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Place On Calendar

HOUSE FILE 225

BY COMMITTEE ON ECONOMIC DEVELOPMENT

(Formerly House Study Bill 13 Revised)

Passed House, Date 2-14-85 (p. 426) Passed Senate, Date 3/20/85 (P. 915)

Vote: Ayes 52 Nays 45 Vote: Ayes 27 Nays 23

Approved April 18, 1985

A BILL FOR

An Act relating to economic development by creating a five-year state lottery, providing penalties, and providing revenues from the state lottery to be used for certain economic development programs and activities; providing for the reorganization of state economic development programs and activities with the Iowa development commission acting as the interim coordinating agency for economic development until the new department of economic development is created; creating an Iowa partnership for economic progress advisory committee to advise the Iowa development commission and the general assembly on economic development matters and the uses to be made of the revenues from the state lottery; creating an Iowa world trade center board to accept proposals from private groups on the construction of the Iowa world trade center, to select from those proposals one proposal under which the state will purchase space in the Iowa world trade center, and to operate, manage and lease this state-owned space; establishing a primary research and marketing center for business and international trade and satellite centers; creating a First In the Nation in Education foundation; creating a forgivable loan program for loans to students who remain residents of Iowa and are either employed as a teacher or in the private sector under certain circumstances; making appropriations for economic development programs and activities; and providing an effective date.

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

HF 225

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DIVISION I

Section 101. NEW SECTION. 99E.1 TITLE.

This chapter may be cited as the "Iowa Lottery Act".

Sec. 102. NEW SECTION. 99E.2 DEFINITIONS.

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

1. "Commissioner" means the commissioner of the lottery.

2. "Director" means the director of each of the three divisions of the lottery agency operating under the commissioner.

3. "Lottery" means the lottery created and operated under this chapter.

4. "Board" means the Iowa lottery board.

5. "Licensee" means the person issued a license by the commissioner to sell lottery tickets or shares. The licensee is responsible for the licensee's employees' conduct which is within the scope of this chapter.

6. "Ticket" means any tangible evidence issued by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

7. "Share" means any intangible manifestation authorized by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

8. "On-line lotto" means a lottery game hooked up to a central computer via telecommunications lines in which the player selects a specified group of numbers out of a pre-determined range of numbers.

9. "Instant lottery" means a game that offers preprinted tickets that indicate immediately whether the player has won.

Sec. 103. NEW SECTION. 99E.3 ESTABLISHMENT OF LOTTERY -- APPOINTMENT OF COMMISSIONER -- OTHER EMPLOYEES.

1. A state agency is established to be known as the Iowa lottery agency. Except as provided in section 99E.9, subsection 3, paragraph "b", the Iowa lottery agency is subject to chapter 17A. It is a separate agency of state

government whose head is the commissioner.

2. The commissioner shall be qualified by training and experience to direct the lottery. The commissioner shall be appointed by the governor within thirty days after the effective date of this Act subject to confirmation by the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the commissioner shall be filled in the same manner as the original appointment. Section 2.32 applies to the appointment of the commissioner. The commissioner shall devote time and attention solely to the duties of the office and shall not be engaged in any other profession or occupation. The commissioner shall receive a salary determined by the governor within salary range five as set by the general assembly.

3. The commissioner may employ clerks, stenographers, inspectors, agents, and other employees pursuant to chapter 19A as necessary to carry out this chapter.

Sec. 104. NEW SECTION. 99E.4 COMMISSIONER'S OATH -- BOND -- EMPLOYEES -- BONDING OF EMPLOYEES.

1. Before taking office, the commissioner shall take an oath to faithfully execute the duties of the office according to the laws of the state, and shall give bond with sufficient surety to be approved by the governor in the sum of not less than twenty-five thousand dollars, conditioned upon faithful execution and performance of the duties of the office. The bond when fully executed and approved shall be filed in the office of the secretary of state. When in the governor's opinion the bond has become or is likely to become invalid or insufficient, the governor shall require the commissioner to renew the bond in an amount approved by the governor but not less than twenty-five thousand dollars. The cost of a bond given shall be part of the necessary expenses of the lottery.

2. The commissioner shall employ personnel necessary to implement this chapter. The commissioner shall require lottery agency employees to give bond in an amount the

commissioner determines. Each bond when fully executed and approved shall be filed in the office of the secretary of state. The cost of each bond given shall be part of the necessary expenses of the lottery.

Sec. 105. NEW SECTION. 99E.5 LOTTERY BOARD.

An Iowa lottery board is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The governor shall appoint the board members within sixty days of the effective date of this Act. The term of each member shall begin and end as provided in section 69.19. A vacancy on the board shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

Sec. 106. NEW SECTION. 99E.6 BOARD QUALIFICATIONS.

Board members shall be residents of this state. At least one member of the board shall be a person who has been a law enforcement officer for not less than five years, one member shall be an attorney admitted to the practice of law in Iowa for not less than five years, and one member shall be a certified public accountant who has practiced accountancy in Iowa for not less than five years.

Sec. 107. NEW SECTION. 99E.7 BOARD MEETINGS.

The board shall hold at least one meeting each month and as often as necessary. The board shall select a chairperson from its membership at the first regular meeting of the board and shall thereafter select a chairperson at the first regular meeting of each fiscal year. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the board constitutes a quorum.

Sec. 108. NEW SECTION. 99E.8 EXPENSES -- SALARY.

Members of the board shall be compensated at a rate of six thousand dollars per year. Members shall also be allowed the actual and necessary expenses incurred in the performance of

their duties. The expenses incurred by members of the board and the salaries paid to members of the board are part of the necessary expenses of the lottery agency.

Sec. 109. NEW SECTION. 99E.9 DUTIES OF THE BOARD -- RULES -- COMMISSIONER.

1. The board and the commissioner shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, including contracts with individuals or business organizations experienced in the design and operation of state administered lotteries of other states. A contract awarded or entered into by the commissioner shall not be assigned by the contract holder except upon the written approval of the board.

3. Except as provided in subsection 3, paragraph "b", the board shall make rules in accordance with chapter 17A for implementing and enforcing this chapter. The rules shall include but are not limited to the following subject matters:

a. The fees charged for a license to sell lottery tickets or shares. The commissioner shall determine the cost incurred in processing applications for a license and set the license fee to cover that cost except a license fee shall not be less than fifty dollars per year. Revenue received by the lottery from license fees shall be transferred to the lottery fund immediately after the cost of processing license applications is deducted.

b. The types of lottery games to be conducted. Rules governing the operation of a class of games are subject to chapter 17A. However, rules governing the particular features of specific games within a class of games are not subject to chapter 17A. Such rules may include, but are not limited to, setting the name and prize structure of the game and shall be made available to the public prior to the time the games go on

sale and shall be kept on file at the office of the commissioner. The board shall authorize instant lottery and on-line lotto games and may authorize the use of any type of lottery game that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve the revenue objectives of the lottery and is consistent with subsection 1. However, the board shall not authorize a game using electronic computer terminals or other devices if the terminals or devices dispense coins or currency upon the winning of a prize. In a game utilizing instant tickets, each ticket in the game shall bear a unique consecutive serial number distinguishing it from every other ticket in the game, and each lottery number or symbol shall be accompanied by a confirming caption consisting of a repetition of a symbol or a description of the symbol in words. In the game other than an instant game which uses tangible evidence of participation, each ticket shall bear a unique serial number distinguishing it from every other ticket in the game.

c. The price of tickets or shares in the lottery, including but not limited to authorization of sales of tickets or shares at a discount for marketing purposes.

d. The number and size of the prizes on the winning tickets or shares, including but not limited to prizes of free tickets or shares in lottery games conducted by the lottery and merchandise prizes. The lottery agency shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale or the estimated odds of winning the prizes and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination which were awarded.

e. The method of selecting the winning tickets or shares

and the manner of payment of prizes to the holders of winning tickets or shares. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Lottery employees shall examine claims and shall not pay any prize for altered, stolen, or counterfeit tickets or shares nor tickets or shares which fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If the commissioner determines that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes not to exceed five hundred dollars directly by the licensee.

f. The methods of validation of the authenticity of winning tickets or shares.

g. The frequency of selection of winning tickets or shares. Drawings shall be held in public. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by lottery agency employees and an independent certified public accountant prior to and after each public drawing.

h. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

i. The locations at which tickets or shares may be sold.

j. The method to be used in printing and selling tickets or shares. An elected official's name shall not be printed on the tickets. The overall estimated odds of winning a prize in a given game shall be printed on each ticket if the games have either preprinted winners or fixed odds. Estimated odds of winning a prize are not required to be printed on tickets in lottery games of a pari-mutuel nature. As used in this paragraph, "games of a pari-mutuel nature" means a game in which the amount of the winnings and the odds of winning are

determined by the number of participants in the game.

k. The issuing of licenses to sell tickets or shares. In addition to any other rules made regarding the qualifications of an applicant for a license, a person shall not be issued a license unless the person meets the criteria established in section 99E.16, subsection 7.

l. The compensation to be paid licensees including but not limited to provision for variable compensation based on sales volume or incentive considerations.

m. The form and type of marketing, informational, and educational material to be permitted.

n. Subject to section 99E.10, the apportionment of the annual revenues accruing from the sale of lottery tickets or shares and from other sources for the payment of prizes to the holders of winning tickets or shares and for the following:

(1) The payment of costs incurred in the operation and administration of the lottery and the lottery agency, including the expenses of the lottery and the cost resulting from contracts entered into for consulting or operational services, or for marketing.

(2) Actual and necessary expenses of all audits performed pursuant to section 99E.20, subsection 3.

(3) Incentive programs for lottery licensees and lottery employees.

(4) Payment of compensation to licensees necessary to provide for the adequate availability of tickets, shares, or services to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

4. The board and the commissioner may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

Sec. 110. NEW SECTION. 99E.10 ALLOCATION AND

APPROPRIATION OF FUNDS GENERATED -- IOWA PLAN FUND.

1. Upon receipt of any revenue, the commissioner shall deposit the moneys in the lottery fund created pursuant to section 99E.20. As nearly as is practicable, forty-five percent of the annual revenue computed on a year-round average basis for each type of lottery game accruing from the sale of tickets or shares is appropriated for payment of prizes to the holders of winning tickets. After the payment of prizes, the expenses of conducting the lottery including the reasonable expenses incurred by the attorney general's office in enforcing this chapter shall be determined and paid for out of the lottery revenue prior to disbursement. Lottery agency expenses for marketing, educational, and informational material shall not exceed four percent of the lottery revenue.

The Iowa plan fund for economic development, also to be known as the Iowa plan fund, is created in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa plan fund on a quarterly basis. However, upon the request of the commissioner and subject to approval by the treasurer of state, an amount sufficient to cover the foreseeable administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery revenue. Prior to the quarterly transfer to the Iowa plan fund, the commissioner may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state or invested in the manner provided in section 452.10. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the Iowa plan fund in the same manner as other lottery revenue. Money in the Iowa plan fund shall be deposited in interest bearing accounts in financial institutions in this state or invested in the manner provided in section 452.10. The interest or earnings on the deposits or investments shall be

considered part of the Iowa plan fund and shall be retained in the fund unless appropriated by the general assembly.

2. Funds transferred to the Iowa plan fund shall be used for economic development initiatives. As used in this subsection "economic development initiatives" means initiatives which encourage development of capital, research and development of new products, and development of jobs in this state by expanding existing business and industry, upgrade academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encourage the conservation of energy in order to create new jobs and attract new business and industry, develop alternate methods for the disposal of solid waste, develop markets for products grown or produced or manufactured in the state including the promotion of Iowa and Iowa products, and make grants and loans available to local communities for local economic development initiatives. "Economic development initiatives" does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

3. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets or shares not later than July 1, 1986. The comptroller shall not include lottery revenues in the comptroller's fiscal year revenue estimates. Moneys in the Iowa plan fund shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 111. NEW SECTION. 99E.11 REPORTS.

1. The commissioner shall report quarterly to the governor, the treasurer of state, and the general assembly. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter. The fourth quarter report shall be included in the annual report made pursuant to subsection 2.

2. The commissioner also shall report annually to the

governor, the treasurer of state, and the general assembly. The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the commissioner deems necessary or desirable. The annual report shall be submitted within ninety days after the close of a fiscal year.

3. The commissioner shall report immediately to the governor, the treasurer of state, and the general assembly any matters that require immediate changes in the law in order to prevent abuses or evasions of this chapter or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

Sec. 112. NEW SECTION. 99E.12 STUDIES.

1. The commissioner shall make a continuous study of the lottery to ascertain any defects of this chapter or in the rules which could result in abuses in the administration and operation of the lottery or in any evasion of this chapter or the rules of the commissioner and make recommendations for improvement in this chapter.

2. The commissioner shall make a continuous study of the operation and the administration of similar laws in effect in other states, written material on the subject which is published or available, federal laws which may affect the operation of the lottery, and the reaction of citizens to existing and potential features of the lottery in order to recommend changes that will serve the purposes of this chapter.

3. The commissioner shall make a demographic study of lottery players.

4. The commissioner shall make a study of the extent to which the lottery creates a compulsive gambling problem among lottery players.

Sec. 113. NEW SECTION. 99E.13 CONFLICT OF INTEREST -- PENALTY.

1. A member of the board, the commissioner, or an employee

of the lottery shall not directly or indirectly, individually, as a member of a partnership or other association, or as a shareholder, director, or officer of a corporation have an interest in a business which contracts for the operation and marketing of the lottery as authorized by section 99E.9, subsection 2.

2. A member of the board, the commissioner, an employee of the lottery, or a member of their immediate family shall not ask for, offer to accept, or receive a gift, gratuity, or other thing of more than fifty dollars in value from a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery or from an applicant for a license to sell tickets or shares in the lottery or from a licensee.

3. A person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery, an applicant for a license to sell tickets or shares in the lottery, or a licensee shall not offer a member of the board, the commissioner, an employee of the lottery, or a member of their immediate family a gift, gratuity, or other thing of more than fifty dollars in value.

4. A board member, commissioner, or employee of the lottery who violates a provision of this section, or if a member of their immediate family violates a provision of this section, shall be immediately removed from the office or position.

5. A violation of this section is a serious misdemeanor.

6. As used in this section, "member of their immediate family" means a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of the board member, the commissioner, or the employee.

7. Enforcement of this section against a board member or commissioner shall be by the attorney general who upon finding

a violation shall initiate an action to remove the board member or commissioner.

8. In addition to the prohibitions of this section, the prohibitions of sections 722.1 and 722.2 are applicable.

Sec. 114. NEW SECTION. 99E.14 LOTTERY DIVISIONS -- DIRECTORS.

1. The Iowa lottery agency has three divisions:

a. A security and licensing division.

b. A personnel, data processing, and accounting division.

c. A marketing, education, and information division.

2. Each division is under the supervision of a director appointed by the commissioner and each director shall have expertise in the functions of the division. The commissioner shall designate one of the directors to serve as acting commissioner during the commissioner's absence.

3. Departments, boards, commissions, or other agencies of this state shall provide reasonable assistance to the lottery upon the request of the commissioner.

Sec. 115. NEW SECTION. 99E.15 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY -- SUBPOENA.

The commissioner or the commissioner's designee authorized to conduct an inquiry, investigation, or hearing under this chapter may administer oaths and take testimony under oath relative to the matter of inquiry, investigation, or hearing. At a hearing ordered by the commissioner, the commissioner or the designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the hearing.

Sec. 116. NEW SECTION. 99E.16 LICENSING -- BONDS.

1. The commissioner shall license persons to sell lottery tickets or shares to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets or shares. Before issuing a license the commissioner shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of

business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point-of-purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is sufficient cause for revocation of a person's license.

2. A licensee shall sell tickets or shares only on the premises stated in the license. The licensee shall only sell a ticket or share in person and not over a telephone. The licensee shall accept payment in cash only. The licensee shall not extend or arrange credit for the purchase of a ticket or share. As used in this subsection "cash" means United States currency. "Cash" does not mean any other form of payment including, but not limited to, check, credit card, or a negotiable instrument.

3. A licensee shall display the license or a copy of the license together with the lottery rules wherever tickets or shares are sold. A license is not assignable or transferable. The commissioner may issue a temporary license when deemed necessary.

3671 4. The commissioner shall require a bond from a licensee in an amount as provided in the rules graduated according to the volume of expected sales of lottery tickets or shares by the licensee, or may require a licensee to furnish evidence of financial responsibility.

5. A bond shall not be canceled by a surety on less than thirty days' notice in writing to the commissioner. If a bond is canceled and the licensee fails to file a new bond with the commissioner in the required amount on or before the effective date of cancellation, the licensee's license shall be automatically suspended. A suspended license shall be revoked if the requirements of this subsection are not met within thirty days of the license suspension. The total and aggregate liability of the surety on the bond is limited to

the amount specified in the bond.

6. Subject to the approval of the board, the commissioner may authorize compensation to licensees in the manner and amounts and subject to the limitations the commissioner determines if the commissioner finds that compensation is necessary to assure adequate availability of lottery tickets or shares.

7. A license shall be granted only after the commissioner finds all of the following:

a. The applicant is at least eighteen years of age.

b. The person has not been convicted of a fraud or a felony.

c. The person has not been convicted or found to have committed a violation of this chapter.

d. The person has not previously had a license issued under this chapter revoked.

e. The person has not had a license to sell lottery tickets or shares in another jurisdiction suspended or revoked by the authority regulating a lottery or by a court of that jurisdiction.

f. The applicant has demonstrated financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

g. The applicant is the true owner of the proposed lottery business and that all persons holding at least a ten percent ownership interest in the applicant's business has been disclosed.

h. The applicant has not knowingly made a false statement of material fact to the commission.

8. If after a license is granted the commissioner finds that the licensee has violated this section, then the commissioner shall revoke the license.

Sec. 117. NEW SECTION. 99E.17 SUSPENSION OR REVOCATION OF LICENSE -- HEARINGS -- HEARING BOARD.

1. The commissioner may suspend or revoke the license of a

licensee who violates a provision of this chapter or a rule adopted pursuant to this chapter. If the commissioner suspends or revokes a license, or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the commissioner. Upon receipt of the request for hearing, the commissioner shall set a hearing date within thirty days of receipt of the request, and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The commissioner may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. A three-member hearing board for the purpose of conducting hearings relating to controversies concerning the issuance, suspension, or revocation of licenses is created. One member shall be a designee of the board, one member shall be the treasurer of state or a designee of the treasurer of state, and one member shall be the commissioner of public safety or a designee of the commissioner of public safety. The lottery board shall adopt rules and procedures for conducting the hearings.

3. A license shall be suspended for a period deemed appropriate by the commissioner. A former licensee whose license is revoked is not eligible to receive another license.

Sec. 118. NEW SECTION. 99E.18 PROHIBITED SALES OF TICKETS OR SHARES -- FORGERY -- PENALTIES.

1. A ticket or share shall not be sold at a price greater than that fixed by the board and the commissioner and a sale shall not be made other than by a licensee or an employee of the licensee who is authorized by the licensee to sell tickets or shares. A person who violates a provision of this subsection is guilty of a simple misdemeanor.

2. A ticket or share shall not be sold to a person who has not reached the age of eighteen. This does not prohibit the lawful purchase of a ticket or share for the purpose of making

a gift to a person who has not reached the age of eighteen. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a person who has not reached the age of eighteen is guilty of a simple misdemeanor. A prize won by a person who has not reached the age of eighteen but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

3. A ticket or share shall not be purchased by and a prize shall not be paid to the commissioner, a board member or employee of the lottery agency, or to a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of the commissioner, a board member, or an employee. A ticket or share purchased in violation of this subsection is void.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket or share is guilty of a class D felony.

Sec. 119. NEW SECTION. 99E.19 DISTRIBUTION OF PRIZES -- UNCLAIMED PRIZES -- PAYMENT PER WINNING TICKET.

1. The commissioner shall award the designated prize to the ticket or share holder upon presentation of the winning ticket or confirmation of a winning share.

All cash prizes awarded are Iowa earned income. Before more than five hundred dollars is awarded the commissioner or the commissioner's designee shall deduct an amount equal to that amount necessary to pay the estimated state and federal taxes on the prize. An amount deducted from the prize for payment of a federal tax shall be transferred by the commissioner to the federal internal revenue service on behalf of the prize winner. An amount deducted from the prize for payment of a state tax shall be transferred by the commissioner to the state department of revenue on behalf of the prize winner. Unclaimed prize money for the prize on a

winning ticket or share shall be retained for a period deemed appropriate by the commissioner, subject to approval by the board. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets or shares in addition to amounts already allocated.

2. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The commissioner is discharged of all further liability upon payment of a prize pursuant to this subsection. This section does not prohibit the making of a gift of a lottery ticket or share to a person.

Sec. 120. NEW SECTION. 99E.20 DEPOSIT OF RECEIPTS FROM TICKET OR SHARE SALES -- LOTTERY FUND -- QUARTERLY AUDITS.

1. The board shall adopt rules for the deposit as soon as possible in the lottery fund of money received by licensees from the sale of tickets or shares less the amount of compensation, if any, authorized under section 99E.16, subsection 6. Subject to approval of the board, the commissioner may require licensees to file with the commissioner reports of receipts and transactions in the sale of tickets or shares. The reports shall be in the form and contain the information the commissioner requires.

2. A lottery fund is created in the office of the treasurer of state. The fund consists of all revenues received from the sale of lottery tickets or shares and all other moneys lawfully credited or transferred to the fund. The commissioner shall certify quarterly that portion of the fund that is transferred to the Iowa plan fund under section 99E.10 and shall cause that portion to be transferred to the Iowa plan fund of the state.

3. The auditor of state or a certified public accounting firm appointed by the auditor shall conduct quarterly and annual audits of all accounts and transactions of the lottery and other special audits as the auditor of state, the general assembly, or the governor deems necessary. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees necessary to determine compliance with this chapter and the rules adopted pursuant to this chapter.

Sec. 121. NEW SECTION. 99E.21 LIABILITY AND FUNDING.

The board and the commissioner shall operate the lottery so that after the initial state appropriation, it shall be self-sustaining and self-funded. A claim for the payment of an expense of the lottery and the payment of a lottery prize shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets or shares. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

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Sec. 122. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The gross receipts from the sales of lottery tickets or shares in lottery games conducted pursuant to chapter 99E.

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Sec. 123. Section 537A.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket or share in the state lottery in compliance with chapter 99E.

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3079

Sec. 124. Section 725.12, unnumbered paragraph 1, Code

1985, is amended to read as follows:

If any person make or aid in making or establishing, or advertise or make public ~~any~~ a scheme for ~~any~~ a lottery; or advertise, offer for sale, sell, negotiate, dispose of, purchase, or receive ~~any~~ a ticket or part of a ticket in ~~any~~ a lottery or number ~~thereof~~ of a ticket in a lottery; or have in the person's possession ~~any~~ a ticket, part of a ticket, or paper purporting to be the number of ~~any~~ a ticket of ~~any~~ a lottery, with intent to sell or dispose of the ~~same~~ ticket, part of a ticket, or paper on the person's own account or as the agent of another, the person commits a serious misdemeanor. However, this section does not prohibit the possession by a person of a lottery ticket, part of a ticket, or number of a lottery ticket from a lottery legally operated or permitted under the laws of another jurisdiction.

Sec. 125. Section 725.15, Code 1985, is amended to read as follows:

725.15 EXCEPTIONS FOR LEGAL GAMBLING.

Sections 725.5 to 725.10 and ~~section~~ 725.12 ~~shall~~ do not apply to ~~any~~ a game, activity, ticket or device when lawfully possessed, used, conducted or participated in pursuant to chapter 99B or chapter 99E.

Sec. 126. The commissioner shall file an initial report with the governor, treasurer of state, and the general assembly by January 15, 1986 detailing the commissioner's efforts regarding the establishment of a lottery and the status of the lottery.

Sec. 127. The commissioner shall initiate and operate instant lottery games by September 15, 1985 and on-line lotto games by May 1, 1986.

Sec. 128. It is the intent of the general assembly that this Act shall have temporary effect only, that chapter 99E is repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa lottery board. The amendments to sections 537A.4 and 725.15 made in this Act

shall be stricken when chapter 99E is repealed.

DIVISION II

Sec. 201.

1. The treasurer of state shall, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. The first ten million dollars to the "Community Economic Betterment" account.

b. Of the next thirty-five million dollars, the first thirty million dollars is allotted equally to the "Jobs Now" account and the "Education and Agriculture Research and Development" account with the next five million dollars allotted to the jobs now account.

c. After the allotments have been made under paragraphs "a" and "b", fifty percent of the excess, not to exceed ten million dollars, to the community economic betterment account and the rest to the "Surplus" account.

d. Before the treasurer makes the allotments under paragraphs "a", "b", and "c", the treasurer shall repay to the general fund the loan for start up purposes of the Iowa lottery.

2. There is appropriated from the allotment made to the community economic betterment account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the Iowa development commission the amount in that account, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

3067 Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the commission for a project from additional moneys credited to that account is not subject to the one million dollar limitation.

3067 3. There is appropriated from the allotment made to the jobs now account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

3076 a. To the state conservation commission the sum of four million two hundred fifty thousand (4,250,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside for the

acquisition of land for expansion or development of state forests and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal or local funds.

b. To the Iowa world trade center board as identified in division IV of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the state's acquisition of a portion of the Iowa world trade center as provided for in division IV of this Act and to fund the operational costs of the state's portion of the Iowa world trade center as provided in division IV of this Act.

c. To the Iowa product development fund the sum of one million (1,000,000) dollars for the purposes provided in section 28.89.

d. To the office for planning and programming the sum of five hundred thousand (500,000) dollars for additional and supplemental funding for day care services in connection and coordination with the federal Job Training Partnership Act of 1982.

e. To the office for planning and programming the sum of two hundred fifty thousand (250,000) dollars for the purposes of the cultural community grants program established under 1983 Iowa Acts, chapter 207, section 92.

f. To the Iowa development commission the sum of four million seven hundred fifty thousand (4,750,000) dollars for the purposes designated as follows:

(1) Business incubators.

(2) Satellite centers under division V of this Act.

(3) Entrepreneurial institutes.

(4) Federal procurement offices.

(5) Supplementary advertising budget.

(6) Iowa main street program.

4. There is appropriated from the allotment made to the education and agriculture research and development account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the first in the nation in education, an education foundation established in division VI of this Act, the sum of two million nine hundred thousand (2,900,000) dollars, to be deposited in the first in the nation in education fund, in trust, together with moneys received from other sources, for the purpose of generating revenue to finance the foundation. Funds appropriated in this paragraph shall not be transferred from the education and agriculture research and development account to the first in the nation in education fund until the governing board of the foundation certifies to the treasurer of state that it will receive for deposit in the fund during the fiscal year at least two million nine hundred thousand (2,900,000) dollars from other sources.

b. To the first in the nation in education, an education foundation, the sum of one hundred thousand (100,000) dollars to begin activities of the foundation.

c. To the Iowa college aid commission the sum of seven hundred fifty thousand (750,000) dollars for the forgivable loan program established in division VII of this Act. However, funds shall not be transferred to the college aid commission until the college aid commission certifies to the treasurer of state that the association of private colleges and universities will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for the same fiscal year.

d. To the Iowa development commission the sum of six hundred thousand (600,000) dollars to develop and administer

programs to encourage foreign trade. The Iowa development commission shall require, where feasible, that recipients of moneys appropriated in this section certify to the Iowa development commission that they will provide contributions, either in-kind or financial, equal to up to fifty percent of the moneys the recipient will receive under this section. The programs are as follows:

(1) To establish internships with Iowa businesses involved in foreign trade, with foreign businesses, with foreign governments, and with the Iowa development commission. A student who is enrolled in an Iowa institution of higher education in a course of study that could involve the student in foreign trade is eligible to apply for an internship. College credit will be given in a manner determined by the institution of enrollment. Money granted for internships shall be used for travel expenses and a stipend for the interns.

(2) To establish a program in which professors employed at Iowa institutions of higher education who are familiar with the language and customs of foreign countries are utilized as cultural advisors for the Iowa development commission and for Iowa businesses participating in trade missions and other foreign trade activities.

(3) To establish a program of short courses useful to assist Iowans in developing skills needed to participate in foreign trade, including but not limited to courses in foreign language, foreign culture and business practices, and foreign trade strategies. The short courses shall be developed in cooperation with Iowa institutions of higher education.

(4) To develop a data base of information useful in foreign trade.

(5) To establish a clearinghouse listing of state residents who have political, social, or business contacts in foreign countries.

(6) To provide assistance in foreign language translation

for correspondence and other purposes.

(7) To establish a program for conducting a business risk analysis for Iowa businesses seeking markets in foreign countries. Iowa businesses would file requests for the risk analysis with the Iowa development commission. The Iowa development commission shall contract with an Iowa higher education institution for an analysis of conditions in a specific foreign country as requested by an Iowa business, including but not limited to, rate of exchange projections for the currency, political climate, cultural mores relating to business etiquette, market climate, and assessment of the political and social status of the business' personal contacts.

