

House File 890 - Enrolled

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HOUSE FILE 890

AN ACT

RELATING TO ASSISTANCE FOR SMALL BUSINESSES, MAKING
APPROPRIATIONS, AND PROVIDING AN EFFECTIVE DATE
PROVISION.

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

Section 1. Section 8A.311, subsection 10, unnumbered
paragraph 1, Code 2007, is amended to read as follows:

The director shall adopt rules providing that any state
agency may, upon request, purchase directly from a vendor if
the direct purchasing is as economical or more economical than
purchasing through the department, or upon a showing that
direct purchasing by the state agency would be in the best
interests of the state due to an immediate or emergency need.
The rules shall include a provision permitting a state agency
to purchase directly from a vendor, on the agency's own
authority, if the purchase will not exceed ~~five~~ ten thousand
dollars and the purchase will contribute to the agency
complying with or exceeding the targeted small business
procurement goals under sections 73.15 through 73.21.

Sec. 2. NEW SECTION. 11.46 TARGETED SMALL BUSINESS.

After the conclusion of each fiscal year, the auditor of
state shall annually conduct a review of whether state
agencies are meeting their goal for procurement activities
conducted pursuant to sections 73.15 through 73.21, and
compliance with the forty-eight hour notice provision in
section 73.16, subsection 2. By December 31 of each year, the
auditor of state shall file a written report with the governor
and the general assembly which shall include the findings of
the review. The auditor of state may charge a fee to cover
the costs of conducting activities under this section. The
first report filed pursuant to this section shall be for the
fiscal year beginning July 1, 2007. However, the auditor of
state shall file a report pursuant to this section by March 1,
2008, for the time period beginning July 1, 2007, and ending
September 30, 2007.

Sec. 3. Section 15.102, subsection 4, Code 2007, is
amended to read as follows:

4. "Small business" means any enterprise which is located
in this state, which is operated for profit and under a single
management, and which has either fewer than twenty employees
or an annual gross income of less than ~~three~~ four million
dollars computed as the average of the three preceding fiscal
years. This definition does not apply to any program or
activity for which a definition for small business is provided
for the program or activity by federal law or regulation or
other state law.

Sec. 4. Section 15.102, subsection 5, paragraph a,
subparagraph (3), Code 2007, is amended to read as follows:

(3) Has an annual gross income of less than ~~three~~ four
million dollars computed as an average of the three preceding
fiscal years.

Sec. 5. Section 15.102, subsection 5, paragraph b,
subparagraph (3), Code 2007, is amended to read as follows:

(3) "Minority person" means an individual who is a Black,
~~Hispanic Latino~~, Asian or Pacific Islander, American Indian,
or Alaskan native American.

Sec. 6. Section 15.108, subsection 7, paragraph c, Code
2007, is amended to read as follows:

c. Aid for the development and implementation of the Iowa
targeted small business procurement Act established in
sections 73.15 through 73.21 and the targeted small business
financial assistance program established in section 15.247.

~~The duties of the director under this paragraph include the
following:~~

(1) (a) By December 1 of each year, the department of
administrative services shall file a written report with the
department of economic development regarding the Iowa targeted
small business procurement Act activities during the previous
fiscal year. At a minimum, the report shall include a summary

3 4 of all activities undertaken by the department of
3 5 administrative services in an effort to maximize the
3 6 utilization of the targeted small business procurement Act.
3 7 (b) By December 1 of each year, the department of
3 8 inspections and appeals shall file a written report with the
3 9 department of economic development regarding certifications of
3 10 targeted small businesses. At a minimum, the report shall
3 11 include the number of certified targeted small businesses for
3 12 the previous year and the increase or decrease in that number
3 13 during the previous fiscal year compared to the prior fiscal
3 14 year, the number of targeted small businesses that have been
3 15 decertified over the previous fiscal year, and a summary of
3 16 all activities undertaken by the department of inspections and
3 17 appeals regarding targeted small business certification.

3 18 (c) By December 1 of each year, the department of economic
3 19 development shall compile an internal report regarding the
3 20 targeted small business financial assistance program. At a
3 21 minimum, the report shall contain the number of loans, loan
3 22 guarantees, and grants distributed during the previous fiscal
3 23 year, the individual amounts provided to targeted small
3 24 businesses during the previous fiscal year, and how many
3 25 financial assistance awards to targeted small businesses were
3 26 the subject of repayment or collection activity during the
3 27 previous fiscal year.

