



**OFFICE OF THE GOVERNOR**

THOMAS J. VILSACK  
GOVERNOR

SALLY J. PEDERSON  
LT. GOVERNOR

April 25, 2003

The Honorable Chester Culver  
Secretary of State  
State Capitol Building  
LOCAL

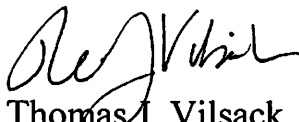
Dear Mr. Secretary:

I hereby transmit:

**House File 390**, an Act relating to economic development programs for targeted small businesses.

The above House File is hereby approved this date.

Sincerely,

  
Thomas J. Vilsack  
Governor

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House





HOUSE FILE 390

AN ACT

RELATING TO ECONOMIC DEVELOPMENT PROGRAMS FOR TARGETED SMALL BUSINESSES.

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

Section 1. Section 15.108, subsection 7, paragraph i, Code 2003, is amended by striking the paragraph.

Sec. 2. Section 15.246, unnumbered paragraph 1, Code 2003, is amended to read as follows:

The department shall establish and administer a case management program, contingent upon the availability of funds authorized for the program, and conducted in coordination with ~~the-self-employment-loan-program-and~~ other state or federal programs providing financial or technical assistance administered by the department. The case management program shall assist in furnishing information about available assistance to clients seeking to establish or expand small business ventures, furnishing information about available financial or technical assistance, evaluating small business venture proposals, completing viable business start-up or expansion plans, and completing applications for financial or technical assistance under the programs administered by the department. ~~As-used-in-this-section,-"client"-means-a-low-income-person-eligible-for-assistance-under-the-self-employment-loan-program-established-in-section-15.241-~~

Sec. 3. Section 15.247, subsection 2, Code 2003, is amended to read as follows:

2. A "targeted small business financial assistance program account" is established within the strategic investment fund created in section 15.313, to provide for loans, loan guarantees, revolving loans, loans secured by accounts receivable, or grants to targeted small businesses and to low-

income persons establishing or expanding small business ventures. A targeted small business or low-income person in any year shall receive under this program not more than ~~twenty-five~~ fifty thousand dollars in a loan, ~~or grant, and not more than forty thousand dollars in a~~ or guarantee, or a combination of loans, grants, or guarantees. The program shall provide guarantees not to exceed seventy-five percent for loans made by qualified lenders. The department shall establish a financial assistance reserve account from funds allocated to the program account, from which any default on a guaranteed loan under this section shall be paid. In administering the program the department shall not guarantee loan values in excess of the amount credited to the reserve account and only moneys set aside in the loan reserve account may be used for the payment of a default. The department shall maintain records of all financial assistance approved pursuant to this section and information regarding the effectiveness of the financial assistance in establishing or expanding small business ventures.

Sec. 4. Section 15.313, subsection 1, paragraph b, Code 2003, is amended to read as follows:

b. All unencumbered and unobligated funds from ~~the self-employment-loan-program,~~ the targeted small business financial assistance program, the microenterprise development revolving fund, financing rural economic development or successor loan program, and the value-added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.

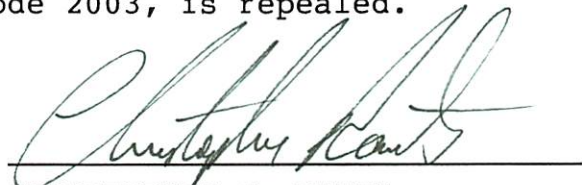
Sec. 5. Section 15E.120, subsections 5 and 6, Code 2003, are amended to read as follows:

5. Loan repayments received by the Iowa department of economic development shall be deposited into a special account to be used at its discretion as matching funds to attract financial assistance from and to participate in programs with national rural development and finance corporations ~~or as provided in subsection 6.~~ Funds in this special account shall not revert to the state general fund at the end of any fiscal year. If the programs for which the funds in the special account are to be used are terminated or expire, the funds in the special account and funds that would be repaid, if any, to the special account shall be transferred or repaid to the

community economic betterment account of the strategic investment fund established in section 15.313.

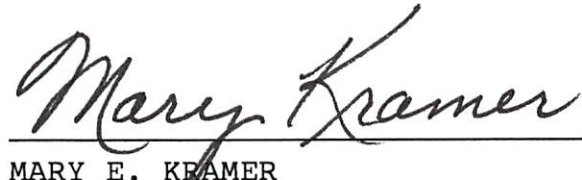
~~6.---If-the-Iowa-department-of-economic-development determines-that-sufficient-funds-exist-in-the-special-account provided-in-subsection-5-for-the-purposes-provided-in subsection-5, up-to-twenty-five-percent-of-the-loan-repayments for-the-fiscal-year-received-by-the-Iowa-department-of economic-development-may-be-deposited-in-the-revolving-loan fund-to-operate-the-self-employment-loan-program-as-both-were established-in-section-15.241-under-the-department-of-economic development.---Funds-in-this-revolving-loan-fund-shall-not revert-to-the-state-general-fund-at-the-end-of-any-fiscal year.---Loan-repayments-from-the-self-employment-loan-program shall-be-deposited-in-the-revolving-loan-fund.---Deposits-of funds-under-this-subsection-may-occur-for-the-fiscal-years beginning-July-1, 1986, July-1, 1987, July-1, 1988, and July 1, 1989.~~

Sec. 6. Section 15.241, Code 2003, is repealed.



CHRISTOPHER C. RANTS

Speaker of the House



MARY E. KRAMER

President of the Senate


I hereby certify that this bill originated in the House and is known as House File 390, Eightieth General Assembly.



MARGARET THOMSON

Chief Clerk of the House

Approved April 25, 2003



THOMAS J. VILSACK

Governor