3112 e. To the Iowa development commission the sum of one million (1,000,000) dollars for providing grants to applicants who submit plans for developing alternative cash crops and for developing products or processes that increase the value of Iowa products. The grants shall be made only to applicants who submit evidence to the commission that they possess, or will possess, contributions, either in-kind or financial, from another source equivalent to the amount of the grant. The Iowa development commission shall award grants based upon the proposal's potential for creating jobs and economic development in this state. The Iowa development commission shall award the first grant, which shall be equal to two 3085 hundred sixty thousand (260,000) dollars, to the state board of regents for developing alfalfa as a third major cash crop.

f. To the department of public instruction the sum of one million (1,000,000) dollars to be allocated to the merged area schools filing requests with the department for the purchase of equipment. The department of public instruction shall allocate moneys to an area school based upon the ability of the area school to provide matching contributions, either in-kind or financial, and the potential for creation of jobs and economic development. The maximum grant to an area school

shall not exceed two hundred fifty thousand (250,000) dollars.

g. To the Iowa development commission the sum of seven million two hundred thousand (7,200,000) dollars to be allocated by the Iowa development commission to the state board of regents for economic development and research and development purposes at the institutions of higher education under the control of the state board of regents. The institutions may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, within the limits of the funds appropriated in this section, determine the specific proposals for which it requests funding and submit them to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions the moneys for the various proposals requested by the state board of regents unless the Iowa development commission disapproves of a specific proposal as inconsistent with the plan for economic development for this state. The state board of regents may submit additional proposals for those not approved by the Iowa development commission.

h. To the state board of regents the sum of seven hundred thousand (700,000) dollars to be used by Iowa state university for the establishment of Iowa farm management program. The cooperative extension service shall administer the program with provisions for cooperation and assistance through the department of public instruction. The program may be offered

in conjunction with programs offered at the merged area schools and at school districts. The cooperative extension service may allocate moneys appropriated in this section for the program to area schools and school districts participating in the program. The cooperative extension service may accept gifts from other sources to supplement moneys appropriated in this section.

i. To the Iowa energy policy council the sum of seven 3131 hundred fifty thousand (750,000) dollars to be used for an Iowa coal research and demonstration program to research and develop the industrial use of Iowa coal. The research and demonstration program shall be conducted by a person approved by the council who has certified to the council that the person has available an equal amount which will be used in the research and demonstration program.

5. If the moneys to be allotted to the jobs now account or education and agriculture research and development account are less than the amount specified in subsection 1, paragraph "b", the moneys appropriated to the funds, agencies, boards or commissions for the purposes specified in subsection 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

6. The moneys appropriated in subsections 2, 3 and 4 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made from any of the accounts within the Iowa plan fund on June 30, 1986 shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in

that account shall not be considered in making the allotments for the next fiscal year.

7. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 202.

1. The treasurer of state shall, for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. In each of the four fiscal years the first ten million dollars to the community economic betterment account.

b. In each of the fiscal years beginning July 1, 1986 and July 1, 1987, of the next forty-four million dollars, the first thirty-six million dollars is allotted equally to the jobs now account and the education and agriculture research and development account with the next eight million dollars to the jobs now account.

c. In each of the fiscal years beginning July 1, 1988 and July 1, 1989, of the next forty-four million dollars, the first thirty-four million dollars is allotted equally to the jobs now account and to the education and agriculture research and development account with the next ten million dollars to the education and agriculture research and development account.

309J d. After the allotments have been made under paragraphs "a" and "b" or "c" in each of the fiscal years, fifty percent of the excess, not to exceed ten million dollars, to the community economic betterment account and the rest to the "Surplus" account.

2. There is appropriated moneys in the community economic betterment account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the

Iowa development commission to be used for the following purposes in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

The conditions, criteria and limitations specified in section 201, subsection 2 of this Act applies to the providing of moneys under this subsection.

3. There is appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the state conservation commission for the purposes designated in section 201, subsection 3, paragraph "a" of this Act.

b. To the Iowa world trade center board as identified in division IV of this Act for the purposes specified in section 201, subsection 3, paragraph "b" of this Act.

c. To the Iowa product development fund for the purposes provided in section 28.89.

d. To the office for planning and programming for the purposes designated in section 201, subsection 3, paragraphs "d" and "e" of this Act.

e. To the Iowa development commission for the purposes designated in section 201, subsection 3, paragraph "f" of this Act.

4. There is appropriated moneys in the education and

agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the first in the nation in education, an education foundation established in division VI of this Act for deposit in the first in the nation in education fund in trust.

It is the intent of the general assembly that three million (3,000,000) dollars be appropriated under this paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. However, it is the intent of the general assembly that the funds shall not be transferred during any of the listed fiscal years until the governing board of the foundation certifies to the treasurer of state that it will receive for deposit in the fund during that fiscal year at least three million (3,000,000) dollars from other sources.

b. To the department of public instruction to be used for excellence in education incentive awards granted under 260A.

It is the intent of the general assembly that seven hundred fifty thousand (750,000) dollars be appropriated under this paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. It is the intent of the general assembly that as the funds are appropriated for the awards, section 260A.4 will be amended to allow awards of up to twenty-five thousand dollars.

3134 c. To the Iowa college aid commission for the purposes and under the conditions specified in section 201, subsection 4, paragraph "c" of this Act.

d. To the Iowa development commission for the purposes and under the conditions specified in section 201, subsection 4, paragraphs "d", "e", and "g" of this Act.

e. To the department of public instruction for the

purposes and under the conditions specified in section 201, subsection 4, paragraph "f" of this Act.

f. To the state board of regents for the purposes and under the conditions specified in section 201, subsection 4, paragraph "h" of this Act.

g. To the Iowa energy policy council for the purposes and under the conditions specified in section 201, subsection 4, paragraph "i" of this Act.

5. If the moneys to be allotted in a fiscal year to the jobs now account or education and agriculture research and development account is less than the amount specified for that fiscal year in subsection 1, paragraph "b" or "c", as applicable, the moneys appropriated for that fiscal year to the funds, agencies, boards or commissions for the purposes specified in subsection 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

6. The moneys appropriated in subsections 2, 3 and 4 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

7. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make

every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 203. For each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, the Iowa partnership for economic progress advisory committee established under division III of this Act shall submit to the general assembly by March 1 preceding the beginning of the fiscal year planned expenditures from the allotment to be made for that fiscal year to the community economic betterment account, the jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards or commissions for the purposes specified in subsections 2, 3, and 4 of section 202 of this Act. The Iowa partnership for economic progress shall include a description of planned expenditures to be made of the moneys in the surplus account.

Plans may provide for increased or decreased expenditures if the allotment available for those appropriations is greater than or less than the allotment specified in subsection 1 of section 202 of this Act. In order to enable the Iowa partnership for economic progress to prepare its plans for future expenditures, it has authority to review applications and uses of the moneys appropriated from each allotment. However, this authorized review does not authorize the Iowa partnership for economic progress to veto or deny any application or use and such review shall not cause any delay in the approval of an application or use.

DIVISION III

Sec. 301. NEW SECTION. TITLE.

This chapter may be cited as the "Economic Development Reorganization Act".

Sec. 302. NEW SECTION. DEFINITIONS.

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

1. "Commission" means the Iowa development commission.

2. "Committee" or "advisory committee" means the Iowa partnership for economic progress advisory committee, established in section 305 of this Act.

3. "Programs and services" means economic development programs, services and agencies as described in section 303 of this Act.

Sec. 303. NEW SECTION. GOVERNOR'S REORGANIZATION PLAN.

By December 1, 1985, the governor shall submit to the general assembly a proposal for the reorganization and coordination of all state economic development programs and services under one comprehensive department of economic development. In the course of developing the reorganization plan, the governor shall consult with the advisory committee. For purposes of this chapter, economic development programs and services shall include, but are not limited to, those which provide one or more of the following:

a. Community development.

b. Planning and management assistance.

c. Technical assistance.

d. Education and job training.

e. Financial assistance for programs and services described in paragraphs "a" through "d" and other programs and services, including those that are federally funded but administered by the state, and other federal and local funding programs.

Sec. 304. NEW SECTION. INTERIM COORDINATING AGENCY.

Upon enactment of this chapter, and until the establishment of a central department of economic development, the Iowa development commission shall be the interim coordinating agency for federal, state and local economic development programs and services. Statewide delivery of programs and services shall be accomplished through a network of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

Sec. 305. NEW SECTION. ADVISORY COMMITTEE ESTABLISHED.

The Iowa partnership for economic progress is established to serve as an advisory committee to the commission pending the creation of a department of economic development, at which time the committee will act as an advisory body to the new department. The commission, and ultimately the department of economic development, shall provide the committee with administrative staff personnel in accordance with chapter 19A, and shall provide other assistance as necessary.

Sec. 306. NEW SECTION. COMPOSITION OF ADVISORY COMMITTEE.

1. The committee shall consist of eleven members appointed by the governor subject to confirmation by the senate. Members shall be appointed for four-year terms beginning and ending in accordance with section 69.19.

2. Members shall be appointed from local government, business, labor and education as follows:

a. Six members from business, including one representative from small business, one representative from insurance and one representative from agribusiness. Appointees shall be an owner, president, chief executive officer, board member or other senior officer of the firm or organization they represent. Appointments shall be made from lists of nominees submitted by business, trade or industrial associations representing at least twenty-five members.

b. Two members from organized labor. Appointments shall be made from lists of nominees submitted by any organizations authorized to bargain on behalf of people employed in this state.

c. Two members from education. Appointments shall be made from lists of nominees submitted by the board of regents, the association of independent colleges and universities, or the association of community college trustees.

d. One member from local government. Appointment shall be made from lists of nominees submitted by the Iowa state association of counties and the league of municipalities.

Sec. 307. NEW SECTION. ADVISORY COMMITTEE DUTIES.

1. The committee's duties and responsibilities shall include, but are not limited to the following:

a. To provide assistance as needed or requested by the governor in the development of the governor's proposal for economic development reorganization and coordination. In order to facilitate the committee's assistance of the governor's office, all economic development agencies and programs shall submit reorganization and coordination proposals and recommendations to the committee within six months of the effective date of this chapter.

b. To submit plans to the general assembly relative to the disbursement of lottery revenues pursuant to division II of this Act.

c. To collaborate with the commission on the review of all disbursements of lottery revenues.

d. To assist the commission in the development and administration of a statewide regional delivery network for programs and services.

e. To review, coordinate and implement other economic development proposals that emerge from studies now underway or recently completed.

f. To assist in the coordination of federal, state, local and private sector programs and services.

g. To analyze, at regular and frequent intervals, the trends and growth opportunities in major sectors of the economy, particularly those represented in the Iowa economy.

h. To analyze, at regular and frequent intervals, the general economic, demographic, state fiscal and business climate indicators that define Iowa's position relative to regional and national trends.

i. To initiate special economic development studies as deemed necessary.

Sec. 308. NEW SECTION. ORGANIZATION OF ADVISORY COMMITTEE.

The committee shall annually elect from its membership a

chairperson and shall adopt rules to govern its proceedings. Election of the chairperson shall be held at the committee's first meeting in each calendar year. The committee shall meet at least once a month and otherwise as often as necessary. Members shall be compensated for their actual and necessary expenses incurred in the performance of their duties in accordance with section 28.2. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

Sec. 309. Notwithstanding the provisions of section 306 of this Act, of the initial appointees to the committee two members shall be appointed for one-year terms, three members shall be appointed for two-year terms, three members shall be appointed for three-year terms, and three members shall be appointed for four-year terms. The initial appointees' successors shall be appointed to terms of four years each except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the committee member replaced.

DIVISION IV

Sec. 401. NEW SECTION. 18C.1 CREATION OF BOARD.

1. There is created an Iowa world trade center board consisting of five commissioners, hereafter referred to as "the board", appointed by the governor subject to confirmation by the senate.

2. The commissioners shall be appointed by the governor for staggered terms of four years beginning and ending as provided in section 69.19, except that for the initial board two commissioners shall be appointed for four years and three commissioners shall be appointed for six years. Not more than three commissioners shall be of the same political party. Not more than one commissioner shall be from the same congressional district. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A commissioner is eligible for reappointment. A commissioner

may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

3. The board shall elect from among its members a chairperson and a vice chairperson annually and other officers as it may determine. Meetings shall be held at the call of the chairperson or whenever two commissioners so request. Three commissioners of the board shall constitute a quorum and the affirmative vote of three commissioners shall be necessary for any action taken by the board. A vacancy in the membership of the board shall not impair the right of a quorum to exercise all the rights and perform all the duties of the board.

4. Commissioners shall serve without compensation.

5. The board shall be expanded to nine commissioners after the board has selected and the executive council has approved the private enterprise interest to organize, construct, and operate an Iowa world trade center and the additional four members shall be appointed by and from those same private enterprise interests. Any action taken by the expanded board shall require:

a. A majority approval of the entire board.

b. A majority approval of the five members appointed by the governor.

c. A majority approval of the four members appointed by the private enterprise interests.

Sec. 402. NEW SECTION. 18C.2 DUTIES OF THE BOARD.

1. It shall be the duty of the board to accept proposals from private groups to organize, construct, and operate an Iowa world trade center. In submitting a proposal, the private group shall also submit a study outlining the feasibility of its proposal. The board is empowered to contract for an independent analysis of the feasibility of any proposal submitted. The board is empowered to approve a

proposal and obligate, but not in excess of thirty million dollars, the state in the construction of an Iowa world trade center under the approved proposal. However, no proposal shall be approved and the state obligated under the proposal unless the proposal provides that the private group shall provide moneys at least equal to the amount which the board has obligated the state.

2. Provide for the management and operation of a building or facility owned by the state in a world trade center. A fee may be negotiated which will be paid by the state for necessary services provided to or for the building or facility owned by the state to the city in which the building or facility is located. The management and operation may be done by entering into a service agreement with a management firm. If such management agreement is entered into, the board shall require periodic reports from the firm on the operation, costs, and revenues of the building or facility owned by the state.

3. Provide for the leasing of space in the state's building or facility to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in a world trade center.

4. Use and operate the building or facility for the purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

Sec. 403. NEW SECTION. 18C.3 POWERS.

In the performing of its duties, the board is empowered and authorized to make and enter into contracts, and to generally do all such things as in its judgment may be necessary, proper and expedient in accomplishing its duties. However, the board shall not sign a contract for the acquisition of a building or facility within or as part of an Iowa world trade center

unless the contract is first approved by the executive council. The board is authorized to seek advice and counsel of informed individuals, or any agricultural, industrial, professional, labor or trade association, or business or civic group in the accomplishment of the aims and objectives of this chapter. The board is authorized to employ and fix the compensation of architects, engineers, attorneys, accountants, building construction and financial experts and advisors, and other advisors, consultants, and agents as may be necessary in the board's judgment, to independently analyze the feasibility of any proposal.

Sec. 404. Section 427.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. STATE PROPERTY IN THE IOWA WORLD TRADE CENTER. The land, grounds, and the building or facility owned by the state which is within or part of the Iowa world trade center.

DIVISION V

Sec. 501. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as provided in section 28.101.

Sec. 502. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "The Primary Research and Marketing Center for Business and International Trade". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to

aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center for business and international trade, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services unique to economic development offered by and purchased by businesses located in the state.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development and production of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export financing, including the use of bartering transactions.

f. Coordinating the satellite centers.

g. Training for and coordination of a computer system to be used by this center and its satellite centers. Wherever practicable the commission shall work with educational institutions involved with either the primary research and marketing center for business and international trade or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

h. Coordinating the delivery of programs and services with

other state, local, and federal economic development programs and activities including, but not limited to, those available at institutions of higher learning in this state, the United States department of commerce, and other appropriate agencies.

2. To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the commission may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section. Each regional delivery area wishing to receive a grant from the commission to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the Iowa development commission. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the Iowa partnership for economic progress created in division III of this Act. The Iowa partnership for economic progress may rescind its approval of a regional coordinating plan upon thirty days notice, if the Iowa partnership for economic progress determines that the stated purpose of the plan is not being carried out. The Iowa partnership for economic progress may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The center director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer

data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Communicating with the primary research and marketing center for business and international trade.

d. Coordinating local marketing activities and efforts of local business.

e. Coordinating delivery of all federal, state, and local economic development programs and services within the area.

f. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local colleges, universities, and businesses in developing primary research programs. Primary and secondary research shall be used for analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications of products and services to meet the changes.

3082

The regional coordinating council of each regional economic delivery area shall consist of at least six members who shall be selected from state and local government, business, and education which are representative of the region. Beginning with the fiscal year beginning July 1, 1987, only applications from political subdivisions located within regions with an approved regional coordinating plan will be accepted for moneys from the community betterment account established in the Iowa plan fund for economic development in division II of this Act. A political subdivision shall submit a copy of the application to the regional coordinating council at the same time as the application is submitted to the Iowa development commission.

DIVISION VI

Sec. 601. NEW SECTION. 257A.1 FIRST IN THE NATION IN EDUCATION.

There is created a corporate body called "First In the

Nation in Education, an education foundation". The foundation is an independent nonprofit quasi-public instrumentality and the exercise of the powers granted to the foundation as a corporation in this chapter is an essential governmental function. As used in this chapter "foundation" means "First In the Nation in Education, an education foundation". The purposes of the foundation include but are not limited to the following:

1. Providing statewide leadership in identifying both immediate and long-range education issues for which a knowledge base is needed.

2. Conducting basic research in education issues.

3. Collecting, analyzing, and disseminating education information generated in other states and countries as well as in this state.

4. Establishing linkages with regional education laboratories and research institutes.

5. Establishing strategies and developing materials and practices to implement the results of the research.

6. Developing and supporting innovative and cooperative programs for school districts.

7. Making the results of research available in forms that are most useful to practitioners and policymakers.

Sec. 602. NEW SECTION. 257A.2 GOVERNING BOARD.

The foundation shall be administered by a governing board consisting of twenty-four members. Twelve members shall be public members who are selected to include representatives of business, labor, and the general public with a demonstrated interest in educational excellence. Six public members shall be appointed by the governor and six public members shall be appointed by the legislative council. The remaining twelve members shall be appointed by the governor from lists of nominees submitted by associations interested in education. The remaining twelve members shall include the following:

1. Two members representing the largest state association

representing teachers in this state.

2. One member representing the state association of school board members.

3. One member representing the state association of school superintendents.

4. One member representing the state association of school principals.

5. One member representing the state board of public instruction.

6. One member representing the state board of regents.

7. One member representing the state association of independent colleges and universities.

8. One member representing the state association of community colleges.

9. One member representing the state association of nonpublic school administrators.

10. One member representing the state association of parents and teachers.

11. One member representing the state association representing rural schools.

Sec. 603. NEW SECTION. 257A.3 BOARD REQUIREMENTS.

1. Members of the board shall be appointed by the appointing authority for staggered terms of six years beginning and ending as provided in section 69.19. Vacancies shall be filled in the same manner as the original appointment. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term.

2. Members of the board shall be reimbursed for actual and necessary expenses incurred while engaged in their official duties from funds available to the foundation.

3. Members shall elect a chairperson and vice chairperson annually. A majority of the members of the board constitute a quorum. The executive director, if there is one, shall serve as secretary to the board, otherwise the members of the board shall elect a secretary.

4. Meetings of the board shall be held at least quarterly at the call of the chairperson or at the request of a majority of the members of the board.

Sec. 604. NEW SECTION. 257A.4 NONPROFIT CORPORATION.

The foundation as a corporation created in section 257A.1 has perpetual succession. The succession shall continue until the existence of the corporation is terminated by law. If the corporation is terminated, the rights and properties of the corporation shall pass to the state. However, debts and other financial obligations shall not succeed to the state.

Sec. 605. NEW SECTION. 257A.5 DUTIES OF THE BOARD.

The governing board, within the limits of the funds available to it, shall:

1. Be authorized to secure one or more individuals to direct the activities of the foundation. If the foundation employs one or more individuals, the employees shall be employees of the state.

2. Approve a long-range plan relating to the conduct of educational research and development activities.

3. Determine the research and development activities to be undertaken, based upon an assessment of the education needs in this state from early childhood education to adult education.

4. Execute contracts with public and private agencies to conduct research and development activities.

5. Perform functions necessary to carry out the purposes of the foundation.

6. Invest the moneys that are deposited in the fund created in section 257A.7.

7. Disseminate information developed as a result of research and development activities in forms usable by education personnel.

8. Establish advisory committees to assist the foundation in carrying out its purposes.

Sec. 606. NEW SECTION. 257A.6 DUPLICATION OF RESEARCH.

Research activities of the foundation shall not duplicate

educational research efforts taking place in Iowa's colleges and universities unless for validation or confirmation of research results.

Sec. 607. NEW SECTION. 257A.7 FUND CREATED.

1. Moneys received by the foundation shall be deposited in a special fund in the office of treasurer of state known as the "First In the Nation in Education Fund". Moneys deposited in the fund shall not be expended, but shall be invested by the board in investments authorized for the Iowa public employees' retirement fund in section 97B.7, unless the purposes set forth in the appropriations, grants, or gifts preclude the use of these moneys solely for investment. Interest income shall be paid quarterly from the fund to the foundation.

Notwithstanding section 8.33, funds appropriated to the foundation shall not revert at or after the close of a fiscal year, but shall remain in the fund.

2. The foundation may accept grants, gifts, and bequests, including but not limited to appropriations, federal funds, and other funding available for educational research and development purposes. Moneys accepted under this subsection shall be deposited in the fund.

Sec. 608. For the initial board, two from the governor's public member appointees and two from the legislative council's public member appointees shall serve two-year terms, two from each shall serve four-year terms, and two from each shall serve six-year terms. In addition, one member appointed under section 257A.2, subsection 1, and members appointed under section 257A.2, subsections 3, 5, and 7 shall serve two-year terms; members appointed under section 257A.2, subsections 2, 4, 6, and 8 shall serve four-year terms; and the other members shall serve six-year terms. The members shall be appointed to shortened terms that commence July 1, 1985 and end as provided in section 69.19.

DIVISION VII

Sec. 701. NEW SECTION. 261.64 FORGIVABLE LOAN PROGRAM.

There is established a forgivable student loan program to be administered by the college aid commission. An individual is eligible for the reimbursement payments plan under the program if the individual meets all of the following conditions:

1. Is an Iowa resident student enrolled at an accredited private institution as defined in section 261.9, subsection 5.

2. Has filed an application for the loan with the college aid commission, using the procedures specified in section 261.16.

3. Was eligible but did not receive a tuition grant as determined by the commission.

Sec. 702. NEW SECTION. 261.65 FORGIVABLE LOAN ADMINISTRATION.

The college aid commission shall administer the forgivable loan program in the same manner as specified in section 261.15 for the tuition grant program. The maximum loan that a student is eligible to receive is an amount equal to the maximum tuition grant awarded by the commission for the same fiscal year. The interest rate for the forgivable loan shall be equal to the interest rate being collected by an eligible lender under the Iowa guaranteed student loan program for the year in which the forgivable loan is made.

Sec. 703. NEW SECTION. 261.66 INTEREST AND PRINCIPAL PAYMENT.

A student receiving a forgivable loan under section 261.64 shall begin paying the annual cost of interest immediately following graduation on an annual basis for five years. If the student remains an Iowa resident and is employed in a teaching position in an area in which a teaching shortage exists or is employed in the private sector in the applied areas of mathematics, science, foreign language, or high technology, as determined by the commission, for five years immediately following graduation, the student is not

responsible for payment of the principal amount of the loan and shall not pay interest on the loan. If the commission determines that the student does not meet the criteria for elimination of the principal and interest payments, the commission shall establish by rule a plan for repayment of the principal and interest over a ten-year period. If a student who is required to make the repayment does not make the required payments, the commission shall provide for collecting the payments.

There is created a forgivable loan repayment fund for deposit of payments made by the recipients. Payments made by the recipients of the loans shall be credited to the fund and may be used to make additional loans under the program. Moneys in the fund shall not revert to the general fund of the state at the close of a fiscal year.

3082, 3106, 3110, 3136

Sec. 704. This Act, being deemed of immediate importance, takes effect from and after its publication in The Clinton Herald, a newspaper published in Clinton, Iowa, and in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona, Iowa.

EXPLANATION

Division I creates a new chapter 99E which provides for the establishment of a state lottery and an Iowa lottery agency. A lottery board oversees the lottery. Board members are appointed by the governor subject to confirmation by the senate. A commissioner is in charge of the operation of the lottery with the assistance of directors of the three lottery divisions, as follows:

1. Security and licensing.
2. Personnel, data processing, and accounting.
3. Marketing, education, and information.

A lottery fund is established for the payment of prizes and expenses. Forty-five percent of the revenue received from sale of tickets is appropriated for the payment of prizes. Lottery expenses for educational and informational material

are limited to four percent of the lottery revenue. Revenue generated from the operation of the lottery, after payment of prizes and expenses, is to be deposited in a special fund known as Iowa plan fund for economic development.

The provisions of this division will be repealed on July 1, 1990.

Division II provides for the appropriation of the lottery revenues that have been deposited in the Iowa plan fund for economic development. It provides that for each year of the five years of the lottery that moneys in this fund be placed in four accounts located in that fund. The accounts are the community economic betterment account, jobs now account, education and agriculture research and development account, and the surplus account. For each of the five fiscal years, the first $10,000,000 goes to the community economic betterment account, the next $35,000,000 to $44,000,000, depending upon the fiscal year, is divided between the jobs now and education and agriculture research and development accounts, the excess over these allotments go one half to the community economic betterment account, not to exceed $10,000,000 and one half to the surplus account. Moneys in the community economic betterment account go only to political subdivisions of the state who can use them for principal and interest buy down programs, business equity investments, and site development and infrastructure projects. The jobs now account is used for such economic development programs as the community cultural grant program, product development corporation, public outdoor recreation, business incubators, satellite centers connected with the Iowa development commission's primary market and research center for business and international trade, and an Iowa main street program. The education and agriculture research and development account is used for the first in the nation in education foundation, forgivable loan program and other education and agriculture research and development programs and activities.

Division III provides for the consolidation of all existing economic development programs and services into a central department of economic development. The bill includes sections which provide for the definition of terms, submission to the general assembly of an economic development reorganization plan by the governor, establishment of the Iowa development commission as an interim coordinating agency and establishment of a permanent economic development advisory committee.

Division IV creates a five-member world trade center board, appointed by the governor, for the purpose of accepting proposals from private groups for the construction of an Iowa world trade center. Once this board has approved a proposal of one of the private groups, the board can commit the state to aiding in the construction of the Iowa world trade center. However, the board cannot commit the state for more than $30,000,000 and the private group must provide at least the same amount as the state does to the construction of the center. The board also has the authority to provide for the management, operation and leasing of any of the state-owned space within the center. The board's membership is increased to nine members after a proposal has been selected. The additional four members are appointed by and from the private group whose proposal was selected. This division creates a new chapter 18C.

Division V provides for the development commission to establish, oversee, and operate a centrally located primary marketing center for business and international trade with satellite centers located throughout the state. The purpose of this primary center is to provide an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; to provide a marketing center for new businesses to utilize within the

state, and to coordinate the delivery of programs and services with other state, local, and federal economic development programs and activities. The director of the development commission will be the head of this center and will be responsible for cataloging the products and services offered by Iowa businesses; developing a marketing plan for this state, the U. S., and foreign countries; marketing management; assisting businesses to enter the foreign markets; and stimulating research in and development of new products. To aid in fulfilling the purpose of the primary center, the commission may provide grants to establish satellite centers. To facilitate the establishment of satellite centers the state is divided up into fifteen regional economic delivery areas which are the same areas as present merged areas. If a regional area wishes to receive a grant it must form a regional coordinating council that must develop a plan for the area to coordinate all federal, state, and local economic development services within the area. If the Iowa partnership for economic progress created in division III approves this plan, the area is entitled to a grant to establish a satellite center. The centers will aid the primary center by cataloging products and services of businesses located in the area, coordinating local marketing activities and efforts of local business, and coordinating the delivery of state, local and federal economic development programs and services within the area.

Division VI establishes a quasi-public corporation for education research and development purposes. The First In the Nation in Education is established as a foundation and moneys received by it, except for start-up costs appropriated in division II of this bill, will be placed in trust and invested with interest paid quarterly to the foundation. A twenty-four member board with both members representing the general public and members representing the various education advocacy groups is established.

Division VII establishes a forgivable loan program administered by the college aid commission. The program is available to students attending private colleges and universities in this state who are not eligible to receive tuition grants. The maximum amount that can be loaned is the same as the tuition grant. The recipient of a loan pays only the interest due for five years and if the recipient has been employed during this period as a teacher or in the private sector in mathematics, science, foreign language, or high technology, the amount of the loan is forgiven.

The bill is effective upon publication.