3 28 (d) By December 1 of each year, the targeted small
3 29 business marketing and compliance manager of the department of
3 30 economic development shall compile a list of the procurement
3 31 goals established pursuant to section 73.16, subsection 2, and
3 32 the performance of each agency in meeting the goals. The
3 33 compilation of the performance of each agency shall be based
3 34 upon the reports required to be filed under section 73.16,
3 35 subsection 2.

4 1 (e) By January 15 of each year, the department of economic
4 2 development shall submit to the governor and the general
4 3 assembly a compilation of reports required under this
4 4 subparagraph.

4 5 ~~(1)~~ (2) The director, in conjunction with cooperation
4 6 from the director of the department of management other state
4 7 agencies, shall publicize the procurement goal program for
4 8 established in sections 73.15 through 73.21 to targeted small
4 9 businesses and to agencies of state government, attempt to
4 10 locate targeted small businesses able to perform contracts,
4 11 and encourage program participation. The director may request
4 12 the cooperation of the department of administrative services,
4 13 the state department of transportation, the state board of
4 14 regents, or any other agency of state government in
4 15 publicizing this program.

4 16 ~~(2)~~ (3) The director, in conjunction with the director of
4 17 the department of management other state agencies, shall
4 18 publicize the financial assistance program established in
4 19 section 15.247 to targeted small businesses.

4 20 ~~(3)~~ (4) When the director determines, or is notified by
4 21 the head of another agency of state government, that a
4 22 targeted small business is unable to perform a procurement
4 23 contract, the director shall assist the small business in
4 24 attempting to remedy the causes of the inability to perform.
4 25 In assisting the small business, the director may use any
4 26 management or financial assistance programs available through
4 27 state or governmental agencies or private sources.

4 28 ~~(4)~~ (5) The director, in conjunction with the director of
4 29 the department of management and jointly with the universities
4 30 under the jurisdiction of the state board of regents, and the
4 31 community colleges, shall develop and make available in all
4 32 areas of the state, programs to offer and deliver
4 33 concentrated, in-depth advice and services to assist targeted
4 34 small businesses. The department of economic development
4 35 shall establish targeted small business advocate service

5 1 providers for purposes of providing mentoring, outreach, and
5 2 professional development services to targeted small businesses
5 3 certified pursuant to section 10A.104. Targeted small
5 4 business advocate service providers shall be established
5 5 through a request for proposals process. Entities eligible to
5 6 bid under the request for proposals process shall include but
5 7 not be limited to a business accelerator, a small business
5 8 development center, or any organization that provides
5 9 mentoring, outreach, and professional development services to
5 10 businesses. A person serving on or staffing a governor's task
5 11 force on targeted small businesses during calendar year 2006
5 12 shall not be eligible to be part of a bid under the request
5 13 for proposals process until after July 1, 2009. A person
5 14 serving on or staffing a governor's targeted small business

5 15 advisory council shall not be eligible to be part of a bid
5 16 under the request for proposals process until three years
5 17 following the termination of service or staffing the advisory
5 18 council. The advice and services provided by providers shall
5 19 extend to all areas of business management in its practical
5 20 application, including but not limited to accounting,
5 21 engineering, drafting, grant writing, obtaining financing,
5 22 locating bond markets, market analysis, and projections of
5 23 profit and loss.

5 24 Sec. 7. Section 15.247, subsection 2, Code 2007, is
5 25 amended to read as follows:

5 26 2. A "targeted small business financial assistance program
5 27 account" is established within the strategic investment fund
5 28 created in section 15.313, to provide for loans, loan
5 29 guarantees, ~~revolving loans, loans secured by accounts~~

~~5 30 receivable, or grants to targeted small businesses and to~~
~~5 31 low-income persons establishing or expanding small business~~
~~5 32 ventures.~~ A targeted small business or low-income person in
5 33 any year shall receive under this program not more than fifty
5 34 thousand dollars in a loan, grant, or guarantee, or a
5 35 combination of loans, grants, or guarantees. A grant shall

