appropriate.

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1 provided by the state. The capital of the corporation is
2 obtained by the sale of shares to financial and nonfinancial
3 entitles. Financial institutions, which include insurance
4 companies and public and private pension funds, are the only
5 entities that may become members of the corporation and can
6 commit themselves to making loans to it. The state will match
7 on a dollar-for-dollar basis the contributions to capital of
8 the corporation made through the purchase of the shares of the
9 corporation if the corporation agrees to have as part of its
10 board of directors the director of the department of economic
11 development, the treasurer of state, and the state secretary
12 of agriculture and its policies have been reviewed and
13 approved by the department of economic development. The
14 state's match will come from a special fund set up for that
15 purpose. This fund will include any moneys appropriated to it
16 and one-half of the first five cents received by the state
17 from the sale of each stamp for and the payment of the tax on
18 each pack of cigarettes. The maximum amount the state will
19 match in a fiscal year shall not exceed \$5,000,000 or 10% of
20 the capital investment made in the corporation, whichever is
21 the lower.

22 The bill takes effect July 1, 1988, and after that date no
23 economic development corporation shall be incorporated under
24 chapter 496B. Existing chapter 496B corporations will have to
25 reincorporate under this Act or be dissolved by July 1, 1990.

26 COMPANION TO LSB 7599IS

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LSB 7674IS 72

SENATE FILE _____
BY (PROPOSED RURAL DEVELOPMENT
STUDY COMMITTEE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the coordination of rural development programs
2 by creating a rural development coordinating committee and the
3 office of rural resources coordinator.

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

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1 Section 1. NEW SECTION. 15.107A RURAL DEVELOPMENT
2 COORDINATION.

3 1. A rural development coordinating committee is created,
4 consisting of the following persons or their designees: the
5 director of the department of economic development, the
6 secretary of agriculture, and the presidents of the State
7 University of Iowa, the University of Northern Iowa, the Iowa
8 State University of science and technology, and the president
9 of a community college as defined in section 280A.2 and
10 elected from a majority of community college presidents. The
11 committee shall meet at least once each year and elect a
12 chairperson. The committee shall meet at the call of the
13 chairperson or upon the written request of the three other
14 members of the committee. Written notice of the time and
15 place of a meeting shall be given to each member of the
16 committee. A majority of the members constitutes a quorum.
17 The committee shall study the needs of rural communities and
18 residents, advise public and private agencies concerning
19 methods to improve the effectiveness and availability of rural
20 development programs, recommend to the general assembly rural
21 development programs, and assist in the coordination of
22 programs designed to foster rural development in this state.

23 2. The office of rural resources coordinator is created
24 within the department of economic development and shall be
25 staffed by an appointee of the director. The coordinator
26 shall perform duties related to the coordination of rural
27 development programs and shall:

28 a. Serve as secretary to the rural development
29 coordinating committee and report to the committee as
30 necessary.

31 b. Monitor state and federal rural development programs.

32 c. Evaluate the effectiveness of the administration of
33 rural development resources by the department of economic
34 development.

35 d. Implement policies and procedures designed to

1 coordinate services under rural development programs
2 administered by the department of economic development.

3 e. Cooperate with other state and federal agencies to
4 coordinate services under rural development programs, to
5 increase the effectiveness of the programs, and to decrease
6 the level of duplication in services.

7 f. Collect information and data related to rural
8 development programs, including information and data generated
9 from any computer system supported by the department of
10 economic development, and provide referral and educational
11 assistance to interested persons and agencies about the
12 programs.

13 EXPLANATION

14 This bill creates a rural development coordinating
15 committee and the office of rural resources coordinator, both
16 serving to coordinate the administration of programs relating
17 to rural development.

18 COMPANION TO LSB 7753HI

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