 Representative Norland

STATE OF IOWA

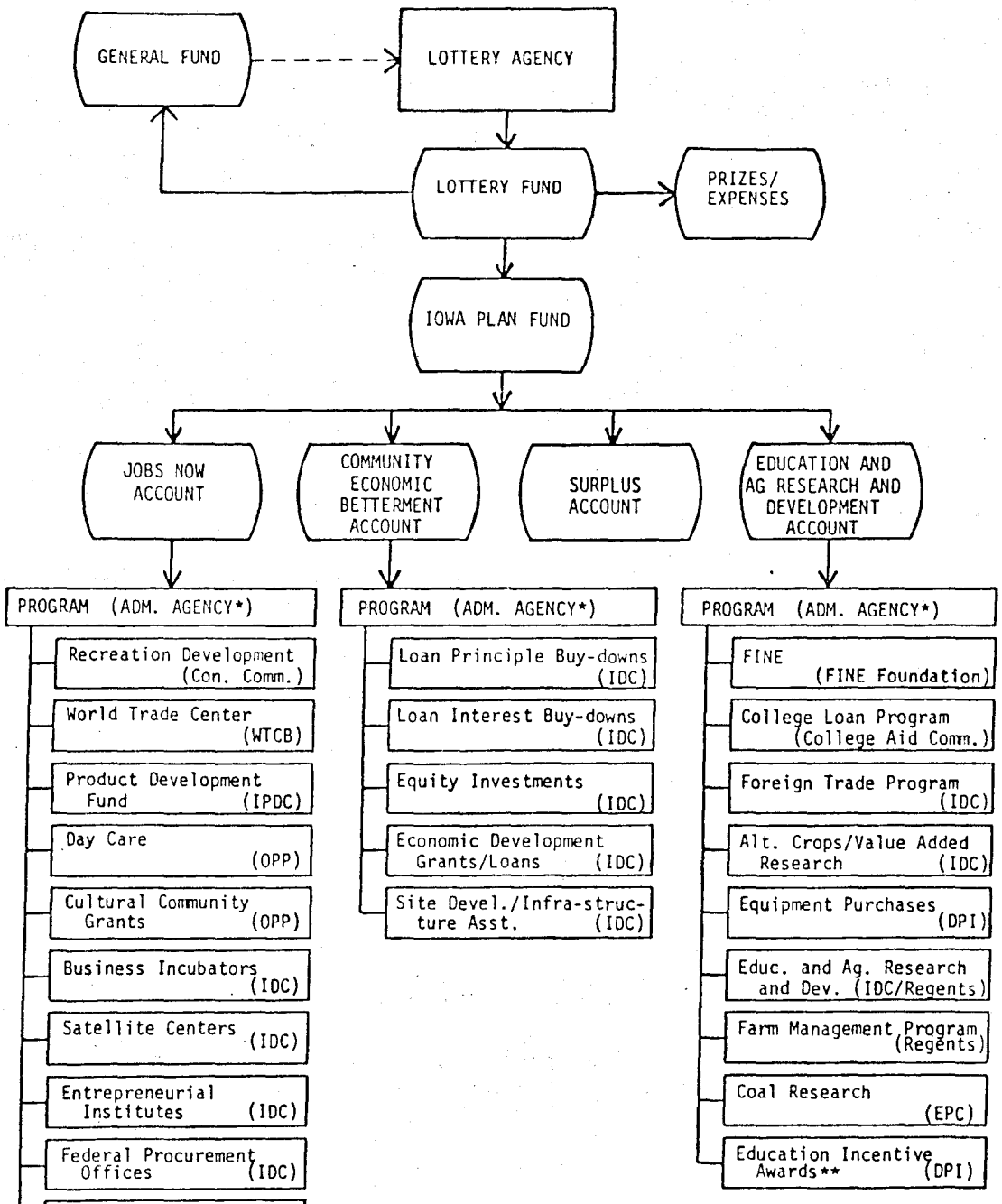
FISCAL NOTE

HOUSE FILE 225

LSB No. 4079H
Staff ID. CEN

In compliance with a written request received January 11, 1985, a fiscal note for HOUSE FILE 225 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 225 provides for the establishment of a state lottery, the establishment of new economic development programs, and the reorganization of economic development programs, making appropriations within the following structural format:



* Proposed Department of Economic Development may administer economic development programs for FY 87-89

**Proposed for FY 87-89

Representative Norland

STATE OF IOWA

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LSB No. 4079H
Staff ID. CEN

DIVISION I. Provides for the establishment of a STATE LOTTERY. The division creates a state agency, to be known as the IOWA LOTTERY AGENCY, headed by a commissioner appointed by the Governor, with Senate confirmation. The Iowa Lottery Agency will have within it three divisions: security and licensing; personnel, data processing, and accounting; and marketing, promotion, and advertising. A lottery board is created consisting of five members, appointed by the Governor subject to Senate confirmation. Members of the board shall be compensated at a rate of $6,000 per year. Departments, boards, commissions or other agencies of this state shall provide reasonable assistance to the lottery upon the request of the commissioner.

The board makes rules for implementing and enforcing the lottery and approves activities of the director, including contracts for operation and lottery promotion. The board shall authorize instant lottery and on-line lotto games and may authorize the use of any type of lottery that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve revenue objectives of the lottery. The board and the commissioner may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games. Board decisions shall maintain the dignity of the state and the general welfare of the people, promoting public awareness of the concept of investing in Iowa's economic development.

The commissioner shall make continuous studies to maintain the lottery as an efficient, abuse-free, up-to-date operation, recommending changes as necessary. Additionally, the commissioner shall make a demographic study of lottery players and shall study the extent to which the lottery creates a compulsive gambling problem among lottery players.

The board and the commissioner shall operate the lottery so that after the initial state appropriation it shall be self-sustaining and self-funded. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets not later that July 1, 1986. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses or prizes of the lottery. The auditor of state or a certified public accounting firm shall conduct quarterly and annual audits of all accounts and transactions of the lottery and other special audits as the auditor, the general assembly, or the governor deems necessary.

As nearly as is practicable, 45 percent of the annual revenue accruing from the sale of lottery tickets, computed on an year-round average basis for each type of lottery game, shall be paid out in prizes. After the payment of prizes, the reasonable expenses of conducting the lottery shall be paid, including the reasonable expenses incurred by the attorney general's office in enforcing the contents of this division. Lottery Agency expenses for marketing, educational and informational material shall not exceed four percent of the lottery revenue.

The division further establishes a LOTTERY FUND in the office of the state treasurer consisting of all revenues received from the sale of lottery tickets and all other moneys lawfully credited or transferred to the fund. Interest earnings of the fund shall be considered additional lottery revenue. The comptroller shall not include lottery revenues in the comptroller's fiscal year estimates. The gross receipts from the sales of lottery tickets or shares in lottery games are not subject to state sales tax.

An IOWA PLAN FUND FOR ECONOMIC DEVELOPMENT (the Iowa Plan Fund) is created in the office of the state treasurer. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa Plan Fund on a quarterly basis. However, upon the request of the

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commissioner and subject to approval by the state treasurer, an amount sufficient to cover foreseeable administrative expenses for a period of 21 days may be retained from the lottery revenue. Moneys in the Iowa Plan Fund shall not be considered to be a part of the Iowa Economic Emergency Fund. Funds transferred to the Iowa Plan Fund shall be used for economic development initiatives.

Economic development initiatives means initiatives which encourage development of capital, research and development of new projects and development of jobs in Iowa by expanding business and industry, upgrading academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encouraging the conservation of energy in order to create new jobs and attract new business and industry, developing alternate methods for the disposal of solid waste, developing markets for products grown or produced or manufactured in Iowa, including promotion of Iowa and Iowa products, and making grants and loans available to local communities for local economic development initiatives. Economic development initiatives does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

All cash prizes are considered Iowa earned income. Before a prize of $600 or more is awarded, the commissioner or commissioner's designee shall deduct an amount equal to that amount necessary to pay state and federal taxes on the prize. An amount deducted from the prize for payment shall be transferred by the commissioner to the federal department of revenue and the state department of revenue on behalf of the prize winner.

A claim for the payment of an expense of the lottery shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets. Unclaimed prize money for the prize on a winning ticket shall be retained for a period of time deemed appropriate by the commissioner subject to board approval. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets in addition to amounts already allocated. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order.

Provisions are included in the division for penalties for fraud connected with lotteries. The division takes effect upon publication and the Commissioner shall initiate and operate instant lottery games by September 15, 1985 and on-line lotto games by May 15, 1986. Provisions of the division will be repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa Lottery Board.

FISCAL IMPACT: While the fiscal impact of this division is expected to be substantial, an exact estimate of the effect of this division is not available due to the lack of data concerning numbers of participants, numbers of lottery games, and the sale price of the tickets. Using figures from states currently operating lotteries, over four years a per capita average of $15.36 was generated. The average reflects a range from $0.31 to $49.41, as on the following page.

Overall, assuming a lottery might generate between $10.00 to $15.00 per capita, it is possible that an Iowa lottery might generate between $25.0 to $45.0 million in its first year of operation. This unsubstantiated figure is expected to decline and steady somewhat after the first year of operation. Income from the lottery would impact only fiscal 1986, through 1990 as the enactment legislation sunsets on July 1, 1990. Set up costs for the

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lottery, according to data provided by other states, would range from $1.5 to $3.5 million.

State	FY '80	FY '81	FY '82	FY '83	Average
Arizona	N/A	N/A	$16.90	$ 8.49	$12.70
Colorado	N/A	N/A	N/A	16.26	16.26
Connecticut	$19.55	$17.87	20.12	23.76	20.33
Delaware	10.66	12.95	14.25	16.78	13.66
Illinois	3.13	7.61	12.39	18.81	10.49
Maine	0.64	0.96	2.13	3.34	1.77
Maryland	43.96	40.65	49.41	47.01	45.26
Massachusetts	16.13	11.29	12.09	14.70	13.55
Michigan	25.48	21.25	21.41	23.18	22.83
New Hampshire	3.99	4.27	5.80	6.14	5.05
New Jersey	19.33	24.64	29.18	40.10	28.31
New York	4.74	5.53	10.20	15.31	8.95
Ohio	3.31	10.39	13.85	13.57	10.28
Pennsylvania	13.28	14.22	19.10	29.91	19.13
Rhode Island	17.54	12.49	13.50	15.18	14.68
Vermont	0.31	0.93	1.89	2.06	1.30
Washington	N/A	N/A	N/A	16.87	16.87
FISCAL AVERAGE	$13.01	$13.22	$16.15	$18.33	
			FOUR YEAR AVERAGE		$15.35

DIVISION II. Allows for the appropriation of $45,000,000 from the Iowa Plan Fund, (IPF), beginning July 1, 1985 and ending June 30, 1986. The IPF shall be allotted to four accounts:

- COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA);
- JOBS NOW ACCOUNT;
- EDUCATION AND AGRICULTURE RESEARCH AND DEVELOPMENT ACCOUNT (EARDA); and
- SURPLUS ACCOUNT.

PARTS A & B (FY 1986 Accounts and Programs)

The sequence for IPF disbursements into the four accounts is as follows:

- FIRST $10,000,000 — CEBA
- OF NEXT $35,000,000:
  - First $30,000,000 is allotted equally between — JOBS NOW and EARDA
  - Next $5,000,000 — JOBS NOW
- EXCESS IPF FUNDS:
  - 50% not to exceed $10,000,000 — CEBA
  - Remaining Surplus — SURPLUS ACCOUNT

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Funds are appropriated from the CEBA to the Iowa Development Commission during Fiscal Year 1986 for programs relating to business loan principle and interest buy-downs, equity investments, economic development grants and loans, and infrastructure assistance. Only political subdivisions qualify for assistance. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project. A $1,000,000 limit on individual projects exists for the initial $10,000,000 appropriation.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $20.0 million. If the $20 million is available for allocation, funds shall be distributed as follows:

Conservation Commission	
For the development of recreation and wildlife areas and and related technical services through matching grants	$ 4,250,000
World Trade Center Board	
For the provision of the state's share of the trade center to be administered by the board created in Division IV	9,250,000
Iowa Product Development Fund	
To stimulate and develop new products through the provision of risk capital established in Section 28.89	1,000,000
Office of Planning and Programming	
For coordination of day care services with the JPTA of 1982	500,000
To provide cultural community grants established under Chapter 207	250,000
Iowa Development Commission	
To administer the following programs: business incubators, satellite centers under Division V, entrepreneurial institutes, federal procurement offices, supplementary advertising budget, and the Main Street program	4,750,000

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $15.0 million. If the $15 million is available for allocation, funds shall be distributed as follows:

First in the Nation in Education (FINE)	
To fund the foundation, created in Division VI, contingent upon a minimum match from other sources	$ 2,900,000
To begin foundation activities	100,000
College Aid Commission	
To provide a student loan program created in Division VII, contingent upon an equal match from the Association of Private Colleges and Universities	750,000
Iowa Development Commission	
To create programs to encourage foreign trade, with recipients of	

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funds to provide a 50% match for state assistance	600,000
To provide 1:1 matching grants to applicants for developing alternative cash crops or value-added products, with the first grant to the Board of Regents	1,000,000
To provide economic development and research funds to the Board of Regents to be allocated to colleges and universities contingent upon an equal match from applicants, with the IDC having final approval of all applications	7,200,000
Dept. of Public Instruction	
To assist merged area school districts to purchase equipment through matching grants, limited to $250,000 per school	1,000,000
Board of Regents	
To create a farm management program through Iowa State University's cooperative extension service	700,000
Iowa Energy Policy Council	
To fund a coal research and demonstration program, contingent upon an equal match from the person selected by the council to conduct the program	750,000

PARTS C & D (FY 1987 – FY 1990 Accounts and Programs)

By March 1 preceding the beginning of the respective fiscal year, the IPEP created in Division III shall submit an allotment plan of funds from the Iowa Plan Fund and from the Surplus Account accrued the previous fiscal year to the general assembly. This plan will show disbursements to the CEBA, the JOBS NOW ACCOUNT, and the EARDA for agency, board, and commission programs for fiscal years 1987 through 1990.

For fiscal 1987 and 1988 the sequence for IPF disbursements into the four accounts is as follows:

– FIRST $10,000,000	CEBA
– OF NEXT $44,000,000:	
First $36,000,000 is allotted equally between	JOBS NOW and EARDA
Next $8,000,000	JOBS NOW
– EXCESS IPF FUNDS:	
50% not to exceed $10,000,000	CEBA
Remaining Surplus	SURPLUS ACCOUNT

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For fiscal 1989 and 1990 the sequence for IPF disbursements into the four accounts is as follows:

- FIRST $10,000,000	CEBA
- OF NEXT $44,000,000:	
First $34,000,000 is allotted equally between	JOBS NOW and EARDA
Next $10,000,000	EARDA
- EXCESS IPF FUNDS:	
50% not to exceed $10,000,000	CEBA
Remaining Surplus	SURPLUS ACCOUNT

Funds are appropriated from the CEBA to the Iowa Development Commission for Fiscal 1987 through 1990 for the programs relating to business loan principle and interest buy-downs, equity investments, economic development grants and loans, and infrastructure assistance. Only political subdivisions qualify for assistance. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project. A $1,000,000 limit on individual projects exists for the initial $10,000,000 appropriation.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $26.0 million for fiscal 1987 and 1988 and to a maximum of $17.0 million for fiscal 1989 and 1990 as follows:

Conservation Commission
For the development of recreation and wildlife areas and and related technical services through matching grants

World Trade Center Board
For the provision of the state's share of the trade center to be administered by the board created in Division IV

Iowa Product Development Fund
To stimulate and develop new products through the provision of risk capital established in Section 28.89

Office of Planning and Programming
For coordination of day care services with the JPTA of 1982
To provide cultural community grants established under Chapter 207

Iowa Development Commission
To administer the following programs: business incubators, satellite centers under Division V, entrepreneurial institutes, federal procurement offices, supplementary advertising budget, and the Main Street program

Representative Norland

STATE OF IOWA

FISCAL NOTE

LSB No. 4079H
Staff ID. CEN

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $18.0 million for fiscal 1987 and 1988 and to a maximum of $27.0 million for fiscal 1989 and 1990. While the allotments are determined by the general assembly following submission of the IPEP allotment plans, maximum amounts for some programs are specified as legislative intent in the bill and are indicated in parentheses below:

First in the Nation in Education (FINE)

To fund the foundation, created in Division VI, contingent upon a minimum match from other sources (Legislative Intent: $3.00 M)

To begin foundation activities (Legislative Intent: $0.1 M)

College Aid Commission

To provide a student loan program created in Division VII, contingent upon an equal match from the Association of Private Colleges and Universities

Iowa Development Commission

To create programs to encourage foreign trade, with recipients of funds to provide a 50% match for state assistance

To provide 1:1 matching grants to applicants for developing alternative cash crops or value-added products, with the first grant to the Board of Regents

To provide economic development and research funds to the Board of Regents to be allocated to colleges and universities contingent upon an equal match from applicants, with the IDC having final approval of all applications

Dept. of Public Instruction

To assist merged area school districts to purchase equipment through matching grants, limited to $250,000 per school

To provide education incentive awards under Section 260A, with a $25,000 limit per award (Legislative Intent: $0.75 M)

Board of Regents

To create a farm management program through Iowa State University's cooperative extension service

Iowa Energy Policy Council

To fund a coal research and demonstration program, contingent upon an equal match from the person selected by the council to conduct the program

DIVISION III. Allows for the consolidation of economic development programs and services into one comprehensive DEPARTMENT OF ECONOMIC DEVELOPMENT, upon recommendation from the governor. The department shall administer economic development programs and services which include, but are not limited to, those which provide community development, planning/ management assistance, technical assistance, education and job training, and financial assistance.

STATE OF IOWA

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Staff ID. CEN

Page 10.

SECTION VII. Creates the FORGIVABLE LOAN PROGRAM, administered by the College Aid Commission. The program will be for students attending private colleges and universities who are not eligible for tuition grants. All students will pay the interest amount on a 5 year basis immediately upon graduation. If the recipient remains an Iowa resident and is employed in a area in which a teaching shortage exists or is employed in the private sector in the applied areas of mathematics, science, foreign language, or high technology, as determined by the commission, for 5 years after graduation, the recipient is not responsible for principle or interest payments.

House File 225 is effective upon publication.

(LSB 4079H, CEN)

FILED FEBRUARY 12, 1985 BY DENNIS PROUTY, FISCAL DIRECTOR

STATE OF IOWA

FISCAL NOTE

LSB No. 4079H
Staff ID. CEN

The IOWA PARTNERSHIP FOR ECONOMIC PROGRESS (IPEP) is established in this division. IPEP shall act as an advisory committee to assist the governor in reorganizing economic development programs; coordinate disbursements of lottery revenue; develop a service and program delivery network; coordinate federal, state, and local programs and services; and analyze/monitor economic indicators. Until the new department is operative, the Iowa Development Commission shall serve as an interim coordinating agency.

DIVISION IV. Creates an initial five member IOWA WORLD TRADE CENTER BOARD, appointed by the governor. The board will be responsible for the funds relating to the construction and operations of the state's portion of the center. Private investment in the center must, at minimum, match the state's share. The board can enter into a contract with the builder of the center with approval of the Executive Council.

DIVISION V. Establishes the PRIMARY RESEARCH AND MARKETING CENTER FOR BUSINESS AND INTERNATIONAL TRADE. The center will be initially administered by the Iowa Development Commission. The center shall catalog product and Iowa businesses; assist in developing new markets for product and services within the state, U.S., and foreign countries; provide marketing information; stimulate research and development of new products; coordinate economic development programs; and coordinate the satellite centers throughout the state.

Up to 15 regional SATELLITE CENTERS may be established throughout the state. The centers may be financed through IDC grants. The satellite centers shall catalog local business services and products, coordinate efforts with the primary center, coordinate delivery of economic development programs, and assist local business marketing activities.

The state is divided into 15 service delivery regions. Each region may contain a satellite center. Each region must organize a coordinating council and an economic development coordination plan to qualify for a satellite grant. The IPEP shall approve/deny all grant applications. The council will consist of a minimum of six regional members from business, government and education.

Beginning July 1, 1987 each region must have a IPEP approved coordinating plan to receive Community Economic Betterment Account funds.

DIVISION VI. Creates the FIRST IN THE NATION IN EDUCATION FOUNDATION (FINE), a non-profit, quasi-public education foundation. The foundation will be administered by a 24-member board appointed by the governor and legislative council. Twelve members will represent business, labor, and the general public, with the remaining twelve members representing educational institutions. The board will be responsible for providing leadership in resolving educational issues, developing long term strategies, and conducting research and development activities.

Public and private funds will be deposited in the FINE fund for investments to be determined by the board. The investment interest will be paid quarterly from the fund to the foundation for projects, programs, and activities.

HOUSE FILE 225

H-3070

Amend House File 225 as follows:

1. Page 10, by striking lines 30 through 32 and inserting the following:

"4. The Commissioner shall contract with the department of human services to conduct annual studies of the extent to which the lottery creates a compulsive gambling problem among lottery players and the impact of gambling on affected families."

H-3070 FILED FEBRUARY 12, 1985 BY HAVERLAND of Polk

Lost 2/13/85 (p. 369)

HOUSE FILE 225

H-3071

Amend House File 225 as follows:

1. Page 2, line 34, by striking the word "shall" and inserting the word "may".

2. Page 3, line 4, by inserting after the word "lottery." the following: "The commissioner may obtain a blanket bond to cover personnel of the lottery agency for which the commissioner requires a bond."

3. Page 4, line 16, by inserting after the word "board." the following: "The board may by rule determine categories of contracts which do not require board approval."

3123, 3124

4. Page 4, by striking lines 22 through 25 and inserting the following: "or shares. Revenue received by the lottery".

5. Page 6, line 12, by striking the words "not to exceed five hundred dollars".

6. Page 8, line 5, by inserting after the word "the" the following: "projected".

7. Page 12, by striking line 9 and inserting the following:

"b. An administrative division."

8. Page 12, line 32, by inserting after the word "shares." the following: "However, the board may approve a special license to permit a licensee or the lottery agency itself to sell lottery tickets or shares to the public at special events approved by the board."

9. Page 13, line 22, by striking the word "shall" and inserting the following: "may".

10. Page 16, by striking lines 25 through 32 and inserting the following:

"All prizes awarded are Iowa earned income. All lottery winnings are subject to state and federal income tax laws. An amount deducted from the prize for".

H-3071 FILED FEBRUARY 12, 1985 BY CONNOLLY of Dubuque

Amended by 3123 & 3124 & Adopted 2/13 (p. 360)
Lines 9 thru 12 placed on Pass (p. 371)

HOUSE FILE 225

H-3073

Amend House File 225 as follows:

1. Page 36, line 7, by striking the words "per diem and".

H-3073 FILED FEBRUARY 12, 1985 BY PARKER of Jasper

W/D 2/14 (p. 410)

HOUSE FILE 225

H-3064

Amend House File 225 as follows:

1. Page 22, lines 7 and 8, by striking the words "or local funds" and inserting the following: "funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards."

BY SCHNEKLOTH of Scott
BLACK of Jasper

H-3064 FILED FEBRUARY 8, 1985

Adopted 2/13/85 (p. 379)

HOUSE FILE 225

H-3067

Amend House File 225 as follows:

1. Page 21, by inserting after line 2 the following:

"f. SBA loan participation program."

2. Page 21, line 3, by striking the word "Only" and inserting the following: "Except for paragraph "f", only".

3. Page 21, by inserting after line 20, the following:

"The commission shall establish an SBA loan participation program. This program shall allow for the purchase by the commission of up to ninety percent participation in loans made by financial institutions in this state to small businesses which loans have been guaranteed by the United States small business administration. Before participating in any loan, the commission shall enter into an agreement with the financial institution on the interest rate that will be applied to the state's participation and that this rate will be passed on to the borrower. The commission shall establish rules for the program which may include, but not be limited to, the amount in dollars of the state's participation in any loan, the type and size of the small business eligible, the number of new jobs as a result of a loan, and a risk rating system which, if set up, shall be done in conjunction with banks familiar with these types of loans."

4. Page 29, by inserting after line 11, the following:

"f. SBA loan participation program."

H-3067 FILED FEBRUARY 11, 1985 BY SCHNEKLOTH of Scott

Adopted as amended by 3129 2/13 (p. 379)

HOUSE FILE 225

H-3068

Amend House File 225 as follows:

1. Page 47, by striking lines 12 and 13 and inserting the following:

"3. Meets the requirements for a tuition grant."

2. Page 47, line 21, by inserting after the word "year." the following: "A student is eligible to receive both a tuition grant and a forgivable loan."

H-3068 FILED FEBRUARY 11, 1985 BY VAPN of Johnson

Adopted 2/14 (p. 411)

H-3077

Amend House File 225 as follows:

1. Page 8, by striking lines 8 through 12 and inserting the following: "holders of winning tickets. After the payment of prizes, all of the following shall be deducted from lottery revenue prior to disbursement:

a. An amount equal to one half of one percent of the gross lottery revenue shall be deposited in a gamblers assistance fund in the office of the treasurer of state. Moneys in the fund shall be administered by the commissioner of human services and used to provide assistance and counseling to individuals and families experiencing difficulty as a result of gambling losses and to promote awareness of gamblers anonymous and similar assistance programs.

b. The expenses of conducting the lottery including the reasonable expenses incurred by the attorney general's office in enforcing this chapter.

Lottery agency".

H-3077 FILED FEBRUARY 12, 1985 BY HAMMOND of Story
Adopted 2/13/85 (p. 368) HOUSE FILE 225

H-3078

Amend House File 225 as follows:

1. Page 4, line 14, by inserting after the word "states." the following: "All contracts shall, after open and competitive bidding, be awarded to the lowest responsible bidder."

H-3078 FILED FEBRUARY 12, 1985 BY DODERER of Johnson
W/D 2/13 (p. 377) HOUSE FILE 225

H-3079

Amend House File 225 as follows:

1. Page 4, line 16, by inserting after the word "board." the following: "Before approving a contract, the board shall require the person seeking the contract to disclose certain financial information to the commissioner, the division of criminal investigation of the department of public safety and the attorney general. The specific requirements of the type of information to be disclosed shall be developed by the director of the division of criminal investigation of the department of public safety, the attorney general, and the commissioner. The information required to be disclosed under this section is confidential pursuant to section 22.7, subsection 19."

2. Page 18, by inserting after line 19 the following:

"Sec. ___. Section 22.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 19. Financial information disclosed pursuant to section 99E.9, subsection 2."

3. Page 18, by inserting after line 34 the following:

"Sec. ___. Section 692.2, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. The state lottery agency for purposes of section 99E.9, subsection 2."

H-3079 FILED FEBRUARY 12, 1985 BY SWARTZ of Marshall
W/D 2/13 (p. 377)

HOUSE FILE 225

H-3074

Amend House File 225 as follows:

1. Page 7, by striking lines 31 through 34.

H-3074 FILED FEBRUARY 12, 1985 BY DE GROOT of Lyon

Lost 2/13/85 (p. 365)

HOUSE FILE 225

H-3075

Amend House File 225 as follows:

A 1. Page 7, line 11, by inserting after the word "permitted." the following: "Marketing material and campaigns shall include the concept of investing in Iowa's economic development and show the economic development initiatives funded from lottery revenue."

B 2. Page 9, line 13, by inserting after the word "solid" the words "or hazardous".

C 3. Page 11, by striking lines 4 through 6 and inserting the following: "interest in dealing in a lottery or in the ownership or leasing of property used by or for a lottery."

B 4. Page 11, lines 31 and 32, by striking the words "residing as a member of the same household in the principal residence".

D 5. Page 12, line 32, by inserting after the word "shares." the following: "A licensee's gross receipts from the sale of lottery tickets or shares shall not exceed ten percent of the gross receipts of the licensee's overall business operations."

6. Page 14, line 25, by striking the words "at least a ten percent" and inserting in lieu thereof the following: "an".

7. Page 14, line 26, by striking the word "has" and inserting the word "have".

8. Page 16, lines 13 and 14, by striking the words "residing as a member of the same household in the principal residence".

H-3075 FILED FEBRUARY 12, 1985 BY ROSENBERG of Story

A - Adopted, D w/d 2/13 (p. 363)

B - Adopted (p. 368)

C - Lost (p. 369)

HOUSE FILE 225

H-3076

Amend House File 225 as follows:

1. Page 21, lines 27 and 28, by striking the words "four million two hundred fifty thousand (4,250,000)" and inserting the following: "three million seven hundred fifty thousand (3,750,000)".

2. Page 22, line 20, by striking the words "five hundred thousand (500,000)" and inserting the following: "one million (1,000,000)".

H-3076 FILED FEBRUARY 12, 1985 BY CONNOLLY of Dubuque

Adopted 2/13 (p. 379)

HOUSE FILE 225

H-3082

Amend House File 225 as follows:

1. Page 48, by inserting after line 15 the following:

"DIVISION XI

Sec. 1101. NEW SECTION. 28J.1 PRIVATE SECTOR EXPORT BOARD CREATED -- MEMBERSHIP.

1. A private sector export board is created to provide advice to the Iowa development commission or the central department of economic development when established. The board consists of fifteen members of whom three shall be from each of the following groups:

a. Farmers or farm organizations.

b. Manufacturers.

c. Local world trade organizations.

d. The Iowa district export council.

e. Trade associations including agricultural trade associations.

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

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

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

Sec. 1102. NEW SECTION. 28J.2 DUTIES.

1. The primary role of the private sector export board is to advise the Iowa development commission or the central department of economic development when established on business needs and to facilitate the actual buying and selling of products in the private sector.