6 1 only be awarded when additional financing is secured by the
6 2 applicant. In order to receive a grant, the applicant must
6 3 demonstrate a minimum of ten percent cash investment in the
6 4 project. A targeted small business shall not receive a grant,
6 5 loan, or guarantee, or a combination of grants, loans, or
6 6 guarantees under the program that provide more than ninety

6 7 percent funding of a project. The program shall provide
6 8 guarantees not to exceed ~~seventy-five~~ eighty percent for loans
6 9 of up to seven years made by qualified lenders. The
6 10 department shall establish a financial assistance reserve
6 11 account from funds allocated to the program account, from
6 12 which any default on a guaranteed loan under this section
6 13 shall be paid. In administering the program the department
6 14 shall not guarantee loan values in excess of the amount
6 15 credited to the reserve account and only moneys set aside in
6 16 the loan reserve account may be used for the payment of a
6 17 default. The department shall maintain records of all
6 18 financial assistance approved pursuant to this section and
6 19 information regarding the effectiveness of the financial
6 20 assistance in establishing or expanding small business
6 21 ventures.

6 22 Sec. 8. Section 15.247, Code 2007, is amended by adding
6 23 the following new subsections:

6 24 NEW SUBSECTION. 7. In order to receive financial
6 25 assistance under this section a targeted small business shall
6 26 participate in mentoring services from a targeted small
6 27 business advocate service provider.

6 28 NEW SUBSECTION. 8. a. In order to receive financial
6 29 assistance under this section, an application for financial
6 30 assistance submitted on or after July 1, 2007, must be
6 31 approved by the targeted small business financial assistance
6 32 board created in this subsection.

6 33 b. The targeted small business financial assistance board
6 34 shall consist of seven members appointed by the director
6 35 representing backgrounds in the areas of finance, insurance,
7 1 or banking. The members shall be successful business owners
7 2 in the private, for-profit sector. At least one member shall
7 3 be a member of the economic development board appointed by the
7 4 economic development board. All of the following populations
7 5 shall be represented separately by at least one member:

- 7 6 (1) Latino.
- 7 7 (2) Black.
- 7 8 (3) Asian or Pacific Islander.
- 7 9 (4) Caucasian woman.
- 7 10 (5) Native American.
- 7 11 (6) A person with a disability as defined in section

7 12 15.102.
7 13 c. A person within the third degree of consanguinity of an
7 14 employee of the department, a person within the third degree
7 15 of consanguinity of a member of the targeted small business
7 16 financial assistance board or member's relative, or a business
7 17 with any financial ties to a member shall not be eligible for
7 18 financial assistance under the program during the employee's
7 19 employment or the member's tenure on the board, as applicable.
7 20 Members shall serve two year terms and may be reappointed. A
7 21 member shall not serve more than two terms.

7 22 d. The targeted small business financial assistance board
7 23 shall consider all applications for financial assistance under
7 24 the program submitted on or after July 1, 2007.

7 25 Sec. 9. Section 19B.7, subsection 1, paragraph d, Code

7 26 2007, is amended to read as follows:

7 27 d. Report results under the contract compliance policy to
7 28 the governor and the general assembly on an annual basis. Any
7 29 information reported by the department of administrative
7 30 services to the department of economic development pursuant to
7 31 section 15.108 shall not be required to be part of the report
7 32 under this paragraph. The report shall detail specific

7 33 efforts to promote equal opportunity through state contracts
7 34 and services and efforts to promote, develop, and stimulate
7 35 the utilization of minority, women's, and disadvantaged
8 1 business enterprises in programs receiving or benefiting from
8 2 state financial assistance.