2. The board shall:

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

b. Provide a mechanism to provide assistance from experienced exporters to businesses that are new or inexperienced in exporting.

c. Advise the Iowa development commission or the central department of economic development when

established on its plans for market research, overseas representation, trade missions, and other promotional activities.

Sec. 1103. Notwithstanding section 1101 of this Act, the governor shall appoint initial members of the export board established under that section to staggered terms. One member from each group shall be appointed to a one-year term, one member from each group shall be appointed to a two-year term, and one member from each group shall be appointed to a three-year term. The governor shall appoint initial members in the same manner as vacancies, subject to section 2.32."

2. Title page, line 23, by inserting after the word "circumstances;" the following: "creating a private sector export board to provide advice on exporting to the appropriate state agency;".

H-3082 FILED FEBRUARY 12, 1985 BY BAXTER of Des Moines
H/D 2/14/85 (p. 425)

HOUSE FILE 225

H-3080

Amend House File 225 as follows:

1. Page 4, line 14, by inserting after the word "states." the following: "All contracts entered into by the commissioner shall be as the result of competitive bidding with the contract being awarded to the lowest responsible bidder."

H-3080 FILED FEBRUARY 12, 1985 BY WOODS of Polk
H/D 2/13 (p. 377)

HOUSE FILE 225

H-3081

Amend House File 225 as follows:

1. Page 20, by striking lines 30 through 33.
2. Page 29, by striking lines 4 through 7.
3. By renumbering as necessary.

BY HARBOR of Mills
HALVORSON of Clayton
ROYER of Page
HUMMEL of Benton
DIEMER of Black Hawk
METCALF of Polk
TORRENCE of Muscatine
MULLINS of Kossuth
CLARK of Cerro Gordo
STUELAND of Clinton
SWEARINGEN of Keokuk
COREY of Louisa
KREMER of Buchanan
HESTER of Pottawattamie
HERMANN of Scott
HANDORF of Marshall
SCHNEKLOTH of Scott
MAULSBY of Calhoun
BENNETT of Ida

H-3081 FILED FEBRUARY 12, 1985
Lost 2/13 (p. 378)

HOUSE FILE 225

H-3087

Amend House File 225 as follows:
1. Page 16, line 5, by inserting after the word "misdemeanor." the following: "In addition the license of a licensee shall be suspended."

BY HUMMEL of Benton
SIEGRIST of Pottawattamie

H-3087 FILED FEBRUARY 12, 1985
Adopted 2/13/85 (p. 373)

HOUSE FILE 225

H-3088

Amend House File 225 as follows:
1. Page 8, line 14, by striking the word "four" and inserting the following: "two".

BY HUMMEL of Benton
SIEGRIST of Pottawattamie
VAN MAANEN of Mahaska

H-3088 FILED FEBRUARY 12, 1985
Lost 2/13 (p. 368)

HOUSE FILE 225

H-3089

Amend House File 225 as follows:
1. Page 8, line 8, by inserting after the word "tickets." the following: "Savings resulting from the purchase of an annuity for the payment of a prize shall be used for payment of prizes to comply with this subsection."

H-3089 FILED FEBRUARY 12, 1985 BY HUMMEL of Benton
Lost 2/13 (p. 366)

HOUSE FILE 225

H-3090

Amend House File 225 as follows:
1. Page 4, line 29, by inserting after the word "conducted." the following: "The board or commissioner shall not authorize a video lottery game. As used in this paragraph, "video lottery game" means a lottery game involving a machine designed similar to a video amusement game except that prizes are awarded at random by the lottery agency at the conclusion of the game."

BY HANSON of Delaware
CARPENTER of Polk
HALVORSON of Clayton
McKEAN of Jones
LAGESCHULTE of Bremer
TORRENCE of Muscatine
METCALF of Polk
MULLINS of Kossuth
CLARK of Cerro Gordo
DE GROOT of Lyon
VAN MAANEN of Mahaska
MILLER of Cherokee
GRANDIA of Marion
STUELAND of Clinton
SWEARINGEN of Keokuk
COREY of Louisa
PELLETT of Cass
WELDEN of Hardin
SHONING of Woodbury
HESTER of Pottawattamie
HERMANN of Scott
HANDORF of Marshall
SCHNEKLOTH of Scott
MAULSBY of Calhoun
BENNETT of Ida
HARBOR of Mills

H-3090 FILED FEBRUARY 12, 1985
Lost 2/13 (p. 361)

HOUSE FILE 225

H-3083

Amend House File 225 as follows:

1. Page 14, by inserting after line 29 the following:

"___. The owner of the majority interest in the proposed lottery business is an Iowa resident."

BY CARTER of Henry
OSTERBERG of Linn
GRUHN of Dickinson
MULLINS of Kossuth
McKEAN of Jones

H-3083 FILED FEBRUARY 12, 1985

Lost 2/13/85 (p. 371)

HOUSE FILE 225

H-3084

Amend House File 225 as follows:

1. Page 4, line 16, by inserting after the word "board." the following: "Before awarding a contract, the commissioner shall contact lottery agencies in other states which conduct lotteries to ascertain names of reputable suppliers of goods and services necessary to conduct a lottery."

BY HARBOR of Mills
DIEMER of Black Hawk
McKEAN of Jones
LAGESCHULTE of Bremer
TORRENCE of Muscatine
METCALF of Polk
DE GROOT of Lyon
VAN MAANEN of Mahaska
ROYER of Page
RENSINK of Sioux
MILLER of Cherokee
GRANDIA of Marion
STUELAND of Clinton
SWEARINGEN of Keokuk
KREMER of Buchanan
HESTER of Pottawattamie
HERMANN of Scott
HANDORF of Marshall
HALVORSON of Clayton

H-3084 FILED FEBRUARY 12, 1985

W/D 2/13 (p. 361)

HOUSE FILE 225

H-3085

Amend House File 225 as follows:

1. Page 25, lines 25 and 26, by striking the words "two hundred sixty thousand (260,000)" and inserting the following: "one hundred thirty thousand (130,000)".

H-3085 FILED FEBRUARY 12, 1985 BY CONNOLLY of Dubuque

Adopted 2/14 (p. 410)

HOUSE FILE 225

H-3086

Amend House File 225 as follows:

1. Page 42, by inserting after line 18 the following:

"A regional coordinating council may enter into an agreement under chapter 28E with other regional coordinating councils for the purpose of fostering tourism within their areas. Regional coordinating councils shall be considered public agencies for purposes of chapter 28E."

H-3086 FILED FEBRUARY 12, 1985 BY GRONINGA of Cerro Gordo

Adopted 2/14 (p. 410)

HOUSE FILE 225

H-3091

Amend House File 225 as follows:

1. Page 20, by striking lines 17 through 19 and inserting the following: ""a" and "b", the excess to the community economic betterment account."

2. Page 28, by striking lines 29 through 32 and inserting the following: ""a" and "b" or "c" in each of the fiscal years, the excess to the community economic betterment account."

3. Page 32, by striking lines 14 through 16 and inserting the following: "Act."

H-3091 FILED FEBRUARY 12, 1985 HANSON of Delaware
W/D 2/13/85 (p. 377)

HOUSE FILE 225

H-3092

Amend House File 225 as follows:

1. By striking page 15, line 34 through page 16, line 1 and inserting the following: "not reached the age of eighteen. A".

2. Page 16, by striking lines 6 and 7 and inserting the following: "age of eighteen shall be forfeited."

3. Page 17, line 16, by inserting after the word "person" the following: "unless the person has not reached the age of eighteen".

BY VAN MAANEN of Mahaska
HUMMEL of Benton
CARPENTER of Polk

H-3092 FILED FEBRUARY 12, 1985
Lost 2/13 (p. 373)

HOUSE FILE 225

H-3093

Amend House File 225 as follows:

1. Page 19, by inserting after line 30 the following:

"Sec. ___. Notwithstanding section 99E.10, subsection 1, lottery expenses for marketing, educational and informational material shall not exceed two percent of the gross lottery revenue until the initial appropriation is repaid to the state general fund pursuant to section 99E.10, subsection 3."

H-3093 FILED FEBRUARY 12, 1985 BY HUMMEL of Benton
W/D 2/13 (p. 374)

HOUSE FILE 225

H-3094

Amend House File 225 as follows:

1. Page 19, line 34, by striking the word "board." and inserting in lieu thereof the following: "board, unless the lottery is continued by a majority vote of the people in a statewide referendum."

H-3094 FILED FEBRUARY 12, 1985 BY COREY of Louisa
Lost 2/13 (p. 375)

H-3097 HOUSE FILE 225

Amend House File 225 as follows:

1. Page 18, by inserting after line 24 the following:

"Sec. ___. Chapter 422, Code 1985, is amended by adding the following new sections as a separate division:

NEW SECTION. TAX IMPOSED. In addition to the tax, if any, imposed under division IV, a ten percent Iowa lottery ticket tax is imposed on the gross receipts from the sale of an Iowa lottery ticket, as defined in section 99E.2. The gross receipts, for purposes of determining the amount of the tax, do not include the amount of the tax, if any, imposed under division IV.

NEW SECTION. ADMINISTRATION. The director of revenue shall administer the Iowa lottery ticket tax as nearly as possible in conjunction with the administration of the state retail sales tax under division IV. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting the tax liability. The director shall collect and account for the tax and shall credit all revenues, including penalty and interest, to the Iowa general fund. No tax permit other than the state tax permit under section 422.53 is required.

The tax is in addition to any state retail sales tax imposed under division IV. The provisions of sections 422.25, subsection 4, 422.30, 422.48 to 422.52, 422.54 to 422.58, 422.67, 422.68, 422.69, subsection 1, and 422.70 to 422.75, consistent with this division, apply with respect to the taxes authorized under this division, in the same manner and with the same effect as if the taxes were retail sales taxes within the meaning of those statutes."

2. Title page, line 2, by inserting after the word "penalties," the following: "imposing a tax on the gross receipts from sale of lottery tickets,".

H-3097 FILED FEBRUARY 12, 1985 BY SWARTZ of Marshall

Ruled not germane 2/13/85 (p. 374)

HOUSE FILE 225

H-3098

Amend House File 225 as follows:

1. Page 4, line 16, by inserting after the word "board." the following: "Before a contract is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of all officers of the person to whom the contract is to be awarded, all officers of any company of which the person to whom the contract is to be awarded is a subsidiary, and all officers of any other subsidiary of such a company that is engaged in any aspect of the gaming industry."

2. Page 18, by inserting after line 34 the following:

"Sec. ___. Section 692.2, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. The state lottery agency for purposes of section 99E.9, subsection 2."

3. Renumber as necessary.

H-3098 FILED FEBRUARY 12, 1985 BY WOODS of Polk

W/D 2/13 (p. 377)

HOUSE FILE 225

H-3095

Amend House File 225 as follows:

1. Page 6, line 26, by inserting after the word "sold." the following: "Tickets or shares shall not be sold in establishments that serve alcoholic beverages as defined in section 321.1, subsection 85, for on-premise consumption."

BY OSTERBERG of Linn
BRANSTAD of Winnebago
CARPENTER of Polk
HOLVECK of Polk
CARL of Poweshiek
TEAFORD of Black Hawk
CLARK of Cerro Gordo
McKEAN of Jones

H-3095 FILED FEBRUARY 12, 1985
Lost 2/13/85 (J. 362)

HOUSE FILE 225

H-3096

Amend House File 225 as follows:

1. Page 22, line 21, by striking the words "day care services" and inserting the following: "the child care services program and the displaced homemakers program".

2. Page 22, line 23, by inserting after the figure "1982" the following: "and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities, infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a listing of other sources of income, the staff to be employed, and the method to make the service or program self supporting within three years".

H-3096 FILED FEBRUARY 12, 1985 BY CARL of Poweshiek
Adopted 2/14 (J. 406)

HOUSE FILE 225

H-3101

Amend House File 225 as follows:

1. Page 12, line 32, by inserting after the word "shares." the following: "A licensee's gross receipts from the sale of lottery tickets or shares shall not exceed fifteen percent of the gross receipts of the licensee's overall business operations."

BY OSTERBERG of Linn
BRANSTAD of Winnebago
JOHNSON of Winneshiek
HOLVECK of Polk
BLACK of Jasper
CARL of Poweshiek
TEAFORD of Black Hawk
CLARK of Cerro Gordo
McKEAN of Jones

H-3101 FILED FEBRUARY 12, 1985

Lost 2/13/85 (J. 369)

HOUSE FILE 225

H-3102

Amend House File 225 as follows:

1. Page 7, line 11, by inserting after the word "permitted." the following: "Educational and marketing material shall not be designed or distributed in a manner which attempts to entice economically disadvantaged persons to participate in a lottery game."

BY OSTERBERG of Linn
BRANSTAD of Winnebago
JOHNSON of Winneshiek
HOLVECK of Polk
CARL of Poweshiek
TEAFORD of Black Hawk
McKEAN of Jones

H-3102 FILED FEBRUARY 12, 1985

Lost 2/12 (J. 364)

HOUSE FILE 225

H-3103

Amend House File 225 as follows:

1. Page 7, line 9, by inserting after the word "considerations." the following: "Lottery tickets or shares shall not be offered as inducements to purchase goods or services from the licensee."

BY COREY of Louisa
HERMANN of Scott

H-3103 FILED FEBRUARY 12, 1985

Lost 2/13 (J. 362)

HOUSE FILE 225

H-3104

Amend House File 225 as follows:

1. Page 14, line 10, by striking the word "eighteen" and inserting in lieu thereof the word "twenty-one."

2. Page 15, line 34 by striking the word "eighteen" and inserting in lieu thereof the word "twenty-one."

3. Page 16, line 4 by striking the word "eighteen" and inserting in lieu thereof the word "twenty-one."

H-3104 FILED FEBRUARY 12, 1985

BY COREY of Louisa

Lost 2/13 (J. 370)

HOUSE FILE 225

H-3099

Amend House File 225 as follows:

1. Page 4, line 14, by inserting after the word "states." the following: "All contracts for equipment, materials or services not common to the operation of state agencies, entered into by the commissioner shall be as the result of competitive bidding with the contract being awarded to the lowest responsible bidder."

H-3099 FILED FEBRUARY 12, 1985 BY WOODS of Polk

W/D 2/13 (p. 377)

HOUSE FILE 225

H-3100

Amend House File 225 as follows:

1. By striking page 15, line 34 through page 16, line 1 and inserting the following: "not reached the age of twelve. A".

2. Page 16, line 4, by striking the word "eighteen" and inserting the following: "twelve".

3. Page 16, by striking lines 6 and 7 and inserting the following: "age of twelve shall be forfeited."

H-3100 FILED FEBRUARY 12, 1985 BY HAVERLAND of Polk

W/D 2/13 (p. 373)

5. "Employer" means the small or high risk business providing new jobs in the merged area served by the area school and entering into an agreement.

6. "Employee" means the person employed in a new job.

7. "Agreement" is the agreement between an employer and an area school concerning a project.

8. "Area school" means a vocational school or a community college established under chapter 280A.

9. "Board of directors" means the board of directors of an area school.

10. "Incremental property taxes" means the taxes as provided in section 280C.4.

11. "New jobs credit from withholding" means the credit as provided in section 280C.5.

12. "Date of commencement of the project" means the date of the agreement.

13. "Small or high risk business" means a business engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate commerce, but excludes retail, health, or professional services and which meets the other criteria established by the Iowa development commission.

"Small or high risk business" does not include a business which closes or substantially reduces its operation in one area of the state of Iowa and relocates substantially the same operation in another area of the state of Iowa. This subsection does not prohibit a business from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced.

14. "New job" means a job in a new or expanding small or high risk business but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the small or high risk business in the state of Iowa.

Sec. 903. NEW SECTION. 280C.3 AGREEMENT.

An area school may enter into an agreement to establish a project. If an agreement is entered into, the area school and the employer shall notify the department of revenue as soon as possible. An agreement may provide, but is not limited to:

1. Program costs, including deferred costs, may be paid from one or a combination of the following sources:

a. Incremental property taxes to be received or derived from an employer's business property where new

jobs are created as a result of the project.

b. New jobs credit from withholding to be received or derived from new employment resulting from the project.

c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.

d. Guarantee of payments to be received under paragraph "a," "b," or "c".

2. Payment of program costs shall not be deferred for a period longer than ten years from the date of commencement of the project.

3. Costs of on-the-job training for employees shall not exceed fifty percent of the annual gross payroll costs for up to one year of the new jobs. For purposes of this subsection, "gross payroll" can be the gross wages, salaries, and benefits for the jobs in training in the project.

4. A provision which fixes the minimum amount of incremental property taxes, new jobs credit from withholding, or tuition and fee payments which shall be paid for program costs.

5. Any payments required to be made by an employer are a lien upon the employer's business property until paid and have equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties, and consequences as for the nonpayment of ordinary taxes. The purchaser at tax sale obtains the property subject to the remaining payments.

Sec. 904. NEW SECTION. 280C.4 INCREMENTAL PROPERTY TAXES.

If an agreement provides that all or part of program costs are to be paid for by incremental property taxes, the board of directors shall provide by resolution that taxes levied on the employer's taxable business property, where new jobs are created as a result of a project, each year by or for the benefit of the state, city, county, school district, or other taxing district after the effective date of the resolution shall be divided as provided in section 403.19, subsections 1 and 2, in the same manner as if the employer's business property, where new jobs are created as a result of a project, was taxable property in an urban renewal project and the resolution was an ordinance within the meaning of those subsections. To the extent that the taxes received by the board of directors represent repayments of an advance made under section 280C.6, the taxes shall be allocated to

and when collected be paid into the principal account of the area school job training fund as provided in section 280C.6. However, with respect to any urban renewal project as to which an ordinance is in effect under section 403.19, the collection of incremental property taxes authorized by this chapter are suspended in favor of collection of incremental taxes under section 403.19. As used in this section, "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property of the employer's business, where new jobs are created as a result of a project.

Sec. 905. NEW SECTION. 280C.5 NEW JOBS CREDIT FROM WITHHOLDING.

If an agreement provides that all or part of program costs are to be met by receipt of new jobs credit from withholding, it shall be done as follows:

1. New jobs credit from withholding shall be based upon the wages paid to the employees in the new jobs.

2. An amount equal to one and one-half percent of the gross wages paid by the employer to each employee participating in a project shall be credited from the payment made by an employer pursuant to section 422.16. If the amount of the withholding by the employer is less than one and one-half percent of the gross wages paid to the employees covered by the agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue, to the area school. To the extent this credit represents repayments of an advance made under section 280C.6, it shall be allocated to and when collected paid into the principal account of the area school job training fund as provided in section 280C.6. When the repayments of an advance have been paid, the employer credits shall cease and any money received after this shall be remitted to the treasurer of state to be deposited in the general fund of the state.

3. The employer shall certify to the department of revenue that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.

4. An area school shall certify to the department of revenue the amount of new jobs credit from withholding an employer has remitted to the area school and shall provide other information the department may require.

5. An employee participating in a project will

receive full credit for the amount withheld as provided in section 422.16.

Sec. 906. NEW SECTION. 280C.6 JOB TRAINING FUND -- ADVANCES.

1. There is established for each area school an area school job training fund under the supervision of the board of directors of that area school. The area school job training fund shall consist of two separate accounts containing moneys as follows:

a. A principal account to which is deposited moneys appropriated by the state and matched by the area school as provided in section 280C.8 and the repayments, subject to subsection 3, of advances made to employers for program costs. Moneys in this account shall only be deposited in interest bearing accounts.

b. An interest account to which is deposited moneys earned as interest on the moneys in the principal account and on this account. Only moneys in this account may be used to provide advances as provided in subsection 2.

2. To provide funds for the present payment of the costs of a new jobs training program by the employer, the area school may provide to the employer an advance of the moneys to be used to pay for the program costs as provided in the agreement. The advance shall not exceed one hundred thousand dollars for any project. The advance shall be repaid without interest from the sources provided in the agreement. The area school shall only use moneys in the interest account of the area school job training fund to make an advance.

3. Until such time as moneys appropriated by the state for the job training fund is repaid, moneys received by the area school as repayment of advances made under subsection 2 shall be deposited one half to the principal account and one half to the account designated by the treasurer of state as repayment of the state's appropriation. After all moneys appropriated by the state for the job training fund is repaid, all moneys received by the area school as repayment of advances shall be deposited to the principal account.

Sec. 907. NEW SECTION. 280C.7 INTENT -- DEVELOPMENT COMMISSION.

It is the intent of the general assembly that this chapter complement chapter 280B. One of the main features of chapter 280B is the provision for the issuance of certificates by an area school to pay program costs. These certificates are then repaid from sources provided in the agreement between the

area school and the employer. However, the issuance of certificates in relatively small amounts is difficult to sell. This affects the ability of small business and high risk business to make use of chapter 280B to finance training programs. This chapter substitutes a different funding mechanism for the issuance of certificates with the intent that this chapter will make it easier for those businesses.

The Iowa development commission in consultation with the department of public instruction and the office for planning and programming shall coordinate the new jobs training program. The Iowa development commission shall adopt, amend, and repeal rules under chapter 17A that the area school will use in developing projects with new and expanding small or high risk business new jobs training proposals. The commission shall establish by rule criteria for determining what constitutes a small business and high risk business. The commission is authorized to make any rule that is adopted, amended, or repealed effective immediately upon filing with the administrative rules coordinator or at a subsequent stated date prior to indexing and publication, or at a stated date less than thirty-five days after filing, indexing, and publication. The Iowa development commission shall prepare an annual report for the governor and general assembly on the activities of this new jobs training program.

Sec. 908. NEW SECTION. 280C.8 APPROPRIATIONS AND MATCHING FUNDS LEVY.

1. Moneys appropriated from the Iowa plan fund for economic development for the fiscal year beginning July 1, 1985 and for each of the four subsequent fiscal years for purposes of this chapter are for the purpose of providing funds for each qualified area school for deposit in its job training fund established in section 280C.6. The amount of this appropriation going to each qualified area school is a proportion of the appropriation as determined under subsection 3. Moneys appropriated shall be treated as loans from the state to the area school receiving them. An area school shall repay these loans from the repayment of advances made to an employer as provided in section 280C.6, subsection 3.

2. For purposes of this section, "qualified area school" means an area school whose board of directors have notified the Iowa development commission prior to the beginning of the fiscal year for which the appropriation is made that the area school desires its proportion of the appropriation and that it has

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Page Eight

provided for moneys to match this proportional amount in an amount equal to at least one dollar of match for each dollar of appropriation. The commission shall determine by rule the manner and method of notification and what constitutes the providing of matching funds. The providing of a copy of a resolution to levy a tax for a fiscal year under subsection 4 constitutes the providing of matching funds for that fiscal year.

3. The proportion of the appropriation made under subsection 1 going to a qualified area school is equal to the proportion that the appropriation made for the same fiscal year for general state financial aid to that qualified area school is of the total amount made to all qualified area schools for the same fiscal year.

4. For purposes of providing matching funds, the board of directors may, by resolution, provide for the assessment of a levy of a tax upon all taxable property within the merged area. A copy of the resolution shall be sent to the county auditor of each county in which the merged area is located and to the Iowa development commission. The revenues from the tax shall be used to match funds appropriated by the state for the fiscal year for which the tax is levied. These revenues shall be deposited in the area school job training fund. To prevent delay, the board of directors may match funds from existing funds and replace those funds from the tax levied when received."

18. Title page, line 23, by inserting after the word "circumstances;" the following: "establishing the Iowa small and high risk business new jobs training program;"

BY VARN of Johnson
RUNNING of Linn

H-3106 FILED FEBRUARY 12, 1985

W/D 2/14/85 (p. 425)

HOUSE FILE 225

H-3105

Amend House File 225 as follows:

1. Page 22, by striking lines 9 through 15 and inserting the following:

"b. To the surplus account the sum of nine million two hundred fifty thousand (9,250,000) dollars."

2. Page 29, by striking lines 24 through 26.

3. By striking page 36, line 20 through page 39, line 17.

4. Title page, by striking lines 13 through 17.

BY McKEAN of Jones
MULLINS of Kossuth
SKOW of Guthrie

H-3105 FILED FEBRUARY 12, 1985

Lost 2/14 (p. 392)

HOUSE FILE 225

H-3106

Amend House File 225 as follows:

1. Page 20, line 9, by striking the word "ten" and inserting the following: "thirteen".

2. Page 20, line 11, by striking the word "thirty-five" and inserting the following: "thirty-two".

3. Page 20, line 14, by striking the word "five" and inserting the following: "two".

4. Page 20, line 15, by stiking the words "jobs now" and inserting the following: "education and agriculture research and development".

5. Page 21, by striking lines 14 through 20 and inserting the following: "The Commission shall not provide funds under this subsection for programs or projects for which an appropriation is made under subsections 3 and 4 or under section 202, subsections 3 and 4 of this Act."

6. Page 22, by striking lines 10 through 14 and inserting the following: "division IV of this Act the sum of one million (1,000,000) dollars for the purposes of the state's involvement in the Iowa world".

7. Page 22, line 17, by striking the words "million (1,000,000)" and inserting the following: "million five hundred thousand (1,500,000)".

8. Page 22, by striking line 20 and inserting the following: "one million two hundred thousand (1,200,000) dollars for additional and".

9. Page 23, by inserting after line 1 the following:

"g. To provide funds, pursuant to the Iowa small and high risk business new jobs training Act established in division IX of this Act, for each qualified area school for deposit in its job training fund as provided in section 908 of this Act the sum of two million fifty thousand (2,050,000) dollars."

10. Page 25, lines 14 and 15, by striking the words "one million (1,000,000)" and inserting the following: "two million (2,000,000)".

11. Page 25, line 29, by striking the word "million (1,000,000) and inserting the following: "million five hundred thousand (1,500,000)".

12. Page 26, line 3, by striking the words "two hundred thousand (7,200,000)" and inserting the following: "seven hundred thousand (7,700,000)".

13. Page 29, by inserting after line 34 the following:

"f. To provide funds, pursuant to the Iowa small and high risk business new jobs training Act established in division IX of this Act, for each

qualified area school for deposit in its job training fund as provided in section 908 of this Act. It is the intent of the general assembly that the sum of two million (2,000,000) dollars be appropriated for each of the four fiscal years for this purpose."

14. Page 38, by striking lines 1 through 18 and inserting the following: "proposal."

15. Page 38, line 19, by striking the word "state's".

16. Page 38, line 23, by inserting after the words "operate the" the words "leased space in the".

17. Page 48, by inserting after line 15 the following:

"DIVISION IX

Sec. 901. NEW SECTION. 280C.1 TITLE.

This chapter shall be known and may be cited as the "Iowa small and high risk business new jobs training Act".

Sec. 902. NEW SECTION. 280C.2 DEFINITIONS.

When used in this chapter, unless the context otherwise requires:

1. "New jobs training program" or "program" means the project or projects established by an area school for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small or high risk business in the merged area served by the area school.

2. "Project" means a training arrangement which is the subject of an agreement entered into between the area school and an employer to provide program services.

3. "Program services" includes but is not limited to the following:

a. New jobs training.

b. Adult basic education and job-related instruction.

c. Vocational and skill-assessment services and testing.

d. Training facilities, equipment, materials, and supplies.

e. On-the-job training.

f. Administrative expenses for the new jobs training program.

g. Subcontracted services with institutions governed by the board of regents, private colleges or universities, or other federal, state, or local agencies.

h. Contracted or professional services.

4. "Program costs" means all necessary and incidental costs of providing program services.

HOUSE FILE 225

H-3108

Amend House File 225 as follows:

1. Page 4, by striking lines 10 through 16 and inserting the following:

"2. Subject to the approval of the board, the commissioner may directly solicit proposals or enter into contracts for the purchase, lease or other procurements of goods and services necessary to conduct complete lottery operations. The commissioner may not contract with any private party or nongovernmental entity for the operation and administration of the lottery. However, this subsection does not preclude procurements which integrate functions such as lottery game design, supplies of goods and services, and advertising. In awarding contracts in response to the solicitation for proposals, the commissioner shall award the contracts to the responsible vendor submitting the lowest and best proposal which maximizes the revenues to the state in relation to cost in the areas of security, competence, quality of product, experience, timely performance, and maximization of net revenues to the state. The commissioner may engage an independent firm experienced in evaluating government procurement proposals to aid in the evaluation of proposals submitted to the commissioner. Before awarding a contract the board shall require the following disclosures and authorizations:

a. A disclosure consisting of financial statements and verified statements of sources of income in excess of one thousand dollars for each person exercising control over the person who is expected to be awarded the contract.

b. A disclosure consisting of the individual federal and state income tax returns for the past three years for each person exercising control over the person who is expected to be awarded the contract.

c. A signed authorization by each person exercising control over the person who is expected to be awarded the contract permitting the director of the security and licensing division of the lottery agency to conduct a background investigation of the person.

Paragraphs "a", "b", and "c" shall not apply to outside directors of publicly-traded corporations with revenues in excess of one billion dollars. The information obtained pursuant to paragraphs "a", "b", and "c" shall be confidential.

A contract awarded or entered into by the commissioner shall not be assigned by the contract holder except upon the written approval of the board."

H-3108 FILED FEBRUARY 12, 1985 BY HALVORSON of Clayton

Adopted as amended 2/29 2/13 (p. 377)

HOUSE FILE 225

H-3107

Amend House File 225 as follows:

1. Page 1, by inserting after line 6 the following:

"___. "Administrator" means the administrator of a city lottery operated pursuant to this chapter."

2. Page 7, by inserting after line 30 the following:

"___. Standards for the operation of a city lottery operated pursuant to this chapter."

3. Page 18, by inserting after line 19 the following:

"Sec. ___. NEW SECTION. 99E.51 LOCAL OPTION CITY LOTTERY -- AUTHORIZATION -- IMPLEMENTATION.

1. A city may authorize by ordinance of the city council a local option lottery subject to the restrictions of this chapter.

2. A lottery which has been authorized by ordinance shall be implemented only after an election at which a majority of those voting on the question favors implementation. Upon its own motion or upon receipt of a petition signed by eligible electors of the city equal in number to five percent of the persons of the city who voted in the last preceding state general election requesting implementation of a lottery, the city council, within sixty days of its motion or receipt of the petition, shall direct the county commissioner of elections to submit the question of implementation of a lottery to the qualified electors of the city.

3. The county commissioner of elections shall submit the question of implementation of a lottery at a state general election or at a special election as requested by the city council, neither of which may be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall ask the question "Should _____ (name of city) conduct a lottery?"

4. If a majority of those voting on the question of implementation of a lottery favor implementation, the city council shall conduct a lottery subject to this chapter and under the supervision of the state lottery agency. The authority to conduct a lottery shall extend for two years and may be continued for additional two-year periods by a majority vote of the city council.

5. If a lottery is implemented, it shall be limited to the corporate boundaries of that city and lottery tickets shall not be offered for sale outside the corporate boundaries of the city.

Sec. ___. NEW SECTION. 99E.52 PLAN OF IMPLEMENTATION.

1. The commissioner shall oversee the operation of lotteries by cities in this state.

2. A city which has been authorized by the electors to implement a lottery shall submit a plan of implementation to the commissioner and the auditor of state, both of whom shall approve the plan, recommend changes in the plan, or reject the plan within thirty days of the plan's submission to them.

3. The plan submitted shall include the following:

a. A detailed description of the security measures to be employed by the city to ensure the integrity of the lottery.

b. The proposed auditing procedures to be implemented to guarantee the fiscal integrity of the lottery.

c. The proposed types and frequency of games to be held under the lottery.

d. The proposed method of prize determination and the proposed percentage of gross revenues to be distributed as prizes.

4. A lottery shall not be conducted without prior approval of the implementation plan by the commissioner and the auditor of state.

5. A change in the plan must be approved by the commissioner and the auditor of state prior to the implementation of the change.

Sec. ___. NEW SECTION. 99E.53 ADMINISTRATOR OF LOTTERY.

1. A city which implements a lottery shall hire a lottery administrator.

2. The administrator shall be qualified by training and experience to direct the lottery. The administrator shall receive a salary determined by the city council and may be a full-time employee of the city. The cost of the salary shall come from the general funds of the city.

3. Before taking office the administrator shall take an oath to faithfully execute the duties of the office according to the laws of the state and city, and shall give bond with sufficient surety to be approved by the city council in the sum of five thousand dollars, conditioned upon the faithful execution and performance of the duties of the office. Each bond, when fully executed and approved, shall be filed in the office of the city clerk. When in the opinion of the council the bond has become or is likely to become invalid or insufficient, the city council shall require the administrator to renew the

bond in an amount approved by the council but not less than five thousand dollars. The cost of a bond given shall come from the general fund of the city.

4. The city council and the administrator shall employ personnel necessary to conduct a lottery. All personnel shall be fingerprinted.

5. The city council may require lottery employees to give bond in amounts the city council determines. Each bond when executed and approved shall be filed in the office of city clerk and the cost shall come from the general fund of the city.

Sec. ___. NEW SECTION. 99E.54 RULES FOR CONDUCT OF THE LOTTERY.

1. The city council and the administrator shall administer the lottery in order to produce the maximum amount of net revenues for the city consistent with the general welfare of the people.

2. The city council may enter into contracts for the operation and promotion of the lottery, including contracts with business organizations or individuals experienced in the design and operation of lotteries in other states or cities.

3. The city council shall enact an ordinance specifying the rules for the conduct of the lottery. The ordinance rules shall include but not be limited to the following:

a. The types of lottery games to be conducted. However, in a game utilizing tickets or other tangible evidence of participation each ticket in the game shall bear a consecutive serial number distinguishing it from each other ticket in the game, and each lottery number or symbol shall be accompanied by a confirming caption consisting of a representation of a symbol or a description of the symbol in words.

b. The price of the tickets or shares in the lottery, including but not limited to authorization of sales of tickets or shares at a discount for promotional purposes.

c. The number and size of the prizes on the winning tickets or shares, including but not limited to prizes of free tickets in lottery games conducted and merchandise prizes. However, the administrator shall maintain and make available for public inspection at city hall during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale, and after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each

denomination which were awarded.

d. The method of selecting the winning tickets and the manner of payment of prizes to the holders of winning tickets. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Persons working in connection with the lottery shall examine claims and shall not pay a prize for altered, stolen, or counterfeit tickets nor tickets which fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If it is determined that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes up to twenty-five dollars directly by licensed agents.

e. The frequency of selection of winning tickets. However, the drawings shall be held in public, and the actual selection of winning tickets shall not be performed by an individual who is a lottery employee. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning prizes or participants for prizes shall be examined prior to and after each drawing by lottery employees and independent certified public accountants.

f. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

g. The locations at which tickets may be sold. However, tickets shall not be sold outside the corporate boundaries of the city.

h. The method used for printing and selling tickets. An elected official's name shall not be printed on the tickets. The overall estimated odds of winning a prize in a given game shall be printed on each ticket.

i. The licensing of agents to sell tickets or shares. A person under the age of eighteen shall not be licensed as an agent.

j. The compensation paid to licensed sales agents including but not limited to a provision for variable compensation based on sales volume or incentive considerations.

k. Subject to section 99E.55, the apportionment of the annual revenues accruing from the sale of lottery tickets and from other sources for the payment of prizes to the holders of winning tickets and for the following:

(1) The payment of costs incurred in the operation and administration of the lottery, including the expenses of the lottery and the cost resulting from contracts entered into for the consulting or operational services, or for promotional and advertising services.

(2) Independent audits which shall be performed annually, in addition to the audits required by section 99E.62, subsection 3.

(3) Incentive programs for lottery sales agents and lottery employees.

(4) Payment of compensation to agents necessary to provide adequate availability of tickets or services to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

(6) The repayment of money budgeted to the lottery.

(7) Transfers to the lottery income fund of the city.

Sec. ___. NEW SECTION. 99E.55 ALLOCATION OF FUNDS GENERATED.

1. As nearly as is practicable, not less than forty-five percent of the annual revenue, computed on a year-round average basis for each type of lottery game, accruing from the sale of lottery tickets shall be apportioned for payment of prizes to the holders of winning tickets. However, the prizes shall not be paid out in a particular lottery game in excess of the total revenue from sales of that game. After payment of prizes, the reasonable expenses of conducting the lottery shall be paid. Revenue remaining after expenses are paid shall be transferred to a special lottery income fund of the city. Revenue transferred to the lottery income fund shall not be less than thirty percent of the total revenues accruing from the sale of lottery tickets.

2. Moneys received by the city from a lottery may be expended for any lawful purpose except the moneys shall not be used for regular ongoing expenses of the city.

Sec. ___. NEW SECTION. 99E.56 REPORTS.

1. The administrator in each city shall report quarterly to the commissioner. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter.

2. The lottery administrator shall also submit an annual report to the commissioner. The annual report

shall include a complete statement of lottery revenues, prize disbursements, and other expenses. The annual report shall be submitted within thirty days after the close of the lottery year.

3. The commissioner shall submit an annual report on local lotteries to the governor, the general assembly, the auditor of state, and the board. The report shall include total lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the commissioner finds necessary or desirable. The annual report shall be submitted within thirty days from the convening of each regular session of the general assembly.

Sec. ___. NEW SECTION. 99E.57 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY -- SUBPOENA.

The commissioner or the commissioner's designee is authorized to conduct an inquiry, investigation, or hearing on a local lottery conducted under this chapter. The commissioner or the commissioner's designee may administer oaths and take testimony under oath relative to the matter of inquiry or investigation. At a hearing ordered by the commissioner, the commissioner or the authorized designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the inquiry. A witness under subpoena authorized by this section shall not be excused from testifying or from producing records, papers, or documents on the ground that the testimony or the production of evidence would tend to incriminate the witness, but the evidence produced shall not be used in a criminal proceeding against the witness. If a person disobeys process or, having appeared, refuses to answer a pertinent question put to the person by the commissioner or an authorized designee or to produce a subpoenaed document, the commissioner or the authorized designee may apply to the district court setting forth the disobedience to process or refusal to answer, and the court shall cite the person to appear before the court to answer the question or to produce the documents and, upon the person's refusal, shall commit the person to jail until the person testifies, but not for a longer period than sixty days. Notwithstanding the serving of a term of commitment by a witness, the commissioner may proceed with the inquiry and examination as if the witness had not previously been called upon to testify.

Sec. ___. NEW SECTION. 99E.58 LICENSING -- BONDS.

1. The city council shall license persons to sell

lottery tickets to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets. Before issuing a license the council shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales.

2. The city council may require a bond from a licensee in an amount as provided by ordinance, and may purchase a blanket bond covering the activities of all licensees.

3. The city council may authorize compensation to licensees if the city council finds that compensation is necessary to assure adequate availability of lottery tickets.

4. A licensee shall not sell a lottery ticket outside the corporate boundaries of the city which granted the license.

Sec. ___. NEW SECTION. 99E.59 LICENSE REVOCATION.

1. The commissioner or the city council which issued the license may suspend or revoke the license of a licensee who violates a provision of this chapter or of the city ordinance establishing the rules for conducting the lottery. If the license is suspended or revoked by the commissioner the aggrieved party is entitled to a hearing by filing a written request with the commissioner. Upon receipt of the request for hearing, the commissioner shall set a hearing date within thirty days of receipt of the request, and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The commissioner may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. The hearing shall be held pursuant to section 99E.17, subsection 2.

Sec. ___. NEW SECTION. 99E.60 PROHIBITED SALES OF TICKETS -- PENALTY.

1. A ticket shall not be sold at a price greater than that fixed by the city council and a sale shall only be made by a licensee. A person who violates this subsection is guilty of a simple misdemeanor.

2. A ticket shall not be sold to a person under the age of eighteen. A ticket may be purchased for the purpose of making a gift by a person eighteen years of age or older to a person less than eighteen.

A licensee who knowingly sells or offers to sell a lottery ticket or share to a person under the age of eighteen is guilty of a simple misdemeanor. A prize won by a person under age eighteen who purchased a ticket in violation of this subsection shall be forfeited.

3. A ticket shall not be purchased by and a prize shall not be paid to a lottery employee or to a spouse, child, stepchild, brother-in-law, sister-in-law, stepbrother, stepsister, parent, parent-in-law, stepparent, brother, or sister of a lottery employee residing in the principal residence of the employee.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket or share is guilty of a class D felony.

5. A person shall not sell or attempt to sell a lottery ticket outside the corporate limits of a city which issued the person a license to sell lottery tickets. Violation of this subsection is a class D felony.

Sec. ___. NEW SECTION. 99E.61 DISTRIBUTION OF PRIZES -- UNCLAIMED PRIZES -- PRIZES OF MINORS -- NONASSIGNABILITY OF PRIZE RIGHTS.

1. The administrator shall award the designated prize to the ticket holder upon presentation of the winning ticket. Unclaimed prize money for the prize on a winning ticket or share shall be retained by the city for ninety days after the drawing in which the prize was won in the case of a drawing prize and for ninety days after the announced end of the game in the case of a prize determined in a manner other than by drawing. If a claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets in addition to amounts already allocated.

2. If the person entitled to a prize is under the age of eighteen, and the prize is more than one thousand dollars, the administrator shall direct payment of the prize by transfer to the guardian of the minor of a check payable to the order of the guardian. If less than one thousand dollars, the administrator may direct payment of the prize to the adult member of the minor's family who is legally responsible for the care and custody of the minor. The administrator is discharged of all further liability upon payment of a prize to a minor pursuant to this subsection.

3. The right of a person to a prize drawn is not assignable, except that payment of a prize may be made

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to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The administrator is discharged of all further liability upon payment of a prize pursuant to this subsection.

Sec. ___. NEW SECTION. 99E.62 DEPOSIT OF RECEIPTS FROM TICKET SALES -- LOTTERY FUND -- QUARTERLY AUDITS.

1. The administrator may require agents to deposit, to the credit of the lottery in institutions designated by the city council, money received by agents from sale of tickets, less the amount of compensation, if any, authorized under section 99E.58, subsection 3, and to file with the lottery commissioner reports of receipts and transactions in the sale of tickets in the form and containing the information the administrator requires.

2. A lottery fund shall be created by a city which conducts a lottery. The fund shall consist of all revenues received from the sale of lottery tickets and all other moneys lawfully credited or transferred to the fund. Interest earnings of the fund shall be considered additional profits of a lottery. The administrator shall certify quarterly that portion of the fund that is apportioned to the general fund and shall cause that portion to be transferred to the lottery income fund of the city. Moneys transferred to the lottery income fund shall include moneys necessary for repayment of moneys budgeted as initial funding of a lottery.

3. The auditor of state or a certified public accountant firm appointed by the auditor shall conduct quarterly audits of all accounts and transactions of a lottery and other special audits as a city council may require. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of agents and licensees."

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4. Title page, line 2, by inserting after the word "lottery," the following: "permitting a city lottery to be conducted on a local option basis;".

H-3107 FILED FEBRUARY 12, 1985 BY HALVORSON of Clayton

Lost 2/13/85 (Y. 358)

H-3112

Amend House File 225 as follows:

1. Page 24, line 1, by inserting after the word "trade." the following: "The export network of Iowa colleges and universities established in division X of this Act shall make recommendations to the Iowa development commission on the programs that shall receive moneys under this section."

2. Page 24, line 7, by inserting after the word "programs" the following: "that may be recommended".

3. Page 25, by inserting after line 13 the following:

"(8) To establish any other program devised by the export network of Iowa colleges and universities that will encourage foreign trade and exports."

4. Page 48, by inserting after line 15 the following:

"DIVISION X

Sec. 1001. NEW SECTION. 28I.1 EXPORT NETWORK ESTABLISHED.

An export network of Iowa colleges and universities is created for the purpose of establishing trade-related guidelines and policies for the board of regents, the department of public instruction, and representatives of Iowa's private colleges and universities. However, the export network has no direct control over programs and activities in the universities and colleges, and no control over the curricula or program development of private colleges and universities.

Sec. 1002. NEW SECTION. 28I.2 COMPOSITION OF EXPORT NETWORK.

The export network is nonpartisan and composed of the following members appointed by the legislative council:

1. Three persons representing the state's major institutions of higher education, not more than one each from the university of Iowa, university of northern Iowa, and Iowa state university.

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

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

4. One person representing the state board of regents.

5. One person representing the department of public instruction.

Representatives of the academic community as chosen by the export network will serve on an advisory board to the export network.

Appointment shall be for three-year terms beginning July 1 in the year of appointment. Vacancies shall be filled for an unexpired term by appointment of the legislative council. Members shall serve no more than three terms or nine years, whichever is least.

The export network shall organize annually and elect a chairperson. At least one meeting per year shall be held at the seat of government. The members shall be paid forty dollars per diem and actual and necessary expenses from funds appropriated by the general assembly.

Sec. 1003. NEW SECTION. 28I.3 DUTIES.

The objectives of the export network of Iowa colleges and universities are to coordinate trade-related resources already available in Iowa higher education institutions, serve as a focal point for the educational community for trade-related topics and courses, initiate the development of trade-related curricula and curricula to support potential growth sectors, develop new programs providing trade assistance to small and medium-sized businesses, and serve as a point of contact for coordinating trade activities among itself, the Iowa development commission or the central department of economic development when established, and the private sector.

The export network's major activities shall be in the areas of education, training, marketing, and promotion, and working with the Iowa development commission or the central department of economic development when established in expanding trade marketing assistance and in promoting Iowa's products. Specifically, the export network shall:

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

2. Work with the Iowa development commission or the central department of economic development when established in preparing and presenting export-related seminars and workshops on pertinent and timely export trade topics.

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

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

5. Coordinate market research concerning the

promotion of trade at the state's universities and colleges.

6. Facilitate the penetration of foreign markets by establishing an "alumni ambassador" program and capitalizing on the network of the state's higher education alumni who are situated around the world."

4. Title page, line 23, by inserting after the word "circumstances;" the following: "creating an export network of Iowa colleges and universities to establish trade related guidelines and policies for institutions of higher education, the board of regents, and the department of public instruction;".

H-3112 FILED FEBRUARY 12, 1985 BY BAXTER of Des Moines

Adopted as amended by 3142 2/14 (p. 410)

HOUSE FILE 225

H-3110

Amend House File 225 as follows:

1. Page 22, by striking lines 9 through 15 and inserting the following:

"b. To the state general fund the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the repeal of the state sales tax on the purchase and repair of new and used farm machinery and equipment pursuant to division X of this Act."

2. Page 29, by striking lines 24 through 26 and inserting the following:

"b. To the state general fund to fund the repeal of the state sales tax on the purchase and repair of new and used farm machinery and equipment pursuant to division X of this Act."

3. Page 48, by inserting after line 15 the following:

"DIVISION X

Sec. 1001. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Effective July 1, 1985, the gross receipts from the sale or repair of new and used farm machinery and equipment, including replaceable parts, all of which are depreciable for state and federal income tax purposes."

4. Title page, line 23, by inserting after the word "circumstances;" the following: "providing for the repeal of the state sales tax on the purchase and repair of new and used farm machinery and equipment;".

H-3110 FILED FEBRUARY 12, 1985 BY SKOW of Guthrie

Lost 2/14 (p. 394)

HOUSE FILE 225

H-3111

Amend House File 225 as follows:

1. Page 15, line 31, by inserting after the word "shares." the following: "A licensee shall not permit a person who has not yet reached eighteen years of age to sell a lottery ticket."

H-3111 FILED FEBRUARY 12, 1985 BY HUMMEL of Benton

Lost 2/13 (p. 372)

HOUSE FILE 225

H-3113

Amend House File 225 as follows:

1. Page 22, by striking lines 9 through 15 and inserting the following:

"b. To the Iowa economic protective authority as identified in division VIII of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the program outlined in division VIII."

2. Page 29, by striking lines 24 through 26 and inserting the following:

"b. To the Iowa economic protective authority as identified in division VIII of this Act for the purposes specified in section 201, subsection 3, paragraph "b" of this Act."

3. Page 48, by inserting after line 15 the following:

"DIVISION VIII

"Sec. 801. NEW SECTION. 175A.1 LEGISLATIVE FINDINGS -- PURPOSE.

The general assembly finds and declares as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare and for the promotion of the economy, which are public purposes.

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter.

3. There exists a serious problem in this state regarding the ability of farmers to obtain adequate affordable farm operating loans.

4. A principal pursuit of the inhabitants of this state is agricultural production. Many other industries and pursuits are wholly dependent upon agricultural production. The state is one vast fertile plain, with the majority of its land susceptible of successful and profitable cultivation and livestock production.

5. The inability of farmers to obtain adequate affordable farm operating loans is conducive to economic decline and poverty and impairs the economic value of vast areas of the state, which are characterized by depreciated values, impaired investments, and reduced capacity to pay taxes.

6. These conditions result in a loss of population and further economic deterioration, accompanied by added costs to communities for creation of new public facilities and services.

7. A major cause of the unavailability of adequate affordable farm operating loans is the unstable

economic condition of the state, due in part to unanticipated high interest rates.

8. A stable economic condition is necessary to encourage and facilitate the availability of adequate affordable farm operating loans, and it is necessary to create a state economic protective authority to administer programs to stabilize the economic condition.

9. The public purpose of this chapter is to maximize the agricultural economic potential of the state and to thereby stabilize the economic condition of the state.

Sec. 802. NEW SECTION. 175A.2 DEFINITIONS.

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

1. "Authority" means the Iowa economic protective authority established in section 175A.3.

2. "Lending institution" means a bank, trust company, mortgage company, national banking association, production credit association, savings and loan association, or other financial institutions or entities authorized to make farm operating loans.

3. "Farm operating loan" means a loan made after the effective date of this Act by a lending institution to a borrower in an amount sufficient to enable the borrower to pay the reasonably necessary expenses and cash flow requirements of agricultural production.

4. "Agricultural production" includes the planting, cultivation, harvesting, and marketing of agricultural crops, the feeding, sheltering, provision of veterinary care, and marketing of livestock, and other activities designated by the authority by rules subject to chapter 17A.

5. "Cash flow requirements" include but is not limited to the availability of money adequate to provide for obligations which become due during the term of the farm operating loan for operating expenses, family living expenses, principal and interest installments on agricultural loans, and rent.

Sec. 803. NEW SECTION. 175A.3 ESTABLISHMENT OF AUTHORITY.

1. The Iowa economic protective authority is established and constituted a public instrumentality and agency of the state exercising public and essential governmental functions. The authority is established to undertake programs which provide assistance for agricultural production and other programs the authority deems necessary to carry out the purpose identified in section 175A.1. The powers

of the authority are vested in and exercised by a board of seven members consisting of the executive director, appointed pursuant to section 175A.4, and six members appointed pursuant to this subsection by the governor subject to confirmation by the senate. The governor shall appoint one member from each Iowa congressional district. No more than three members appointed pursuant to this subsection shall belong to the same political party. As far as possible the governor shall include within the membership persons who represent lending institutions experienced in agricultural lending, agricultural suppliers, farmers, average citizens, and other persons specially interested in the availability of funds for farm operating loans.

2. The members of the authority appointed pursuant to subsection 1 shall serve terms of six years, except that, of first appointments, two members shall be appointed for terms of two years and three members shall be appointed for terms of four years. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the authority appointed pursuant to subsection 1 may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing. A member of the authority appointed pursuant to subsection 1 may also serve as a member of the Iowa housing finance authority or the Iowa family farm development authority.

3. Four members of the authority constitute a quorum and the affirmative vote of a majority of the members is necessary for substantive action to be taken by the authority. The majority shall not include a member who has a conflict of interest and a statement by a member of a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the authority.

4. The members of the authority appointed pursuant to subsection 1 are entitled to receive forty dollars per diem for each day spent in performance of duties as members, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

5. The members of the authority appointed pursuant to subsection 1 and the executive director shall give

bond as required for public officers in chapter 64.

6. Meetings of the authority shall be held at the call of the chairperson or when two members so request.

7. The members appointed pursuant to subsection 1 shall elect a chairperson and vice chairperson annually, and other officers as they determine, but the executive director, appointed pursuant to section 175A.5, is a member of the board and shall serve as secretary to the authority.

8. The net earnings of the authority, beyond those necessary to implement the public purposes and programs authorized, shall not inure to the benefit of a person other than the state. Upon termination of the existence of the authority, title to all property owned by the authority including any net earnings shall vest in the state.

Sec. 804. NEW SECTION. 175A.4 ADVISORY PANEL.

The state comptroller or the comptroller's designee, the treasurer of state or the treasurer's designee, the executive director of the family farm development authority or the director's designee, and the superintendent of banking or the superintendent's designee are constituted as an advisory panel to the authority. The panel shall provide advice and assistance to the authority in the performance of the authority's functions, but shall not vote in board decisions.

Sec. 805. NEW SECTION. 175A.5 EXECUTIVE DIRECTOR -- STAFF.

1. The governor, subject to confirmation by the senate, shall appoint an executive director of the authority, who shall serve at the pleasure of the governor. The executive director shall be selected primarily for administrative ability and knowledge in the field, without regard to political affiliation. The executive director shall not, directly or indirectly, exert influence to induce other officers or employees of the state to adopt a political view, or to favor a political candidate for office.

2. The executive director is a voting member of the board, and shall also advise the authority on matters relating to agricultural finance, carry out all directives from the authority, and hire and supervise the authority's staff pursuant to its directions and under chapter 19A, except that principal administrative assistants with responsibilities in farm operating loan programs, accounting, and processing of applications for interest reduction are exempt from that chapter.

3. The executive director, as secretary of the authority, shall be custodian of all books, documents and papers filed with the authority and of its minute book and seal. The executive director may cause to be made copies of all minutes and other records and documents of the authority and give certificates under the seal of the authority to the effect that the copies are true copies and all persons dealing with the authority may rely upon the certificates.

Sec. 806. NEW SECTION. 175A.6 GENERAL POWERS.

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

1. Sue and be sued in its own name.
2. Have and alter a corporate seal.
3. Make and alter bylaws for its management consistent with this chapter.
4. Make and execute agreements, contracts and other instruments, with any public or private entity, including but not limited to, any federal governmental agency or instrumentality. The authority may make and execute contracts with a firm of independent certified public accountants to prepare an annual report on behalf of the authority. All political subdivisions, other public agencies and state agencies may enter into contracts and otherwise cooperate with the authority.
5. Procure insurance against any loss in connection with its operations.
6. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.
7. Provide to public and private entities technical assistance and counseling related to the authority's purposes.
8. In cooperation with other local, state or federal governmental agencies or instrumentalities, conduct studies of farm operational expense needs, and gather and compile data useful to facilitate decision making.
9. Facilitate and encourage the maximized use of available federal farm aid.
10. Contract with attorneys, accountants, finance experts, and other advisors or enter into contracts or agreements for these services with local, state or federal governmental agencies.
11. Make, alter and repeal rules consistent with

a. The borrower is a resident of the state.

b. The farm operation for which the borrower seeks the farm operating assistance is located in the state.

c. The farm operating loan will be used by the borrower for the reasonably necessary expenses and cash flow requirements of agricultural production.

d. The borrower has made full disclosure of the borrower's farm finances to the lending institution.

e. Requirements prescribed by the authority by rule, which may include but are not limited to participation in federal crop insurance programs, where available, a consideration of the borrower's agreement to maintain farm management techniques and standards established by the authority, participation in federal farm programs, where applicable, and the maximized use of available loan guarantees including small business administration programs, where applicable.

4. The authority shall provide in the farm operating assistance program that the authority may, upon approval by the board of an application, enter into an agreement with the lending institution in which the lending institution shall agree to reduce for one year the interest rate on the borrower's farm operating loan to a rate at least three percent below the maximum lawful rate of interest as determined by the superintendent of banking pursuant to section 535.2 for the calendar month in which the application was approved by the authority. However, the authority may adjust the rate if necessary to accommodate regional financial conditions. The authority shall agree to pay to the lending institution a grant in an amount, determined by the authority, to reduce the interest rate by an additional two percent for one year. The grant shall be paid to the lending institution within one hundred twenty days after the date the application is approved.

5. The authority shall require each lending institution to which the authority has approved an application for a grant on a farm operating loan to submit to the authority evidence satisfactory to the authority of a reduction in the interest rate as required by an agreement pursuant to subsection 3, and in that connection, the board members, employees or agents of the authority may inspect the books and records of a lending institution.

6. Compliance by a lending institution with the terms of an agreement with the authority pursuant to subsection 3 may be enforced by decree of a district court of this state. The authority may require, as a

condition of a payment to a national banking association or a federally chartered savings and loan association on a farm operating loan, the consent of the association to the jurisdiction of courts of this state over an enforcement proceeding. The authority may also require, as a condition for approval of an application for a grant to a lending institution on a farm operating loan, that the lending institute agree to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority pursuant to subsection 3, and the penalties are recoverable at the suit of the authority.

7. If a lending institution refuses a borrower's request to apply for a farm operating assistance grant under this section, the borrower may provide the authority with a written statement regarding the lending institution's refusal. A borrower who has provided the authority with a written statement may be provided with an opportunity for a hearing on the refusal before the board or persons designated by the authority. The procedure established in this subsection is not a contested case under chapter 17A.

8. Funds appropriated for the farm operating assistance program which have not been committed for grants for interest rate reduction on farm operating loans by the end of the fiscal year, may be used for economic assistance programs, as provided by the authority by rule, for agriculture related small businesses. However, applications for grants for interest rate reduction on farm operating loans made after the close of the fiscal year are given first priority in the use of the uncommitted funds.

Sec. 809. NEW SECTION. 175A.9 MONEYS OF THE AUTHORITY.

1. Moneys of the authority shall be paid to the authority and shall be deposited in a bank or other financial institution designated by the authority. The moneys shall be withdrawn on the order of the person authorized by the authority. Deposits shall be secured in the manner determined by the authority. The auditor of state or the auditor's legally authorized representatives may periodically examine the accounts and books of the authority, including its receipts, disbursements, contracts, leases, investments and other records and papers relating to its financial standing, and the authority shall not be required to pay a fee for the examination.

2. The authority shall submit to the governor, the auditor of state and the state comptroller, within

thirty days of its receipt, a copy of the report of every external examination of the books and accounts of the authority other than copies of the reports of examinations made by the auditor of state.