8 3 Sec. 10. Section 73.16, subsection 2, unnumbered paragraph
8 4 1, Code 2007, is amended to read as follows:

8 5 The Prior to the commencement of a fiscal year, the
8 6 director of each agency or department of state government
8 7 having purchasing authority, in cooperation with the targeted
8 8 small business marketing and compliance manager of the
8 9 department of economic development, shall establish for that
8 10 fiscal year a procurement goal from certified targeted small
8 11 businesses identified pursuant to section 10A.104, subsection
8 12 8, of at least ten percent of the value of anticipated
8 13 procurements of. The procurement goal shall include the
8 14 procurement of all goods and services, including construction,
8 15 but not including utility services, each fiscal year. A
8 16 procurement goal shall be stated in terms of a dollar amount
8 17 of certified purchases and shall be established at a level
8 18 that exceeds the procurement levels from certified targeted
8 19 small businesses during the previous fiscal year. The
8 20 director of an agency or department of state government that
8 21 has established a procurement goal as required under this
8 22 subsection shall provide a report within fifteen business days
8 23 following the end of each calendar quarter to the targeted
8 24 small business marketing and compliance manager of the
8 25 department of economic development, providing the total dollar
8 26 amount of certified purchases from certified targeted small
8 27 businesses during the previous calendar quarter. The required
8 28 report shall be made in a form approved by the targeted small
8 29 business marketing and compliance manager. The first
8 30 quarterly report shall be for the calendar quarter ending

8 31 September 30, 2007. The director of each department and
8 32 agency of state government shall cooperate with the director
8 33 of the department of inspections and appeals, the director of
8 34 the department of economic development, and the director of
8 35 the department of management and do all acts necessary to
9 1 carry out the provisions of this division.

9 2 Sec. 11. Section 262.34A, subsection 2, Code 2007, is
9 3 amended to read as follows:

9 4 2. Notwithstanding section 73.16, subsection 2, and due to
9 5 the high volume of bids issued by the board and the need to
9 6 coordinate bidding of three institutions of higher learning,

9 7 the board may shall issue electronic bid notices for
9 8 distribution to the targeted small business internet site
9 9 through internet links to each of the regents institutions.

9 10 Sec. 12. APPLICATION REVIEW. For applications for
9 11 financial assistance under section 15.247 received on or
9 12 before June 30, 2007, the department of economic development
9 13 shall use the same review and approval process used prior to
9 14 the effective date of this Act.

9 15 Sec. 13. TARGETED SMALL BUSINESS ADVOCATE SERVICE
9 16 PROVIDERS.

9 17 1. There is appropriated from the general fund of the
9 18 state to the department of economic development for the fiscal
9 19 year beginning July 1, 2006, and ending June 30, 2007, the
9 20 following amount, or so much thereof as is necessary, to be
9 21 used for the purposes designated:

9 22 For the establishment of targeted small business advocate
9 23 service providers, including salaries, support, maintenance,
9 24 and miscellaneous purposes:

9 25 \$ 900,000

9 26 2. Of the moneys appropriated under this section, not more
9 27 than \$150,000 shall be expended on one targeted small business
9 28 advocate service provider.

9 29 3. Notwithstanding section 8.33, moneys appropriated in
9 30 this section that remain unencumbered or unobligated at the
9 31 close of the fiscal year shall not revert but shall remain
9 32 available for expenditure for the purposes designated until
9 33 the close of the succeeding fiscal year.

9 34 Sec. 14. TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE

9 35 PROGRAM. There is appropriated from the general fund of the
10 1 state to the department of economic development for the fiscal

10 2 year beginning July 1, 2006, and ending June 30, 2007, the
10 3 following amount, or so much thereof as is necessary, to be
10 4 used for the purposes designated:
10 5 For deposit in the targeted small business financial
10 6 assistance program account of the strategic investment fund:
10 7 \$ 2,500,000
10 8 Notwithstanding section 8.33, moneys appropriated in this
10 9 section that remain unencumbered or unobligated at the close
10 10 of the fiscal year shall not revert but shall remain available
10 11 for expenditure for the purposes designated until the close of
10 12 the succeeding fiscal year.

10 13 Sec. 15. MARKETING AND COMPLIANCE MANAGER.

10 14 1. There is appropriated from the general fund of the
10 15 state to the department of economic development for the fiscal
10 16 year beginning July 1, 2006, and ending June 30, 2007, the
10 17 following amount, or so much thereof as is necessary, to be
10 18 used for the purposes designated:

10 19 For purposes of marketing and compliance activities and for
10 20 administrative costs related to the targeted small business
10 21 financial assistance program and the Iowa targeted small
10 22 business procurement Act, including salaries, support,
10 23 maintenance, miscellaneous purposes, and for not more than the
10 24 following full-time equivalent positions:
10 25 \$ 225,000
10 26 FTEs 1.00

10 27 2. From moneys appropriated under this section, the
10 28 department shall create a full-time position for a targeted
10 29 small business marketing and compliance manager. The position
10 30 shall be responsible, at a minimum, for coordinating the
10 31 establishment of the targeted small business advocate service
10 32 providers, providing marketing support for the Iowa targeted
10 33 small business procurement Act and targeted small business
10 34 financial assistance program, providing state agencies with
10 35 Iowa targeted small business procurement Act assistance, and
11 1 providing any related services.