Sec. 810. NEW SECTION. 175A.10 LIMITATION OF LIABILITY.

1. Members of the authority and persons acting in its behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out the powers and duties given in this chapter.

2. The obligations of the authority are not obligations of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are obligations of the authority payable solely and only from the authority's funds, and the authority shall not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority or make its debts payable out of any moneys except for those of the authority.

Sec. 811. NEW SECTION. 175A.11 ASSISTANCE BY STATE OFFICERS, AGENCIES AND DEPARTMENTS.

State officers and state departments and agencies may render services to the authority within their respective functions as requested by the authority.

Sec. 812. NEW SECTION. 175A.12 CONFLICTS OF INTEREST.

1. If a member or employee other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is or is to be a party or in a lending institution which is seeking a payment for a reduction in the interest rate on a borrower's farm operating loan, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in action by the authority with respect to that contract or lending institution.

2. This section does not limit the right of a member, officer or employee of the authority other than the executive director to have an interest in a bank or other financial institution in which the funds of the authority are deposited.

3. The executive director shall not have an interest in a bank or other financial institution in which the funds of the authority are deposited. The executive director shall not receive, in addition to

fixed salary or compensation, money or anything valuable, either directly or indirectly, or through a substantial interest in another corporation or business unit, for negotiating, procuring, recommending or aiding in a payment made by the authority under section 175A.8, subsection 3, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly or through any substantial interest in another corporation or business unit, in a payment made by the authority under section 175A.8, subsection 3.

Sec. 813. NEW SECTION. 175A.13 EXEMPTION FROM COMPETITIVE BID LAWS.

The authority and contracts made by it in carrying out its public and essential governmental functions are exempt from the laws of the state which provide for competitive bids in connection with the contracts.

Sec. 814. NEW SECTION. 175A.14 LIBERAL INTERPRETATION.

This chapter, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 815. Pending the appointment and approval of a permanent board pursuant to section 803 of this Act, there shall be a temporary board of the authority consisting of the state comptroller or the 3125 comptroller's designee, the treasurer of state or the treasurer's designee, and the superintendent of banking or the superintendent's designee. The temporary board may perform all functions and have all powers provided the authority in this Act. The affirmative vote of two of the temporary board members is necessary for substantive action to be taken by the authority. The temporary board shall be dissolved when all of the members of the permanent board have been appointed and have been approved by the senate. The powers of the authority vest in the members of the permanent board upon the dissolution of the temporary board. All rules, forms, orders, and directives adopted by and in effect for the temporary board shall continue to be valid and enforceable as rules, forms, orders, and directives of the permanent board until amended, supplemented, or repealed by affirmative action of the board provided for in section 803 of this Act.

Sec. 816. Division VIII of this Act is repealed effective June 30, 1990."

4. Title page, line 24, by inserting after the word "activities;" the following: "creating an Iowa

economic protective authority and making an appropriation,".

H-3113 FILED FEBRUARY 12, 1985 BY SKOW of Guthrie

Amended & Lost 2/14 (p. 405)

HOUSE FILE 225

H-3114

3145 strike all to Div III p. 2

Amend House File 225 as follows:

1. By striking page 20, line 2 through page 48, line 15 and inserting the following:

"Sec. 201. Chapter 422, division IV, Code 1985, is amended by adding the following new sections.

NEW SECTION. 422.47A

Sales, services, and use tax paid on purchases of farm machinery and equipment, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax shall have been collected and timely paid by the retailer, or timely paid to the department by the user if section 423.14, is applicable.

b. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

c. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements.

Any use tax paid on vehicles subject to registration, as defined in section 423.1, or sales or use tax paid on purchases of replacement parts for such vehicles, shall not be eligible for refund.

NEW SECTION. 422.47B

Sales, services, and use taxes paid on purchases of industrial machinery, equipment and computers, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax must have been collected and timely paid by the retailer or timely paid to the department by the user if section 423.14, is applicable.

b. The industrial machinery and equipment and computers shall be directly and primarily used in the manner described in section 428.20, in processing tangible personal property.

c. The industrial machinery, equipment or any computer must be real property within the scope of section 427A.1 subsection one, (1), paragraphs "e" or "j", and must be subject to taxation as real property.

However, the provisions of chapters 404 and 427B which result in the exemption from taxation of property for property tax purposes shall not preclude the property from receiving the benefits of this section if the property otherwise qualifies for this exemption.

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Any tax paid on hand tools shall not be eligible for a refund. Any tax paid on pollution control equipment qualifying under paragraphs "a" and "b" of this subsection shall be eligible for a refund. Any tax paid on industrial machinery, equipment or computers, including pollution control equipment, within the scope of section 427A.1, subsection 1, paragraphs "h" and "i", shall not be eligible for refund.

NEW SECTION. 422.47C

Annual claims for refund of taxes made pursuant to sections 422.47A and 422.47B shall be filed with the department within three months following the end of the prior fiscal year ending June 30. The claim is limited to tax collected during the prior fiscal year by the retailer, or if the provisions of section 423.14 are applicable, to tax timely paid during the prior fiscal year to the department. The claim shall be considered a return.

Refunds made pursuant to sections 422.47A and 422.47B shall be paid from the Iowa plan fund for economic development created in section 99E.10. There is appropriated from that fund for the fiscal year beginning July 1, 1985 and ending June 30, 1986 and each year thereafter to the office of the state comptroller a sum sufficient to carry out this section. If, for any fiscal year the amount in the fund is insufficient to pay in full the amounts claimed for refund of sales, services, and use taxes paid during a fiscal year, then the amount of each claim for refund shall be reduced by the same percentage, so that the aggregate amount of all claims for refund so reduced shall be equal to the amount appropriated in the fund for payment.

Annually, the director of revenue shall certify and forward to the state comptroller the amount of refund which each taxpayer is entitled to receive under this section.

Sec. 202. This division is effective July 1, 1985 for purchases made on or after that date.

3141 striking amendment

DIVISION III

Sec. 301. Section 98.6, subsection 2, Code 1985, is amended to read as follows:

2. Notwithstanding subsection 1, there is imposed beginning July 1, 1981 and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of nine mills on each cigarette. Notwithstanding the provisions of this subsection there is imposed beginning October 1, 1985 and shall

be collected and paid to the department an additional tax on all cigarettes used or otherwise disposed of in this state for any purpose at a rate equal to the amount the tax imposed on each item pursuant to United States Code Title 26, section 5701 after December 31, 1982, and before October 1, 1985 is greater than the amount of the tax imposed on each similar item pursuant to that law after September 30, 1985.

Sec. 302. Section 98.35, Code 1985, is amended to read as follows:

98.35 TAX AND FEES PAID TO GENERAL FUND.

The proceeds derived from the sale of stamps and the payment of taxes, fees and penalties provided for under this chapter, and the permit fees received from all permits issued by the department, shall be credited to the general fund of the state. However, the revenue arising from the additional tax imposed by this division shall be credited to the Iowa plan fund for economic development created in section 99E.10. All permit fees provided for in this chapter and collected by cities in the issuance of permits granted by the cities shall be paid to the treasurer of the city where the permit is effective, or to another city officer as designated by the council, and credited to the general fund of the city. Permit fees so collected by counties shall be paid to the county treasurer.

Sec. 303.

1. All persons required to be licensed under section 98.13 as distributors having in their possession prior to delivery for resale as of the close of business on September 30, 1985 cigarettes or little cigars upon which the tax under section 98.6 or 98.43 has been paid, unused cigarette and little cigar tax stamps which have been paid for under section 98.8, or unused metered imprints which have been paid for under section 98.12 shall be subject to an inventory tax on such items as provided in this section.

2. Persons subject to the inventory tax imposed under this section shall take an inventory as of the close of business on September 30, 1985 of those items subject to the inventory tax for the purpose of determining the tax due. These persons shall report the tax on forms provided by the department of revenue and remit the tax due with the forms by October 31, 1985. The department of revenue shall adopt rules as are necessary to carry out this section.

3. The rate of the inventory tax on each item subject to the tax as specified in subsection 1 is

equal to the difference between the amount paid on each item under section 98.6, 98.8, 98.12, or 98.43 prior to October 1, 1985 and the amount that is to be paid on each similar item under section 98.6, 98.8, 98.12, or 98.43 on or after October 1, 1985 except that in computing the rate of the inventory tax any discount allowed or allowable under section 98.8 shall not be considered.

DIVISION IV

Sec. 401. There is appropriated from the moneys in the Iowa plan fund for economic development created in section 99E.10 for each of the fiscal years beginning July 1, 1985, July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission the sum of ten million (10,000,000) dollars, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project.

Notwithstanding section 8.33, moneys remaining of the appropriations made in this section shall not revert to the Iowa plan fund but shall be used for the purposes for which they were appropriated.

DIVISION V

Sec. 501. NEW SECTION. INCUBATOR PROGRAM.

1. There is established the "Iowa business incubator program" to assist innovative new businesses through the small business development centers. The

program shall be administered by the small business division of the Iowa development commission.

2. The money appropriated for this program shall be used to fund programs through the small business development centers to provide innovative new businesses with low cost physical facilities, equipment and support staff, business consultation, or other assistance that the center deems appropriate. Selection of business enterprises to be assisted shall be made by the small business development centers.

Sec. 502. NEW SECTION. MAIN STREET PROGRAM.

1. There is established the "Iowa main street program" to assist Iowa communities in revitalizing, preserving and restoring older downtown and central business districts. The program will be administered by the Iowa development commission.

2. The program shall advise local governments about the potential for and benefits of revitalizing older central business districts, provide technical assistance and implementing such programs, creating "main street" models in selected cities, encouraging historic preservation in central business districts, and helping local communities to stimulate economic growth and diversification in such areas.

3. All Iowa cities are eligible to receive assistance. The Iowa development commission will be responsible for selecting cities to be assisted.

Sec. 503. NEW SECTION. ENTREPRENEUR PROGRAM.

There is established the "entrepreneur, and research program" to assist entrepreneurs in evaluating their current resources and the development of their business. This program shall be administered by the Iowa development commission.

Sec. 504. There is appropriated from the Iowa plan fund for economic development created in section 99E.10 for the fiscal year beginning July 1, 1985 to the Iowa development commission the sum of two million five hundred thousand (2,500,000) dollars, or so much thereof as is necessary, and for the fiscal year beginning July 1, 1986 to the Iowa development commission the sum of two million (2,000,000) dollars, or so much thereof as is necessary, to be used to carry out the provisions of the division. Any portion used for research must be matched.

DIVISION VI

Sec. 601. There is appropriated from the Iowa plan fund for economic development created in section 99E.10 to the following state agencies for each fiscal year of the fiscal biennium beginning July 1, 1985, and ending June 30, 1987, the following amounts, or so

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much thereof as is necessary, to be used in the manner designated:

	1985-1986 Fiscal Year	1986-1987 Fiscal Year
1. BOARD OF REGENTS:		
a. For allocation to the Iowa state university of science and technology for construction of a home economics building	$3,500,000	$
b. For allocation to the Iowa state university of science and technology for remodeling Gillman Hall	$	$1,000,000
c. For allocation to the Iowa state university of science and technology for remodeling of the agriculture diversification center	$ 45,000	$
d. For allocation to the Iowa state university of science and technology for remodeling of the food crop research center	$ 350,000	$
e. For allocation to the state university of Iowa for chemistry/botany remodeling	$	$1,250,000
f. For allocation to the university of northern Iowa for remodeling of Latham Hall	$	$ 750,000
2. DEPARTMENT OF PUBLIC DEFENSE:		
a. For construction of an armory at Carroll, Iowa	$ 245,000	$
b. For construction of an addition to the armory facility at Cedar Rapids, Iowa	$ 265,000	$
c. For construction of an armory & maintenance shop at Mason City, Iowa	$	$ 425,000
3. STATE CONSERVATION COMMISSION: For construction, replacement, development and alterations to state parks and preserves, state forest facilities and state waters including artificial lake development; shoreline erosion and siltation control; river, stream and lake access; and engineering and planning services or to supplement any prior appropriation for such purpose	$1,000,000	$ 750,000
4. DEPARTMENT OF GENERAL SERVICES: For capital improvements on		

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buildings in the capital complex including the Lucas state office building ..... $ 750,000 $ 475,000

5. COMMISSION FOR THE BLIND:
To correct code and life safety deficiencies, correct inefficient building utilization and incorporate energy conservation practices ..... $ 345,000 $ 350,000

6. DEPARTMENT OF CORRECTIONS:
For capital maintenance projects at institutions under the control of the department ..... $ 500,000 $

Sec. 13. Unobligated or unencumbered funds remaining on June 30, 1988 from funds appropriated by section 601 shall revert to the Iowa plan fund for economic development on September 30, 1988.

DIVISION VII

Sec. 701. Divisions III, IV, V and VI of this Act are effective only if the federal cigarette tax increase for the period after December 31, 1982 and before October 1, 1985 is sunsetted as provided in the United States Code Title 26, section 5701."

2. Title page, by striking lines 3 through 25 and inserting the following: "revenues from the state lottery to be used to refund the sales, services, and use tax paid for industrial and farm machinery, equipment, computers and replacement parts, increasing the cigarette and tobacco tax, imposing an inventory tax on cigarettes and tobacco products and providing appropriations for certain economic development programs, projects and activities and providing for effective dates.

BY HANSON of Delaware
HALVORSON of Clayton
CARPENTER of Polk
HARBOR of Mills
DIEMER of Black Hawk
LAGESCHULTE of Bremer
TORRENCE of Muscatine
McKEAN of Jones
MULLINS of Kossuth
DE GROOT of Lyon
CLARK of Cerro Gordo
VAN MAANEN of Mahaska
ROYER of Page
McINTEE of Black Hawk
RENSINK of Sioux
MILLER of Cherokee
GRANDIA of Marion
STUELAND of Clinton
SWEARINGEN of Keokuk
COREY of Louisa
HUMMEL of Benton
KREMER of Buchanan
PELLETT of Cass
WELDEN of Hardin
RENKEN of Grundy
SHONING of Woodbury
HESTER of Pottawattamie
HERMANN of Scott
HANDORF of Marshall
SCHNEKLOTH of Scott
MAULSBY of Calhoun
BENNETT of Ida
STROMER of Hancock
DAGGETT of Taylor
VAN CAMP of Scott

H-3114 FILED FEBRUARY 12, 1985
Amended + Lost 2/14 (p. 422)

HOUSE FILE 225

H-3116

Amend House File 225 as follows:

1. Page 23, by inserting after line 1 the following:

"(7) Export division created in division IX of this Act."

2. Page 48, by inserting after line 15 the following:

"DIVISION IX

Sec. 901. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Aid and encourage Iowa businesses in the development and expansion of export trade, including that of agricultural products, by creating a separate division to provide information and assistance to Iowa businesses.

Sec. 902. NEW SECTION. 28.105 EXPORT DIVISION.

1. The commission shall create an export division to facilitate trade from the state and implement an overall state trade promotion and development plan. This plan is designed to promote and develop the trade of Iowa's agricultural and manufactured products in both the domestic and foreign marketplace. The trade plan shall have specific trade related programs within at least the following four major areas:

a. Education and training.

b. Marketing and promotion.

c. Financing.

d. Sales.

2. Education and training programs. The division has primary responsibility in the following education and training program areas and shall create programs in these areas as soon as practicable:

a. OUTREACH AND COUNSELING. Trade development counseling shall be made available to local businesses through the satellite centers.

b. SEMINARS AND WORKSHOPS. The division shall provide at the satellite centers seminars and workshops on trade and conduct industry specific seminars and workshops to identify and focus resources on growth potential markets.

c. PUBLICATIONS. The division shall be responsible for disseminating through the satellite centers publications designed to facilitate trade. The center shall be responsible for making information available via the satellite computer network on current trade developments.

d. TRAINING AND RECRUITING. The division shall advise the export network of Iowa colleges and universities on curriculum development and develop training programs on the mechanics of exporting. The

Iowa businesses.

3. Marketing and promotion programs. The export division shall be responsible for, but not be limited to:

a. MARKET RESEARCH. The division shall work with the export network and the private sector in market research that focuses on promising sectors and markets with growth potential for the state including, but not limited to:

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

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

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

b. OVERSEAS REPRESENTATION. Assessing the feasibility of strengthening Iowa's overseas representation and identifying the strategic markets in which overseas representation would be desirable.

c. TRADE MISSIONS AND PROMOTION. The division shall be responsible for organizing not less than four trade missions a year. Following the mission, the division shall assess the impact of the mission on trade development.

d. OTHER MECHANISMS. The division will work with Iowa businesses to encourage the development of exporting joint ventures between businesses.

4. Trade financing programs. The division shall inform Iowa businesses about sources of public and private funding including state and federal sources of export financing. The division shall examine the feasibility of establishing a countertrade or barter exchange.

5. Sales programs shall not involve the export division in direct sales but shall encourage the development of the middleman structure necessary for the small and medium-sized businesses to consummate sales and support and expand overseas sales through the division's marketing functions."

3. Title page, line 23, by inserting after the word "circumstances;" the following: "establishing an export division within the Iowa development

commission;".

H-3116 FILED FEBRUARY 12, 1985 BY BAXTER of Des Moines

W/D 2/14 (p. 423)

HOUSE FILE 225

H-3115

Amend House File 225 as follows:

1. Page 9, line 22, by inserting after the word "lottery" the following: "plus interest at fourteen percent per annum".

H-3115 FILED FEBRUARY 12, 1985 BY COREY of Louisa

Lost 2/13 (p. 369)

HOUSE FILE 225

H-3123

Amend amendment H-3071 to House File 225 as follows:

1. Page 1, line 12, by striking the word "approval." and inserting the following: "approval. Before awarding a contract, the commissioner shall contact lottery agencies in all other states which conduct statewide lotteries to ascertain names of reputable suppliers of goods and services necessary to conduct a lottery. The commissioner shall conduct this investigation in a manner which ensures the integrity of the Iowa lottery."

BY HARBOR of Mills
CONNOLLY of Dubuque

H-3123 FILED FEBRUARY 13, 1985
ADOPTED (p. 360)
Placed out of order (p. 377)

HOUSE FILE 225

H-3124

Amend the Connolly amendment H-3071 to House File 225, as follows:

1. Page 1, line 12, by inserting after the word "approval." the following: "A contract awarded or entered into by the commissioner with any individual or business organization to operate or market the lottery shall require that individual or business organization to establish a permanent office in this state."

BY SWARTZ of Marshall
CONNOLLY of Dubuque

H-3124 FILED FEBRUARY 13, 1985
ADOPTED (p. 360)
Placed out of order (p. 377)

HOUSE FILE 225

H-3125

Amend House amendment H-3113 to House File 225 as follows:

1. Page 4, line 20, by inserting after the word "designee," the following: "the state secretary of agriculture or the secretary's designee,".
2. Page 10, line 28, by inserting after the word "designee," the following: "the state secretary of agriculture or the secretary's designee,".

BY BENNETT of Ida
DE GROOT of Lyon
PELLETT of Cass

H-3125 FILED FEBRUARY 13, 1985
Adopted 2/14 (p. 405)

HOUSE FILE 225

H-3120

Amend House amendment H-3107 to House File 225 as follows:

1. Page 9, by inserting after line 37 the following:

"Sec. ___. Section 422.43, subsection 3, Code 1985, is amended to read as follows:

3. The tax thus imposed shall cover all receipts from the operation of games of skill, games of chance, raffles and bingo games as defined in chapter 99B, city lottery tickets authorized pursuant to chapter 99E and musical devices, weighing machines, shooting galleries, billiard and pool tables, bowling alleys, pinball machines, slot-operated devices selling merchandise not subject to the general sales taxes and on all receipts from devices or systems where prizes are in any manner awarded to patrons and upon the receipts from fees charged for participation in any game or other form of amusement, and generally upon the gross receipts from any source of amusement operated for profit not specified herein, and upon the gross receipts from which no tax is collected for tickets or admission, but no tax shall be imposed upon any activity exempt from sales tax under the provision of section 422.45, subsection 4. Every person receiving gross receipts from the sources as defined in this section shall be subject to all provisions of this division relating to retail sales tax and such other provisions of this chapter as may be applicable.

___. Page 18, by striking lines 23 and 24 and inserting the following: "lottery tickets or shares in state conducted lottery games conducted pursuant to chapter 99E but excluding city conducted lottery tickets or shares.""

2. Renumber as necessary

H-3120 FILED FEBRUARY 13, 1985 BY HALVORSON of Clayton
ADOPTED (p. 357)

HOUSE FILE 225

H-3121

Amend House amendment H-3106 to House File 225 as follows:

1. Page 1, by striking lines 12 through 17.

H-3121 FILED FEBRUARY 13, 1985 BY VARN of Johnson
Placed out of order 2/14 (p. 425)

HOUSE FILE 225

H-3122

Amend House amendment H-3102 to House File 225 as follows:

1. Page 1, line 6, by striking the words "economically disadvantaged".

BY PETERSON of Carroll
CARL of Poweshiek

H-3122 FILED FEBRUARY 13, 1985
ADOPTED (p. 364)

HOUSE FILE 225

H-3132

Amend House File 225 as follows:

1. Page 20, line 27, by striking the words "Iowa development commission" and inserting the words "Iowa community economic betterment commission in the office for planning and programming".

2. Page 29, line 1, by striking the words "Iowa development commission" and inserting the words "Iowa community economic betterment commission".

3. By striking page 32, line 28 through page 36, line 19.

H-3132 FILED FEBRUARY 13, 1985 BY HANSON of Delaware

W/D 3/14/85 (p. 341)

HOUSE FILE 225

H-3133

Amend House File 225, as follows:

1. Page 4, by inserting before line 17 the following: "A contract awarded or entered into by the commissioner with any individual or business organization to operate or market the lottery shall require that individual or business organization to establish a permanent office in this state."

BY SWARTZ of Marshall

H-3133 FILED FEBRUARY 13, 1985 CONNOLLY of Dubuque

Adopted 2/14 (p. 340)

HOUSE FILE 225

H-3134

Amend House File 225 as follows:

1. Page 30, by striking lines 29 through 31 and inserting the following:

3146

"c. It is the intent of the general assembly that one million five hundred thousand (1,500,000) dollars be appropriated under this paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. It is the intent of the general assembly that one half of the funds be distributed under the conditions specified in section 201, subsection 4, paragraph "c" of this Act and one half of the funds be distributed for the forgivable loan program established in division VII of this Act for Iowa resident students enrolled at an institution of higher education under the control of the state board of regents. It is the intent of the general assembly that the college aid commission shall certify to the treasurer of state that the state board of regents will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for each year before the money for the forgivable loan program for the state board of regents institutions is transferred to the college aid commission."

H-3134 FILED FEBRUARY 13, 1985 BY ROSENBERG of Story

Adopted as amended (3146) 2/14 (p. 424)

HOUSE FILE 225

H-3129

Amend House amendment H-3108 to House File 225 as follows:

1. Page 1, by striking lines 8 through 49 and inserting the following: "conduct complete lottery operations. All contracts, except those for goods, equipment, materials and services common to the operation of any state agency, entered into by the commissioner shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest of the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this investigation.

___. Page 18, by inserting after line 34 the following:

"Sec. ___. Section 692.2, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. The state lottery agency for purposes of section 99E.9, subsection 2.""

2. Renumber as necessary.

BY WOODS of Polk
DODERER of Johnson
McINTEE of Black Hawk
SWARTZ of Marshall

H-3129 FILED FEBRUARY 13, 1985
ADOPTED (p. 376)

HOUSE FILE 225

H-3130

Amend amendment H-3067 to page 21 of House File 225 as follows:

1. Page 1, line 10, by striking the word "shall" and inserting the word "may".

2. Page 1, line 17, by striking the word "shall" and inserting the word "may".

3. Page 1, line 21, by striking the word "shall" and inserting the word "may".

H-3130 FILED FEBRUARY 13, 1985 BY SCHNEKLOTH of Scott
ADOPTED BY UNANIMOUS CONSENT (p. 378)

HOUSE FILE 225

H-3131

Amend House File 225 as follows:

1. Page 27, line 9, by inserting after the word "used" the following: "to research and develop alternative and renewable resources of energy and".

H-3131 FILED FEBRUARY 13, 1985 BY ROSENBERG of Story
Adopted as amended (3147) 2/14 (p. 424)

HOUSE FILE 225

H-3135

Amend House File 225 as follows:

1. By striking page 20, line 3 through page 48, line 15 and inserting the following:

"Sec. 201. Chapter 422, division IV, Code 1985, is amended by adding the following new sections.

NEW SECTION. 422.47A

Sales, services, and use tax paid on purchases of farm machinery and equipment, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax shall have been collected and timely paid by the retailer, or timely paid to the department by the user if section 423.14, is applicable.

b. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

c. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements.

Any use tax paid on vehicles subject to registration, as defined in section 423.1, or sales or use tax paid on purchases of replacement parts for such vehicles, shall not be eligible for refund.

NEW SECTION. 422.47B

Sales, services, and use taxes paid on purchases of industrial machinery, equipment and computers, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax must have been collected and timely paid by the retailer or timely paid to the department by the user if section 423.14, is applicable.

b. The industrial machinery and equipment and computers shall be directly and primarily used in the manner described in section 428.20, in processing tangible personal property.

c. The industrial machinery, equipment or any computer must be real property within the scope of section 427A.1 subsection one, (1), paragraphs "e" or "j", and must be subject to taxation as real property.

However, the provisions of chapters 404 and 427B which result in the exemption from taxation of property for property tax purposes shall not preclude the property from receiving the benefits of this section if the property otherwise qualifies for this exemption.

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Any tax paid on hand tools shall not be eligible for a refund. Any tax paid on pollution control equipment qualifying under paragraphs "a" and "b" of this subsection shall be eligible for a refund. Any tax paid on industrial machinery, equipment or computers, including pollution control equipment, within the scope of section 427A.1, subsection 1, paragraphs "h" and "i", shall not be eligible for refund.

NEW SECTION. 422.47C

Annual claims for refund of taxes made pursuant to sections 422.47A and 422.47B shall be filed with the department within three months following the end of the prior fiscal year ending June 30. The claim is limited to tax collected during the prior fiscal year by the retailer, or if the provisions of section 423.14 are applicable, to tax timely paid during the prior fiscal year to the department. The claim shall be considered a return.

Refunds made pursuant to sections 422.47A and 422.47B shall be paid from the Iowa plan fund for economic development created in section 99E.10. There is appropriated from that fund for the fiscal year beginning July 1, 1985 and ending June 30, 1986 and each year thereafter to the office of the state comptroller a sum sufficient to carry out this section. If, for any fiscal year the amount in the fund is insufficient to pay in full the amounts claimed for refund of sales, services, and use taxes paid during a fiscal year, then the amount of each claim for refund shall be reduced by the same percentage, so that the aggregate amount of all claims for refund so reduced shall be equal to the amount appropriated in the fund for payment.

Annually, the director of revenue shall certify and forward to the state comptroller the amount of refund which each taxpayer is entitled to receive under this section.

H-3135 FILED FEBRUARY 13, 1985 BY HANSON of Delaware
H/D 2/14 (J. 423)

HOUSE FILE 225

H-3136

Amend House File 225 as follows:

1. Page 48, by inserting before line 16 the following:

DIVISION III

Sec. 301. Section 98.6, subsection 2, Code 1985, is amended to read as follows:

2. Notwithstanding subsection 1, there is imposed beginning July 1, 1981 and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of nine mills on each cigarette. Notwithstanding the provisions of this subsection there is imposed beginning October 1, 1985 and shall be collected and paid to the department an additional tax on all cigarettes used or otherwise disposed of in this state for any purpose at a rate equal to the amount the tax imposed on each item pursuant to United States Code Title 26, section 5701 after December 31, 1982, and before October 1, 1985 is greater than the amount of the tax imposed on each similar item pursuant to that law after September 30, 1985.

Sec. 302. Section 98.35, Code 1985, is amended to read as follows:

98.35 TAX AND FEES PAID TO GENERAL FUND.

The proceeds derived from the sale of stamps and the payment of taxes, fees and penalties provided for under this chapter, and the permit fees received from all permits issued by the department, shall be credited to the general fund of the state. However, the revenue arising from the additional tax imposed by this division shall be credited to the Iowa plan fund for economic development created in section 99E.10. All permit fees provided for in this chapter and collected by cities in the issuance of permits granted by the cities shall be paid to the treasurer of the city where the permit is effective, or to another city officer as designated by the council, and credited to the general fund of the city. Permit fees so collected by counties shall be paid to the county treasurer.

Sec. 303.

1. All persons required to be licensed under section 98.13 as distributors having in their possession prior to delivery for resale as of the close of business on September 30, 1985 cigarettes or little cigars upon which the tax under section 98.6 or 98.43 has been paid, unused cigarette and little cigar tax stamps which have been paid for under section 98.8, or unused metered imprints which have been paid for under section 98.12 shall be subject to an

inventory tax on such items as provided in this section.

2. Persons subject to the inventory tax imposed under this section shall take an inventory as of the close of business on September 30, 1985 of those items subject to the inventory tax for the purpose of determining the tax due. These persons shall report the tax on forms provided by the department of revenue and remit the tax due with the forms by October 31, 1985. The department of revenue shall adopt rules as are necessary to carry out this section.

3. The rate of the inventory tax on each item subject to the tax as specified in subsection 1 is equal to the difference between the amount paid on each item under section 98.6, 98.8, 98.12, or 98.43 prior to October 1, 1985 and the amount that is to be paid on each similar item under section 98.6, 98.8, 98.12, or 98.43 on or after October 1, 1985 except that in computing the rate of the inventory tax any discount allowed or allowable under section 98.8 shall not be considered.

DIVISION IV

Sec. 401. There is appropriated from the moneys in the Iowa plan fund for economic development created in section 99E.10 for each of the fiscal years beginning July 1, 1985, July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission the sum of ten million (10,000,000) dollars, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur,

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level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project.

Notwithstanding section 8.33, moneys remaining of the appropriations made in this section shall not revert to the Iowa plan fund but shall be used for the purposes for which they were appropriated.

DIVISION V

Sec. 501. NEW SECTION. INCUBATOR PROGRAM.

1. There is established the "Iowa business incubator program" to assist innovative new businesses through the small business development centers. The program shall be administered by the small business division of the Iowa development commission.

2. The money appropriated for this program shall be used to fund programs through the small business development centers to provide innovative new businesses with low cost physical facilities, equipment and support staff, business consultation, or other assistance that the center deems appropriate. Selection of business enterprises to be assisted shall be made by the small business development centers.

Sec. 502. NEW SECTION. MAIN STREET PROGRAM.

1. There is established the "Iowa main street program" to assist Iowa communities in revitalizing, preserving and restoring older downtown and central business districts. The program will be administered by the Iowa development commission.

2. The program shall advise local governments about the potential for and benefits of revitalizing older central business districts, provide technical assistance and implementing such programs, creating "main street" models in selected cities, encouraging historic preservation in central business districts, and helping local communities to stimulate economic growth and diversification in such areas.

3. All Iowa cities are eligible to receive assistance. The Iowa development commission will be responsible for selecting cities to be assisted.

Sec. 503. NEW SECTION. ENTREPRENEUR PROGRAM.

There is established the "entrepreneur, and research program" to assist entrepreneurs in evaluating their current resources and the development of their business. This program shall be administered by the Iowa development commission.

Sec. 504. There is appropriated from the Iowa plan fund for economic development created in section 99E.10 for the fiscal year beginning July 1, 1985 to the Iowa development commission the sum of two million

five hundred thousand (2,500,000) dollars, or so much thereof as is necessary, and for the fiscal year beginning July 1, 1986 to the Iowa development commission the sum of two million (2,000,000) dollars, or so much thereof as is necessary, to be used to carry out the provisions of the division. Any portion used for research must be matched.

DIVISION VI

Sec. 601. There is appropriated from the Iowa plan fund for economic development created in section 99E.10 to the following state agencies for each fiscal year of the fiscal biennium beginning July 1, 1985, and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used in the manner designated:

	1985-1986 Fiscal Year	1986-1987 Fiscal Year
1. BOARD OF REGENTS:		
a. For allocation to the Iowa state university of science and technology for construction of a home economics building	$3,500,000	$
b. For allocation to the Iowa state university of science and technology for remodeling Gillman Hall	$	$1,000,000
c. For allocation to the Iowa state university of science and technology for remodeling of the agriculture diversification center	$ 45,000	$
d. For allocation to the Iowa state university of science and technology for remodeling of the food crop research center	$ 350,000	$
e. For allocation to the state university of Iowa for chemistry/botany remodeling	$	$1,250,000
f. For allocation to the university of northern Iowa for remodeling of Latham Hall	$	$ 750,000
2. DEPARTMENT OF PUBLIC DEFENSE:		
a. For construction of an armory at Carroll, Iowa	$ 245,000	$
b. For construction of an addition to the armory facility at Cedar Rapids, Iowa	$ 265,000	$
c. For construction of an armory & maintenance shop at Mason City, Iowa	$	$ 425,000
3. STATE CONSERVATION COMMISSION:		

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For construction, replacement, development and alterations to state parks and preserves, state forest facilities and state waters including artificial lake development; shoreline erosion and siltation control; river, stream and lake access; and engineering and planning services or to supplement any prior appropriation for such purpose ..... $1,000,000 $ 750,000

4. DEPARTMENT OF GENERAL SERVICES:

For capital improvements on buildings in the capital complex including the Lucas state office building ..... $ 750,000 $ 475,000

5. COMMISSION FOR THE BLIND:

To correct code and life safety deficiencies, correct inefficient building utilization and incorporate energy conservation practices ..... $ 345,000 $ 350,000

6. DEPARTMENT OF CORRECTIONS:

For capital maintenance projects at institutions under the control of the department ..... $ 500,000 $

Sec. 13. Unobligated or unencumbered funds remaining on June 30, 1988 from funds appropriated by section 601 shall revert to the Iowa plan fund for economic development on September 30, 1988.

DIVISION VII

Sec. 701. Divisions III, IV, V and VI of this Act are effective only if the federal cigarette tax increase for the period after December 31, 1982 and before October 1, 1985 is sunsetted as provided in the United States Code Title 26, section 5701."

2. Title page, by striking lines 3 through 25 and inserting the following: "revenues from the state lottery to be used to refund the sales, services, and use tax paid for industrial and farm machinery, equipment, computers and replacement parts, increasing the cigarette and tobacco tax, imposing an inventory tax on cigarettes and tobacco products and providing appropriations for certain economic development programs, projects and activities and providing for effective dates."

H-3136 FILED FEBRUARY 13, 1985 BY HANSON of Delaware
*/D 2/14 (p. 425)

HOUSE FILE 225

H-3143

Amend amendment H-3114 to House File 225 as follows:

1. By striking page 1, line 2 through page 2, line 40 and inserting the following:

"___. Page 48, by inserting after line 15 the following:

"DIVISION IX

Sec. 901. Section 98.6, subsection 2, Code 1985, is amended to read as follows:

2. Notwithstanding subsection 1, there is imposed beginning July 1, ~~1981~~ 1985 and shall be collected and paid to the department a tax on all cigarettes used or otherwise disposed of in this state for any purpose at the rate of ~~nine~~ seventeen mills on each class A cigarette and twenty-five and eight tenths mills on each class B cigarette. Notwithstanding the provisions of this subsection there is imposed beginning October 1, 1985 and shall be collected and paid to the department an additional tax on all cigarettes used or otherwise disposed of in this state for any purpose at a rate equal to the amount the tax imposed on each item pursuant to United States Code Title 26, section 5701 after December 31, 1982, and before October 1, 1985 is greater than the amount of the tax imposed on each similar item pursuant to that law after September 30, 1985.

Sec. 902. Section 98.35, Code 1985, is amended to read as follows:

98.35 TAX AND FEES PAID TO GENERAL FUND.

The proceeds derived from the sale of stamps and the payment of taxes, fees and penalties provided for under this chapter, and the permit fees received from all permits issued by the department, shall be credited to the general fund of the state. However, the revenue arising from the additional tax imposed beginning July 1, 1985 shall be credited to a separate industrial machinery and equipment account in the state general fund and the revenue arising from any additional tax imposed beginning October 1, 1985 shall be credited to a separate farm machinery and equipment account in the state general fund. All permit fees provided for in this chapter and collected by cities in the issuance of permits granted by the cities shall be paid to the treasurer of the city where the permit is effective, or to another city officer as designated by the council, and credited to the general fund of the city. Permit fees so collected by counties shall be paid to the county treasurer.

Sec. 903. Chapter 422, Division IV, Code 1985, is amended by adding the following new sections.

NEW SECTION. 422.47A

Sales, services, and use tax paid on purchases of farm machinery and equipment, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax shall have been collected and timely paid by the retailer, or timely paid to the department by the user if section 423.14, is applicable.

b. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

c. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements.

Any use tax paid on vehicles subject to registration, as defined in section 423.1, or sales or use tax paid on purchases of replacement parts for such vehicles, shall not be eligible for refund.

NEW SECTION. 422.47B

Sales, services, and use taxes paid on purchases of industrial machinery, equipment and computers, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax must have been collected and timely paid by the retailer or timely paid to the department by the user if section 423.14, is applicable.

b. The industrial machinery and equipment and computers shall be directly and primarily used in the manner described in section 428.20, in processing tangible personal property.

c. The industrial machinery, equipment or any computer must be real property within the scope of section 427A.1 subsection one, (1), paragraphs "e" or "j", and must be subject to taxation as real property.

However, the provisions of chapters 404 and 427B which result in the exemption from taxation of property for property tax purposes shall not preclude the property from receiving the benefits of this section if the property otherwise qualifies for this exemption.

NEW SECTION. 422.47C

Annual claims for refund of taxes made pursuant to sections 422.47A and 422.47B shall be filed with the department of revenue within three months following the end of the prior fiscal year ending June 30. The

claim is limited to tax collected during the prior fiscal year by the retailer, or if section 423.14 is applicable, to tax timely paid during the prior fiscal year to the department. The claim shall be considered a return.

Refunds made pursuant to section 422.47A shall be paid from the special account in the general fund known as the farm machinery and equipment account. Refunds made pursuant to section 422.47B shall be paid from the special account in the general fund known as the industrial machinery and equipment account. If, for any fiscal year the amount in the fund is insufficient to pay in full the amounts claimed for refund of sales, services, and use taxes paid during a fiscal year, then the amount of each claim for refund shall be reduced by the same percentage, so that the aggregate amount of all claims for refund so reduced shall be equal to the amount appropriated in the fund for payment.

Annually, the director of revenue shall certify and forward to the state comptroller the amount of refund which each taxpayer is entitled to receive under this section.

Sec. 904.

1. All persons required to be licensed under section 98.13 as distributors having in their possession prior to delivery for resale as of the close of business on June 30, 1985 and September 30, 1985 cigarettes or little cigars upon which the tax under section 98.6 or 98.43 has been paid, unused cigarette and little cigar tax stamps which have been paid for under section 98.8, or unused metered imprints which have been paid for under section 98.12 shall be subject to an inventory tax on such items as provided in this section.

2. Persons subject to the inventory tax imposed under this section shall take an inventory as of the close of business on June 30, 1985 and September 30, 1985 of those items subject to the inventory tax for the purpose of determining the tax due. These persons shall report the tax on forms provided by the department of revenue and remit the tax due with the forms by the end of the following month. The department of revenue shall adopt rules as are necessary to carry out this section.

3. The rate of the inventory tax on each item subject to the tax as specified in subsection 1 is equal to the difference between the amount paid on each item under section 98.6, 98.8, 98.12, or 98.43 prior to July 1, 1985 or October 1, 1985, as

appropriate, and the amount that is to be paid on each similar item under section 98.6, 98.8, 98.12, or 98.43 on or after July 1, 1985 or October 1, 1985, as appropriate, except that in computing the rate of the inventory tax any discount allowed or allowable under section 98.8 shall not be considered.

Sec. 905. Section 903 of this division is effective October 1, 1985 for purchases made on or after that date."

___. Title page, line 23, by inserting after the word "circumstances;" the following: "providing for an increase in the state cigarette and tobacco tax and allowing refunds for sales, services, and use tax paid on sales of farm and industrial machinery, equipment and computers;"."

H-3143 FILED FEBRUARY 14, 1985 BY SWARTZ of Marshall
NOT GERMANE (p. 422)

HOUSE FILE 225

H-3142

Amend amendment H-3112 to House File 225 as follows:

1. By striking everything after the amending clause and inserting the following:

"___. Page 24, line 1, by inserting after the word "trade." the following: "Prior to providing funds for any activity under this paragraph the Iowa development commission shall seek the input of public and private institutions of higher education, relevant government agencies, boards and departments, and private sector businesses involved in foreign trade for the purpose of coordinating trade related resources already available and those created pursuant to this Act in Iowa higher education institutions. The commission shall also, after seeking input from these entities, initiate the development of trade related curricula and curricula to support potential growth sectors and develop new programs to provide trade assistance to small and medium-sized Iowa businesses including, but not limited to, those created under this paragraph. The commission shall work with Iowa businesses engaged in foreign trade and public and private institutions of higher education to create a comprehensive plan designed to promote and develop the trade of Iowa's agricultural and manufactured products and services in foreign markets and shall coordinate the plan with other public and private foreign trade efforts including those created pursuant to this Act.""

H-3142 FILED FEBRUARY 14, 1985 BY BAXTER of Des Moines
ADOPTED (p. 416)

HOUSE FILE 225

H-3141

Amend amendment H-3114 to page 20 of House File 225 as follows:

1. By striking page 2, line 41 through page 7, line 32.

H-3141 FILED FEBRUARY 14, 1985 BY HANSON of Delaware
ADOPTED (p. 418)

HOUSE FILE 225

H-3144

Amend amendment H-3110 to House File 225 as follows:

1. Page 1, by striking lines 18 through 28 and inserting the following:

"Sec. 1001. Chapter 422, division IV, Code 1985, is amended by adding the following new sections.

NEW SECTION. 422.47A

Sales, services, and use tax paid on purchases of farm machinery and equipment, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the purchaser provided all of the following conditions are met:

a. The tax shall have been collected and timely paid by the retailer, or timely paid to the department by the user if section 423.14, is applicable.

b. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

c. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements.

Any use tax paid on vehicles subject to registration, as defined in section 423.1, or sales or use tax paid on purchases of replacement parts for such vehicles, shall not be eligible for refund.

NEW SECTION. 422.47B

Annual claims for refund of taxes made pursuant to section 422.47A shall be filed with the department within three months following the end of the prior fiscal year ending June 30. The claim is limited to tax collected during the prior fiscal year by the retailer, or if the provisions of section 423.14 are applicable, to tax timely paid during the prior fiscal year to the department. The claim shall be considered a return.

Refunds made pursuant to section 422.47A shall be paid from the Iowa plan fund for economic development created in section 99E.10. There is appropriated from that fund for the fiscal year beginning July 1, 1985 and ending June 30, 1986 and each year thereafter to the office of the state comptroller moneys not otherwise appropriated to carry out this section. If, for any fiscal year the amount is insufficient to pay in full the amounts claimed for refund of sales, services, and use taxes paid during a fiscal year, then the amount of each claim for refund shall be reduced by the same percentage, so that the aggregate amount of all claims for refund so reduced shall be

equal to the amount appropriated in the fund for payment.

Annually, the director of revenue shall certify and forward to the state comptroller the amount of refund which each taxpayer is entitled to receive under this section.

Sec. 1002. This division is effective July 1, 1985 for purchases made on or after that date."

2. Title page, line 23, by inserting after the word "circumstances;" the following: "providing for the refund of the sales, services, and use tax paid on the purchase of farm machinery and equipment;".

H-3144 FILED FEBRUARY 14, 1985 BY SKOW of Guthrie
ADOPTED (p. 394)

HOUSE FILE 225

H-3146

Amend House amendment H-3134 to House File 225 as follows:

1. Page 1, by striking line 4 and inserting the following:

"c. To the Iowa college aid commission for the forgivable loan program established in division VII of this Act. However, it is the intent of the general assembly that for the named fiscal years the forgivable loan program be expanded to apply also to students enrolled in institutions of higher education under the control of the state board of regents and to students enrolled in area schools as defined in section 280A.2, subsection 10, and that".

2. Page 1, line 16, by inserting after the word "regents" the following: "and for Iowa resident students enrolled at an area school".

3. Page 1, line 19, by inserting after the word "regents" the following: "and the Iowa association of community college trustees".

4. Page 1, line 23, by inserting after the word "institutions" the following: "and the area schools".

BY ROSENBERG of Story
OLLIE of Clinton

H-3146 FILED FEBRUARY 14, 1985
ADOPTED (p. 425)

HOUSE FILE 225

H-3147

Amend House Amendment H-3131 to House File 225 as follows:

1. Page 1, line 4, by inserting after the word "renewable" the word "Iowa-based".

H-3147 FILED FEBRUARY 14, 1985 BY ROSENBERG of Story
ADOPTED (p. 424)

Sen. Ways & Means 2/20/85 Amend (3322) + Do Pass 3/14 (J. 864)

House File 225

WAYS AND MEANS: Palmer, Chair; Brown, Husak, Gratias and Soorholtz

Sen. State Govt. 3/14 Do Pass per 3322 2/14 (J. 808)

House File 225

APPROPRIATIONS: Welsh, Chair; Small, Tieden, Gronstal and Readinger

House Amendments ———

Deleted Language *

HOUSE FILE 225

BY COMMITTEE ON ECONOMIC DEVELOPMENT

(AS AMENDED AND PASSED BY THE HOUSE FEBRUARY 15, 1985)

Failed ~~Passed~~ House, Date 3-21-85 (J. 780) Passed Senate, Date 3-20-85 (J. 915)

Vote: Ayes 48 Nays 49 Vote: Ayes 27 Nays 23

Approved April 18, 1985 (Item Veto)

Motion to reconsider (981) Passed Senate 3-22-85 (J. 984)

Reconsidered, amended + Passed 3-22-85 (J. 1006) Motion to reconsider (43-21) (J. 984) Passed 3-28-85 (J. 1097) 27-22

A BILL FOR

3373, 3348, 3421

April 19, 1985 Item Veto sustained (J. 1696)

An Act relating to economic development by creating a five-year state lottery, providing penalties, and providing revenues from the state lottery to be used for certain economic development programs and activities; providing for the reorganization of state economic development programs and activities with the Iowa development commission acting as the interim coordinating agency for economic development until the new department of economic development is created; creating an Iowa partnership for economic progress advisory committee to advise the Iowa development commission and the general assembly on economic development matters and the uses to be made of the revenues from the state lottery; creating an Iowa world trade center board to accept proposals from private groups on the construction of the Iowa world trade center, to select from those proposals one proposal under which the state will purchase space in the Iowa world trade center, and to operate, manage and lease this state-owned space; establishing a primary research and marketing center for business and international trade and satellite centers; creating a First In the Nation in Education foundation; creating a forgivable loan program for loans to students who remain residents of Iowa and are either employed as a teacher or in the private sector under certain circumstances; making appropriations for economic development programs and activities; and providing an effective date.

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

S.F. _____ H.F. 225

3348 amend sub
Sec II
3322
amend sub

DIVISION I

Section 101. NEW SECTION. 99E.1 TITLE.

This chapter may be cited as the "Iowa Lottery Act".

Sec. 102. NEW SECTION. 99E.2 DEFINITIONS.

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

1. "Commissioner" means the commissioner of the lottery.

2. "Director" means the director of each of the three divisions of the lottery agency operating under the commissioner.

3. "Lottery" means the lottery created and operated under this chapter.

4. "Board" means the Iowa lottery board.

5. "Licensee" means the person issued a license by the commissioner to sell lottery tickets or shares. The licensee is responsible for the licensee's employees' conduct which is 3347 within the scope of this chapter.

6. "Ticket" means any tangible evidence issued by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

7. "Share" means any intangible manifestation authorized by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

8. "On-line lotto" means a lottery game hooked up to a central computer via telecommunications lines in which the player selects a specified group of numbers out of a pre-determined range of numbers.

9. "Instant lottery" means a game that offers preprinted tickets that indicate immediately whether the player has won.

Sec. 103. NEW SECTION. 99E.3 ESTABLISHMENT OF LOTTERY -- APPOINTMENT OF COMMISSIONER -- OTHER EMPLOYEES.

1. A state agency is established to be known as the Iowa lottery agency. Except as provided in section 99E.9, subsection 3, paragraph "b", the Iowa lottery agency is subject to chapter 17A. It is a separate agency of state

government whose head is the commissioner.

2. The commissioner shall be qualified by training and experience to direct the lottery. The commissioner shall be appointed by the governor within thirty days after the effective date of this Act subject to confirmation by the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the commissioner shall be filled in the same manner as the original appointment. Section 2.32 applies to the appointment of the commissioner. The commissioner shall devote time and attention solely to the duties of the office and shall not be engaged in any other profession or occupation. The commissioner shall receive a salary determined by the governor within salary range five as set by the general assembly.

3. The commissioner may employ clerks, stenographers, inspectors, agents, and other employees pursuant to chapter 19A as necessary to carry out this chapter.

Sec. 104. NEW SECTION. 99E.4 COMMISSIONER'S OATH -- BOND --EMPLOYEES -- BONDING OF EMPLOYEES.

1. Before taking office, the commissioner shall take an oath to faithfully execute the duties of the office according to the laws of the state, and shall give bond with sufficient surety to be approved by the governor in the sum of not less than twenty-five thousand dollars, conditioned upon faithful execution and performance of the duties of the office. The bond when fully executed and approved shall be filed in the office of the secretary of state. When in the governor's opinion the bond has become or is likely to become invalid or insufficient, the governor shall require the commissioner to renew the bond in an amount approved by the governor but not less than twenty-five thousand dollars. The cost of a bond given shall be part of the necessary expenses of the lottery.

2. The commissioner shall employ personnel necessary to implement this chapter. The commissioner may require lottery agency employees to give bond in an amount the commissioner

determines. Each bond when fully executed and approved shall be filed in the office of the secretary of state. The cost of each bond given shall be part of the necessary expenses of the lottery. The commissioner may obtain a blanket bond to cover personnel of the lottery agency for which the commissioner requires a bond.

Sec. 105. NEW SECTION. 99E.5 LOTTERY BOARD.

An Iowa lottery board is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The governor shall appoint the board members within sixty days of the effective date of this Act. The term of each member shall begin and end as provided in section 69.19. A vacancy on the board shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

Sec. 106. NEW SECTION. 99E.6 BOARD QUALIFICATIONS.

Board members shall be residents of this state. At least one member of the board shall be a person who has been a law enforcement officer for not less than five years, one member shall be an attorney admitted to the practice of law in Iowa for not less than five years, and one member shall be a certified public accountant who has practiced accountancy in Iowa for not less than five years.

Sec. 107. NEW SECTION. 99E.7 BOARD MEETINGS.

The board shall hold at least one meeting each month and as often as necessary. The board shall select a chairperson from its membership at the first regular meeting of the board and shall thereafter select a chairperson at the first regular meeting of each fiscal year. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the board constitutes a quorum.

Sec. 108. NEW SECTION. 99E.8 EXPENSES -- SALARY.

Members of the board shall be compensated at a rate of six

thousand dollars per year. Members shall also be allowed the actual and necessary expenses incurred in the performance of their duties. The expenses incurred by members of the board and the salaries paid to members of the board are part of the necessary expenses of the lottery agency.

Sec. 109. NEW SECTION. 99E.9 DUTIES OF THE BOARD--RULES--COMMISSIONER.

1. The board and the commissioner shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

2. Subject to the approval of the board, the commissioner may directly solicit proposals or enter into contracts for the purchase, lease or other procurements of goods and services necessary to conduct complete lottery operations. All contracts, except those for goods, equipment, materials and services common to the operation of any state agency, entered into by the commissioner shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest of the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this investigation. A contract awarded or entered into by the commissioner with any individual or business organization to operate or market the lottery shall require that individual or business organization to establish a permanent office in this state.

3. Except as provided in subsection 3, paragraph "b", the board shall make rules in accordance with chapter 17A for implementing and enforcing this chapter. The rules shall include but are not limited to the following subject matters:

a. The fees charged for a license to sell lottery tickets or shares. Revenue received by the lottery from license fees shall be transferred to the lottery fund immediately after the cost of processing license applications is deducted.

b. The types of lottery games to be conducted. Rules governing the operation of a class of games are subject to chapter 17A. However, rules governing the particular features of specific games within a class of games are not subject to chapter 17A. Such rules may include, but are not limited to, setting the name and prize structure of the game and shall be made available to the public prior to the time the games go on sale and shall be kept on file at the office of the commissioner. The board shall authorize instant lottery and on-line lotto games and may authorize the use of any type of lottery game that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve the revenue objectives of the lottery and is consistent with subsection 1. However, the board shall not authorize a game using electronic computer terminals or other devices if the terminals or devices dispense coins or currency upon the winning of a prize. In a game utilizing instant tickets, each ticket in the game shall bear a unique consecutive serial number distinguishing it from every other ticket in the game, and each lottery number or symbol shall be accompanied by a confirming caption consisting of a repetition of a symbol or a description of the symbol in words. In the game other than an instant game which uses tangible evidence of participation, each ticket shall bear a unique serial number distinguishing it from every other ticket in the game.

c. The price of tickets or shares in the lottery, includ-

ing but not limited to authorization of sales of tickets or shares at a discount for marketing purposes.

d. The number and size of the prizes on the winning tickets or shares, including but not limited to prizes of free tickets or shares in lottery games conducted by the lottery and merchandise prizes. The lottery agency shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale or the estimated odds of winning the prizes and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination which were awarded.

e. The method of selecting the winning tickets or shares and the manner of payment of prizes to the holders of winning tickets or shares. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Lottery employees shall examine claims and shall not pay any prize for altered, stolen, or counterfeit tickets or shares nor tickets or shares which fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If the commissioner determines that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes directly by the licensee.

f. The methods of validation of the authenticity of winning tickets or shares.

g. The frequency of selection of winning tickets or shares. Drawings shall be held in public. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by lottery agency employees and an independent certified public accountant prior

to and after each public drawing.

h. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

i. The locations at which tickets or shares may be sold.

j. The method to be used in printing and selling tickets or shares. An elected official's name shall not be printed on the tickets. The overall estimated odds of winning a prize in a given game shall be printed on each ticket if the games have either preprinted winners or fixed odds. Estimated odds of winning a prize are not required to be printed on tickets in lottery games of a pari-mutuel nature. As used in this paragraph, "games of a pari-mutuel nature" means a game in which the amount of the winnings and the odds of winning are determined by the number of participants in the game.

k. The issuing of licenses to sell tickets or shares. In addition to any other rules made regarding the qualifications of an applicant for a license, a person shall not be issued a license unless the person meets the criteria established in section 99E.16, subsection 7.

l. The compensation to be paid licensees including but not limited to provision for variable compensation based on sales volume or incentive considerations.

m. The form and type of marketing, informational, and educational material to be permitted. Marketing material and campaigns shall include the concept of investing in Iowa's economic development and show the economic development initiatives funded from lottery revenue.

n. Subject to section 99E.10, the apportionment of the annual revenues accruing from the sale of lottery tickets or shares and from other sources for the payment of prizes to the holders of winning tickets or shares and for the following:

(1) The payment of costs incurred in the operation and administration of the lottery and the lottery agency, including the expenses of the lottery and the cost resulting

from contracts entered into for consulting or operational services, or for marketing.

(2) Actual and necessary expenses of all audits performed pursuant to section 99E.20, subsection 3.

(3) Incentive programs for lottery licensees and lottery employees.

(4) Payment of compensation to licensees necessary to provide for the adequate availability of tickets, shares, or services to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

4. The board and the commissioner may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

Sec. 110. NEW SECTION. 99E.10 ALLOCATION AND APPROPRIATION OF FUNDS GENERATED -- IOWA PLAN FUND.

1. Upon receipt of any revenue, the commissioner shall deposit the moneys in the lottery fund created pursuant to section 99E.20. As nearly as is practicable, forty-five percent of the projected annual revenue computed on a year-round average basis for each type of lottery game accruing from the sale of tickets or shares is appropriated for payment of prizes to the holders of winning tickets. After the payment of prizes, all of the following shall be deducted from lottery revenue prior to disbursement:

a. An amount equal to one-half of one percent of the gross lottery revenue shall be deposited in a gamblers assistance fund in the office of the treasurer of state. Moneys in the fund shall be administered by the commissioner of human services and used to provide assistance and counseling to individuals and families experiencing difficulty as a result of gambling losses and to promote awareness of gamblers anonymous and similar assistance programs.

b. The expenses of conducting the lottery including the reasonable expenses incurred by the attorney general's office in enforcing this chapter.

Lottery agency expenses for marketing, educational, and informational material shall not exceed four percent of the lottery revenue.

The Iowa plan fund for economic development, also to be known as the Iowa plan fund, is created in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa plan fund on a quarterly basis. However, upon the request of the commissioner and subject to approval by the treasurer of state, an amount sufficient to cover the foreseeable administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery revenue. Prior to the quarterly transfer to the Iowa plan fund, the commissioner may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state or invested in the manner provided in section 452.10. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the Iowa plan fund in the same manner as other lottery revenue. Money in the Iowa plan fund shall be deposited in interest bearing accounts in financial institutions in this state or invested in the manner provided in section 452.10. The interest or earnings on the deposits or investments shall be considered part of the Iowa plan fund and shall be retained in the fund unless appropriated by the general assembly.

2. Funds transferred to the Iowa plan fund shall be used for economic development initiatives. As used in this subsection "economic development initiatives" means initiatives which encourage development of capital, research and development of new products, and development of jobs in this state by expanding existing business and industry,

upgrade academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encourage the conservation of energy in order to create new jobs and attract new business and industry, develop alternate methods for the disposal of solid or hazardous waste, develop markets for products grown or produced or manufactured in the state including the promotion of Iowa and Iowa products, and make grants and loans available to local communities for local economic development initiatives. "Economic development initiatives" does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

3. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets or shares not later than July 1, 1986. The comptroller shall not include lottery revenues in the comptroller's fiscal year revenue estimates. Moneys in the Iowa plan fund shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 111. NEW SECTION. 99E.11 REPORTS.