11 2 3. The department may use moneys appropriated under this
11 3 section for purposes of paying fees associated with services
11 4 provided by the auditor of state pursuant to section 11.46.

11 5 4. Notwithstanding section 8.33, moneys appropriated in
11 6 this section that remain unencumbered or unobligated at the
11 7 close of the fiscal year shall not revert but shall remain
11 8 available for expenditure for the purposes designated until
11 9 the close of the succeeding fiscal year.

11 10 Sec. 16. PROCESS IMPROVEMENT == MARKETING ACTIVITIES.

11 11 There is appropriated from the general fund of the state to
11 12 the department of economic development for the fiscal year
11 13 beginning July 1, 2006, and ending June 30, 2007, the
11 14 following amount, or so much thereof as is necessary, to be
11 15 used for the purposes designated:

11 16 For implementing process improvement activities and for
11 17 administrative costs for the targeted small business financial
11 18 assistance program and the Iowa targeted small business
11 19 procurement Act, for developing and conducting a vendor fair
11 20 to increase awareness of the targeted small business financial
11 21 assistance program and the Iowa targeted small business
11 22 procurement Act, and for an awards banquet to recognize the
11 23 accomplishments under the Iowa targeted small business
11 24 procurement Act:
11 25 \$ 225,000

11 26 The department may use moneys appropriated under this
11 27 section for purposes of paying fees associated with services
11 28 provided by the auditor of state pursuant to section 11.46.

11 29 Notwithstanding section 8.33, moneys appropriated in this
11 30 section that remain unencumbered or unobligated at the close
11 31 of the fiscal year shall not revert but shall remain available
11 32 for expenditure for the purposes designated until the close of
11 33 the succeeding fiscal year.

11 34 Sec. 17. CERTIFICATION.

11 35 1. There is appropriated from the general fund of the
12 1 state to the department of inspections and appeals for the
12 2 fiscal year beginning July 1, 2006, and ending June 30, 2007,
12 3 the following amount, or so much thereof as is necessary, to
12 4 be used for the purposes designated:

12 5 For purposes of a dedicated targeted small business
12 6 certification employee, including salaries, support,
12 7 maintenance, miscellaneous purposes, and for not more than the
12 8 following full-time equivalent positions:
12 9 \$ 150,000
12 10 FTEs 1.00

12 11 2. From moneys appropriated under this section, the
12 12 department shall create a full-time position for a targeted

12 13 small business certification employee. The position shall be
12 14 responsible, at a minimum, for processing applications for
12 15 targeted small business applications, conducting on-site
12 16 visits, maintaining a publicly available active directory of
12 17 certified targeted small businesses, organizing and
12 18 participating in educational meetings for certified targeted
12 19 small businesses and potential targeted small businesses,
12 20 coordinating activities with other state agencies to promote
12 21 the Iowa targeted small business procurement Act, and any
12 22 other related responsibilities.

12 23 3. Notwithstanding section 8.33, moneys appropriated in
12 24 this section that remain unencumbered or unobligated at the
12 25 close of the fiscal year shall not revert but shall remain
12 26 available for expenditure for the purposes designated until
12 27 the close of the succeeding fiscal year.

12 28 Sec. 18. EFFECTIVE DATE. This Act, being deemed of
12 29 immediate importance, takes effect upon enactment.

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PATRICK J. MURPHY
12 34 Speaker of the House
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JOHN P. KIBBIE
13 4 President of the Senate
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13 6 I hereby certify that this bill originated in the House and
13 7 is known as House File 890, Eighty-second General Assembly.

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MARK BRANDSGARD
13 12 Chief Clerk of the House

13 13 Approved _____, 2007

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CHESTER J. CULVER
13 17 Governor
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