1. The commissioner shall report quarterly to the governor, the treasurer of state, and the general assembly. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter. The fourth quarter report shall be included in the annual report made pursuant to subsection 2.

2. The commissioner also shall report annually to the governor, the treasurer of state, and the general assembly. The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the commissioner deems necessary or desirable. The annual report shall be submitted within ninety days after the close of a fiscal year.

3. The commissioner shall report immediately to the governor, the treasurer of state, and the general assembly any

matters that require immediate changes in the law in order to prevent abuses or evasions of this chapter or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

Sec. 112. NEW SECTION. 99E.12 STUDIES.

1. The commissioner shall make a continuous study of the lottery to ascertain any defects of this chapter or in the rules which could result in abuses in the administration and operation of the lottery or in any evasion of this chapter or the rules of the commissioner and make recommendations for improvement in this chapter.

2. The commissioner shall make a continuous study of the operation and the administration of similar laws in effect in other states, written material on the subject which is published or available, federal laws which may affect the operation of the lottery, and the reaction of citizens to existing and potential features of the lottery in order to recommend changes that will serve the purposes of this chapter.

3. The commissioner shall make a demographic study of lottery players.

4. The commissioner shall make a study of the extent to which the lottery creates a compulsive gambling problem among lottery players.

Sec. 113. NEW SECTION. 99E.13 CONFLICT OF INTEREST -- PENALTY.

1. A member of the board, the commissioner, or an employee of the lottery shall not directly or indirectly, individually, as a member of a partnership or other association, or as a shareholder, director, or officer of a corporation have an interest in a business which contracts for the operation and marketing of the lottery as authorized by section 99E.9, subsection 2.

2. A member of the board, the commissioner, an employee of the lottery, or a member of their immediate family shall not

ask for, offer to accept, or receive a gift, gratuity, or other thing of more than fifty dollars in value from a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery or from an applicant for a license to sell tickets or shares in the lottery or from a licensee.

3. A person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery, an applicant for a license to sell tickets or shares in the lottery, or a licensee shall not offer a member of the board, the commissioner, an employee of the lottery, or a member of their immediate family a gift, gratuity, or other thing of more than fifty dollars in value.

4. A board member, commissioner, or employee of the lottery who violates a provision of this section, or if a member of their immediate family violates a provision of this section, shall be immediately removed from the office or position.

5. A violation of this section is a serious misdemeanor.

6. As used in this section, "member of their immediate family" means a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent of the board member, the commissioner, or the employee.

7. Enforcement of this section against a board member or commissioner shall be by the attorney general who upon finding a violation shall initiate an action to remove the board member or commissioner.

8. In addition to the prohibitions of this section, the prohibitions of sections 722.1 and 722.2 are applicable.

Sec. 114. NEW SECTION. 99E.14 LOTTERY DIVISIONS -- DIRECTORS.

1. The Iowa lottery agency has three divisions:

a. A security and licensing division.

b. An administrative division.

c. A marketing, education, and information division.

2. Each division is under the supervision of a director appointed by the commissioner and each director shall have expertise in the functions of the division. The commissioner shall designate one of the directors to serve as acting commissioner during the commissioner's absence.

3. Departments, boards, commissions, or other agencies of this state shall provide reasonable assistance to the lottery upon the request of the commissioner.

Sec. 115. NEW SECTION. 99E.15 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY -- SUBPOENA.

The commissioner or the commissioner's designee authorized to conduct an inquiry, investigation, or hearing under this chapter may administer oaths and take testimony under oath relative to the matter of inquiry, investigation, or hearing. At a hearing ordered by the commissioner, the commissioner or the designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the hearing.

Sec. 116. NEW SECTION. 99E.16 LICENSING -- BONDS.

1. The commissioner shall license persons to sell lottery tickets or shares to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets or shares. However, the board may approve a special license to permit a licensee or the lottery agency itself to sell lottery tickets or shares to the public at special events approved by the board. Before issuing a license the commissioner shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point-of-purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is

sufficient cause for revocation of a person's license.

2. A licensee shall sell tickets or shares only on the premises stated in the license. The licensee shall only sell a ticket or share in person and not over a telephone. The licensee shall accept payment in cash only. The licensee shall not extend or arrange credit for the purchase of a ticket or share. As used in this subsection "cash" means United States currency. "Cash" does not mean any other form of payment including, but not limited to, check, credit card, or a negotiable instrument.

3. A licensee shall display the license or a copy of the license together with the lottery rules wherever tickets or shares are sold. A license is not assignable or transferable. The commissioner may issue a temporary license when deemed necessary.

4. The commissioner may require a bond from a licensee in an amount as provided in the rules graduated according to the volume of expected sales of lottery tickets or shares by the licensee, or may require a licensee to furnish evidence of financial responsibility.

5. A bond shall not be canceled by a surety on less than thirty days' notice in writing to the commissioner. If a bond is canceled and the licensee fails to file a new bond with the commissioner in the required amount on or before the effective date of cancellation, the licensee's license shall be automatically suspended. A suspended license shall be revoked if the requirements of this subsection are not met within thirty days of the license suspension. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

6. Subject to the approval of the board, the commissioner may authorize compensation to licensees in the manner and amounts and subject to the limitations the commissioner determines if the commissioner finds that compensation is necessary to assure adequate availability of lottery tickets

or shares.

7. A license shall be granted only after the commissioner finds all of the following:

a. The applicant is at least eighteen years of age.

b. The person has not been convicted of a fraud or a felony.

c. The person has not been convicted or found to have committed a violation of this chapter.

d. The person has not previously had a license issued under this chapter revoked.

e. The person has not had a license to sell lottery tickets or shares in another jurisdiction suspended or revoked by the authority regulating a lottery or by a court of that jurisdiction.

f. The applicant has demonstrated financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

g. The applicant is the true owner of the proposed lottery business and that all persons holding at least a ten percent ownership interest in the applicant's business has been disclosed.

h. The applicant has not knowingly made a false statement of material fact to the commission.

8. If after a license is granted the commissioner finds that the licensee has violated this section, then the commissioner shall revoke the license.

Sec. 117. NEW SECTION. 99E.17 SUSPENSION OR REVOCATION OF LICENSE -- HEARINGS -- HEARING BOARD.

1. The commissioner may suspend or revoke the license of a licensee who violates a provision of this chapter or a rule adopted pursuant to this chapter. If the commissioner suspends or revokes a license, or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the commissioner. Upon receipt of the request for hearing, the commissioner shall set a hearing date

within thirty days of receipt of the request, and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The commissioner may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. A three-member hearing board for the purpose of conducting hearings relating to controversies concerning the issuance, suspension, or revocation of licenses is created. One member shall be a designee of the board, one member shall be the treasurer of state or a designee of the treasurer of state, and one member shall be the commissioner of public safety or a designee of the commissioner of public safety. The lottery board shall adopt rules and procedures for conducting the hearings.

3. A license shall be suspended for a period deemed appropriate by the commissioner. A former licensee whose license is revoked is not eligible to receive another license.

Sec. 118. NEW SECTION. 99E.18 PROHIBITED SALES OF TICKETS OR SHARES -- FORGERY -- PENALTIES.

1. A ticket or share shall not be sold at a price greater than that fixed by the board and the commissioner and a sale shall not be made other than by a licensee or an employee of the licensee who is authorized by the licensee to sell tickets or shares. A person who violates a provision of this subsection is guilty of a simple misdemeanor.

2. A ticket or share shall not be sold to a person who has not reached the age of eighteen. This does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a person who has not reached the age of eighteen. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a person who has not reached the age of eighteen is guilty of a simple misdemeanor. In addition the license of a licensee shall be suspended. A prize won by a person who has not reached the

age of eighteen but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

3. A ticket or share shall not be purchased by and a prize shall not be paid to the commissioner, a board member or employee of the lottery agency, or to a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of the commissioner, a board member, or an employee. A ticket or share purchased in violation of this subsection is void.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket or share is guilty of a class D felony.

Sec. 119. NEW SECTION. 99E.19 DISTRIBUTION OF PRIZES -- UNCLAIMED PRIZES -- PAYMENT PER WINNING TICKET.

1. The commissioner shall award the designated prize to the ticket or share holder upon presentation of the winning ticket or confirmation of a winning share.

All prizes awarded are Iowa earned income. All lottery winnings are subject to state and federal income tax laws. An amount deducted from the prize for payment of a state tax shall be transferred by the commissioner to the state department of revenue on behalf of the prize winner. Unclaimed prize money for the prize on a winning ticket or share shall be retained for a period deemed appropriate by the commissioner, subject to approval by the board. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets or shares in addition to amounts already allocated.

2. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning

ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The commissioner is discharged of all further liability upon payment of a prize pursuant to this subsection. This section does not prohibit the making of a gift of a lottery ticket or share to a person.

Sec. 120. NEW SECTION. 99E.20 DEPOSIT OF RECEIPTS FROM TICKET OR SHARE SALES -- LOTTERY FUND -- QUARTERLY AUDITS.

1. The board shall adopt rules for the deposit as soon as possible in the lottery fund of money received by licensees from the sale of tickets or shares less the amount of compensation, if any, authorized under section 99E.16, subsection 6. Subject to approval of the board, the commissioner may require licensees to file with the commissioner reports of receipts and transactions in the sale of tickets or shares. The reports shall be in the form and contain the information the commissioner requires.

2. A lottery fund is created in the office of the treasurer of state. The fund consists of all revenues received from the sale of lottery tickets or shares and all other moneys lawfully credited or transferred to the fund. The commissioner shall certify quarterly that portion of the fund that is transferred to the Iowa plan fund under section 99E.10 and shall cause that portion to be transferred to the Iowa plan fund of the state.

3. The auditor of state or a certified public accounting firm appointed by the auditor shall conduct quarterly and annual audits of all accounts and transactions of the lottery and other special audits as the auditor of state, the general assembly, or the governor deems necessary. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees necessary to determine compliance with this chapter and the rules adopted pursuant to this chapter.

Sec. 121. NEW SECTION. 99E.21 LIABILITY AND FUNDING.

The board and the commissioner shall operate the lottery so that after the initial state appropriation, it shall be self-sustaining and self-funded. A claim for the payment of an expense of the lottery and the payment of a lottery prize shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets or shares. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

3368 Sec. 122. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The gross receipts from the sales of lottery tickets or shares in lottery games conducted pursuant to chapter 99E.

Sec. 123. Section 537A.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket or share in the state lottery in compliance with chapter 99E.

3373 Sec. 124. Section 692.2, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. The state lottery agency for purposes of section 99E.9, subsection 2.

3373 Sec. 125. Section 725.12, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If any person make or aid in making or establishing, or advertise or make public ~~any~~ a scheme for ~~any~~ a lottery; or advertise, offer for sale, sell, negotiate, dispose of, purchase, or receive ~~any~~ a ticket or part of a ticket in ~~any~~ a lottery or number ~~thereof~~ of a ticket in a lottery; or have in

the person's possession ~~any~~ a ticket, part of a ticket, or paper purporting to be the number of ~~any~~ a ticket of ~~any~~ a lottery, with intent to sell or dispose of the ~~same~~ ticket, part of a ticket, or paper on the person's own account or as the agent of another, the person commits a serious misdemeanor. However, this section does not prohibit the possession by a person of a lottery ticket, part of a ticket, or number of a lottery ticket from a lottery legally operated or permitted under the laws of another jurisdiction.

Sec. 126. Section 725.15, Code 1985, is amended to read as follows:

725.15 EXCEPTIONS FOR LEGAL GAMBLING.

Sections 725.5 to 725.10 and ~~section~~ 725.12 ~~shall~~ do not apply to ~~any~~ a game, activity, ticket or device when lawfully possessed, used, conducted or participated in pursuant to chapter 99B or chapter 99E.

Sec. 127. The commissioner shall file an initial report with the governor, treasurer of state, and the general assembly by January 15, 1986 detailing the commissioner's efforts regarding the establishment of a lottery and the status of the lottery.

Sec. 128. The commissioner shall initiate and operate instant lottery games by September 15, 1985 and on-line lotto games by May 1, 1986.

Sec. 129. It is the intent of the general assembly that this Act shall have temporary effect only, that chapter 99E is repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa lottery board. The amendments to sections 537A.4 and 725.15 made in this Act shall be stricken when chapter 99E is repealed.

DIVISION II

Sec. 201.

1. The treasurer of state shall, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, make allotments of the moneys within the Iowa plan fund for

economic development created in section 99E.10 to separate accounts within that fund as follows:

a. The first ten million dollars to the "Community Economic Betterment" account.

b. Of the next thirty-five million dollars, the first thirty million dollars is allotted equally to the "Jobs Now" account and the "Education and Agriculture Research and Development" account with the next five million dollars allotted to the jobs now account.

c. After the allotments have been made under paragraphs "a" and "b", fifty percent of the excess, not to exceed ten million dollars, to the community economic betterment account and the rest to the "Surplus" account.

d. Before the treasurer makes the allotments under paragraphs "a", "b", and "c", the treasurer shall repay to the general fund the loan for start up purposes of the Iowa lottery.

2. There is appropriated from the allotment made to the community economic betterment account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the Iowa development commission the amount in that account, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

f. SBA loan participation program.

Except for paragraph "f", only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to

the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the commission for a project from additional moneys credited to that account is not subject to the one million dollar limitation.

The commission may establish an SBA loan participation program. This program shall allow for the purchase by the commission of up to ninety percent participation in loans made by financial institutions in this state to small businesses which loans have been guaranteed by the United States small business administration. Before participating in any loan, the commission may enter into an agreement with the financial institution on the interest rate that will be applied to the state's participation and that this rate will be passed on to the borrower. The commission may establish rules for the program which may include, but not be limited to, the amount in dollars of the state's participation in any loan, the type and size of the small business eligible, the number of new jobs as a result of a loan, and a risk rating system which, if set up, shall be done in conjunction with banks familiar with these types of loans.

3. There is appropriated from the allotment made to the jobs now account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following

amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the state conservation commission the sum of three million seven hundred fifty thousand (3,750,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside for the acquisition of land for expansion or development of state forests and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards.

b. To the Iowa world trade center board as identified in division IV of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the state's acquisition of a portion of the Iowa world trade center as provided for in division IV of this Act and to fund the operational costs of the state's portion of the Iowa world trade center as provided in division IV of this Act.

c. To the Iowa product development fund the sum of one million (1,000,000) dollars for the purposes provided in section 28.89.

d. To the office for planning and programming the sum of one million (1,000,000) dollars for additional and supplemental funding for the child care services program and the displaced homemakers program in connection and coordination with the federal Job Training Partnership Act of

1982 and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities, infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a listing of other sources of income, the staff to be employed, and the method to make the service or program self supporting within three years.

e. To the office for planning and programming the sum of two hundred fifty thousand (250,000) dollars for the purposes of the cultural community grants program established under 1983 Iowa Acts, chapter 207, section 92.

f. To the Iowa development commission the sum of four million seven hundred fifty thousand (4,750,000) dollars for the purposes designated as follows:

(1) Business incubators.

(2) Satellite centers under division V of this Act.

(3) Entrepreneurial institutes.

(4) Federal procurement offices.

(5) Supplementary advertising budget.

(6) Iowa main street program.

4. There is appropriated from the allotment made to the education and agriculture research and development account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the first in the nation in education, an education foundation established in division VI of this Act, the sum of two million nine hundred thousand (2,900,000) dollars, to be

deposited in the first in the nation in education fund, in trust, together with moneys received from other sources, for the purpose of generating revenue to finance the foundation. Funds appropriated in this paragraph shall not be transferred from the education and agriculture research and development account to the first in the nation in education fund until the governing board of the foundation certifies to the treasurer of state that it will receive for deposit in the fund during the fiscal year at least two million nine hundred thousand (2,900,000) dollars from other sources.

b. To the first in the nation in education, an education foundation, the sum of one hundred thousand (100,000) dollars to begin activities of the foundation.

c. To the Iowa college aid commission the sum of seven hundred fifty thousand (750,000) dollars for the forgivable loan program established in division VII of this Act. However, funds shall not be transferred to the college aid commission until the college aid commission certifies to the treasurer of state that the association of private colleges and universities will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for the same fiscal year.

d. To the Iowa development commission the sum of six hundred thousand (600,000) dollars to develop and administer programs to encourage foreign trade. Prior to providing funds for any activity under this paragraph the Iowa development commission shall seek the input of public and private institutions of higher education, relevant government agencies, boards and departments, and private sector businesses involved in foreign trade for the purpose of coordinating trade related resources already available and those created pursuant to this Act in Iowa higher education institutions. The commission shall also, after seeking input from these entities, initiate the development of trade related curricula and curricula to support potential growth sectors

and develop new programs to provide trade assistance to small and medium-sized Iowa businesses including, but not limited to, those created under this paragraph. The commission shall work with Iowa businesses engaged in foreign trade and public and private institutions of higher education to create a comprehensive plan designed to promote and develop the trade of Iowa's agricultural and manufactured products and services in foreign markets and shall coordinate the plan with other public and private foreign trade efforts including those created pursuant to this Act. The Iowa development commission shall require, where feasible, that recipients of moneys appropriated in this section certify to the Iowa development commission that they will provide contributions, either in-kind or financial, equal to up to fifty percent of the moneys the recipient will receive under this section. The programs are as follows:

(1) To establish internships with Iowa businesses involved in foreign trade, with foreign businesses, with foreign governments, and with the Iowa development commission. A student who is enrolled in an Iowa institution of higher education in a course of study that could involve the student in foreign trade is eligible to apply for an internship. College credit will be given in a manner determined by the institution of enrollment. Money granted for internships shall be used for travel expenses and a stipend for the interns.

(2) To establish a program in which professors employed at Iowa institutions of higher education who are familiar with the language and customs of foreign countries are utilized as cultural advisors for the Iowa development commission and for Iowa businesses participating in trade missions and other foreign trade activities.

(3) To establish a program of short courses useful to assist Iowans in developing skills needed to participate in foreign trade, including but not limited to courses in foreign

language, foreign culture and business practices, and foreign trade strategies. The short courses shall be developed in cooperation with Iowa institutions of higher education.

(4) To develop a data base of information useful in foreign trade.

(5) To establish a clearinghouse listing of state residents who have political, social, or business contacts in foreign countries.

(6) To provide assistance in foreign language translation for correspondence and other purposes.

(7) To establish a program for conducting a business risk analysis for Iowa businesses seeking markets in foreign countries. Iowa businesses would file requests for the risk analysis with the Iowa development commission. The Iowa development commission shall contract with an Iowa higher education institution for an analysis of conditions in a specific foreign country as requested by an Iowa business, including but not limited to, rate of exchange projections for the currency, political climate, cultural mores relating to business etiquette, market climate, and assessment of the political and social status of the business' personal contacts.

e. To the Iowa development commission the sum of one million (1,000,000) dollars for providing grants to applicants who submit plans for developing alternative cash crops and for developing products or processes that increase the value of Iowa products. The grants shall be made only to applicants who submit evidence to the commission that they possess, or will possess, contributions, either in-kind or financial, from another source equivalent to the amount of the grant. The Iowa development commission shall award grants based upon the proposal's potential for creating jobs and economic development in this state. The Iowa development commission shall award the first grant, which shall be equal to one hundred thirty thousand (130,000) dollars, to the state board

of regents for developing alfalfa as a third major cash crop.

f. To the department of public instruction the sum of one million (1,000,000) dollars to be allocated to the merged area schools filing requests with the department for the purchase of equipment. The department of public instruction shall allocate moneys to an area school based upon the ability of the area school to provide matching contributions, either in-kind or financial, and the potential for creation of jobs and economic development. The maximum grant to an area school shall not exceed two hundred fifty thousand (250,000) dollars.

g. To the Iowa development commission the sum of seven million two hundred thousand (7,200,000) dollars to be allocated by the Iowa development commission to the state board of regents for economic development and research and development purposes at the institutions of higher education under the control of the state board of regents. The institutions may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, within the limits of the funds appropriated in this section, determine the specific proposals for which it requests funding and submit them to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions the moneys for the various proposals requested by the state board of regents unless the Iowa development commission disapproves of a specific proposal as inconsistent

with the plan for economic development for this state. The state board of regents may submit additional proposals for those not approved by the Iowa development commission.

h. To the state board of regents the sum of seven hundred thousand (700,000) dollars to be used by Iowa state university for the establishment of Iowa farm management program. The cooperative extension service shall administer the program with provisions for cooperation and assistance through the department of public instruction. The program may be offered in conjunction with programs offered at the merged area schools and at school districts. The cooperative extension service may allocate moneys appropriated in this section for the program to area schools and school districts participating in the program. The cooperative extension service may accept gifts from other sources to supplement moneys appropriated in this section.

i. To the Iowa energy policy council the sum of seven hundred fifty thousand (750,000) dollars to be used to research and develop alternative and renewable Iowa-based resources of energy and for an Iowa coal research and demonstration program to research and develop the industrial use of Iowa coal. The research and demonstration program shall be conducted by a person approved by the council who has certified to the council that the person has available an equal amount which will be used in the research and demonstration program.

5. If the moneys to be allotted to the jobs now account or education and agriculture research and development account are less than the amount specified in subsection 1, paragraph "b", the moneys appropriated to the funds, agencies, boards or commissions for the purposes specified in subsection 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

6. The moneys appropriated in subsections 2, 3 and 4 shall remain in the appropriate account of the Iowa plan fund until

such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made from any of the accounts within the Iowa plan fund on June 30, 1986 shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

7. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 202.

1. The treasurer of state shall, for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. In each of the four fiscal years the first ten million dollars to the community economic betterment account.

b. In each of the fiscal years beginning July 1, 1986 and July 1, 1987, of the next forty-four million dollars, the first thirty-six million dollars is allotted equally to the jobs now account and the education and agriculture research and development account with the next eight million dollars to the jobs now account.

c. In each of the fiscal years beginning July 1, 1988 and July 1, 1989, of the next forty-four million dollars, the first thirty-four million dollars is allotted equally to the jobs now account and to the education and agriculture research

and development account with the next ten million dollars to the education and agriculture research and development account.

d. After the allotments have been made under paragraphs "a" and "b" or "c" in each of the fiscal years, fifty percent of the excess, not to exceed ten million dollars, to the community economic betterment account and the rest to the "Surplus" account.

2. There is appropriated moneys in the community economic betterment account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission to be used for the following purposes in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

f. SBA loan participation program.

The conditions, criteria and limitations specified in section 201, subsection 2 of this Act applies to the providing of moneys under this subsection.

3. There is appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the state conservation commission for the purposes designated in section 201, subsection 3, paragraph "a" of this Act.

b. To the Iowa world trade center board as identified in division IV of this Act for the purposes specified in section 201, subsection 3, paragraph "b" of this Act.

c. To the Iowa product development fund for the purposes provided in section 28.89.

d. To the office for planning and programming for the purposes designated in section 201, subsection 3, paragraphs "d" and "e" of this Act.

e. To the Iowa development commission for the purposes designated in section 201, subsection 3, paragraph "f" of this Act.

4. There is appropriated moneys in the education and agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the first in the nation in education, an education foundation established in division VI of this Act for deposit in the first in the nation in education fund in trust.

It is the intent of the general assembly that three million (3,000,000) dollars be appropriated under this paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. However, it is the intent of the general assembly that the funds shall not be transferred during any of the listed fiscal years until the governing board of the foundation certifies to the treasurer of state that it will receive for deposit in the fund during that fiscal year at least three million (3,000,000) dollars from other sources.

b. To the department of public instruction to be used for excellence in education incentive awards granted under 260A.

It is the intent of the general assembly that seven hundred fifty thousand (750,000) dollars be appropriated under this

paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. It is the intent of the general assembly that as the funds are appropriated for the awards, section 260A.4 will be amended to allow awards of up to twenty-five thousand dollars.

c. To the Iowa college aid commission for the forgivable loan program established in division VII of this Act. However, it is the intent of the general assembly that for the named fiscal years the forgivable loan program be expanded to apply also to students enrolled in institutions of higher education under the control of the state board of regents and to students enrolled in area schools as defined in section 280A.2, subsection 10, and that one million five hundred thousand (1,500,000) dollars be appropriated under this paragraph for each of the fiscal years beginning July 1, 1986 through the fiscal year beginning July 1, 1989. It is the intent of the general assembly that one-half of the funds be distributed under the conditions specified in section 201, subsection 4, paragraph "c" of this Act and one-half of the funds be distributed for the forgivable loan program established in division VII of this Act for Iowa resident students enrolled at an institution of higher education under the control of the state board of regents and for Iowa resident students enrolled at an area school. It is the intent of the general assembly that the college aid commission shall certify to the treasurer of state that the state board of regents and the Iowa association of community college trustees will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for each year before the money for the forgivable loan program for the state board of regents institutions and the area schools is transferred to the college aid commission.

d. To the Iowa development commission for the purposes and under the conditions specified in section 201, subsection 4, paragraphs "d", "e", and "g" of this Act.

e. To the department of public instruction for the purposes and under the conditions specified in section 201, subsection 4, paragraph "f" of this Act.

f. To the state board of regents for the purposes and under the conditions specified in section 201, subsection 4, paragraph "h" of this Act.

g. To the Iowa energy policy council for the purposes and under the conditions specified in section 201, subsection 4, paragraph "i" of this Act.

5. If the moneys to be allotted in a fiscal year to the jobs now account or education and agriculture research and development account is less than the amount specified for that fiscal year in subsection 1, paragraph "b" or "c", as applicable, the moneys appropriated for that fiscal year to the funds, agencies, boards or commissions for the purposes specified in subsection 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

6. The moneys appropriated in subsections 2, 3 and 4 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

7. The agency, board, commission, or overseer of the fund

to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 203. For each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, the Iowa partnership for economic progress advisory committee established under division III of this Act shall submit to the general assembly by March 1 preceding the beginning of the fiscal year planned expenditures from the allotment to be made for that fiscal year to the community economic betterment account, the jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards or commissions for the purposes specified in subsections 2, 3, and 4 of section 202 of this Act. The Iowa partnership for economic progress shall include a description of planned expenditures to be made of the moneys in the surplus account.

Plans may provide for increased or decreased expenditures if the allotment available for those appropriations is greater than or less than the allotment specified in subsection 1 of section 202 of this Act. In order to enable the Iowa partnership for economic progress to prepare its plans for future expenditures, it has authority to review applications and uses of the moneys appropriated from each allotment. However, this authorized review does not authorize the Iowa partnership for economic progress to veto or deny any application or use and such review shall not cause any delay in the approval of an application or use.

DIVISION III

Sec. 301. NEW SECTION. TITLE.

This chapter may be cited as the "Economic Development Reorganization Act".

Sec. 302. NEW SECTION. DEFINITIONS.

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

1. "Commission" means the Iowa development commission.

2. "Committee" or "advisory committee" means the Iowa partnership for economic progress advisory committee, established in section 305 of this Act.

3. "Programs and services" means economic development programs, services and agencies as described in section 303 of this Act.

Sec. 303. NEW SECTION. GOVERNOR'S REORGANIZATION PLAN.

By December 1, 1985, the governor shall submit to the general assembly a proposal for the reorganization and coordination of all state economic development programs and services under one comprehensive department of economic development. In the course of developing the reorganization plan, the governor shall consult with the advisory committee. For purposes of this chapter, economic development programs and services shall include, but are not limited to, those which provide one or more of the following:

a. Community development.

b. Planning and management assistance.

c. Technical assistance.

d. Education and job training.

e. Financial assistance for programs and services described in paragraphs "a" through "d" and other programs and services, including those that are federally funded but administered by the state, and other federal and local funding programs.

Sec. 304. NEW SECTION. INTERIM COORDINATING AGENCY.

Upon enactment of this chapter, and until the establishment of a central department of economic development, the Iowa development commission shall be the interim coordinating agency for federal, state and local economic development programs and services. Statewide delivery of programs and services shall be accomplished through a network of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

Sec. 305. NEW SECTION. ADVISORY COMMITTEE ESTABLISHED.

The Iowa partnership for economic progress is established to serve as an advisory committee to the commission pending the creation of a department of economic development, at which time the committee will act as an advisory body to the new department. The commission, and ultimately the department of economic development, shall provide the committee with administrative staff personnel in accordance with chapter 19A, and shall provide other assistance as necessary.

Sec. 306. NEW SECTION. COMPOSITION OF ADVISORY COMMITTEE.

1. The committee shall consist of eleven members appointed by the governor subject to confirmation by the senate. Members shall be appointed for four-year terms beginning and ending in accordance with section 69.19.

2. Members shall be appointed from local government, business, labor and education as follows:

a. Six members from business, including one representative from small business, one representative from insurance and one representative from agribusiness. Appointees shall be an owner, president, chief executive officer, board member or other senior officer of the firm or organization they represent. Appointments shall be made from lists of nominees submitted by business, trade or industrial associations representing at least twenty-five members.

b. Two members from organized labor. Appointments shall be made from lists of nominees submitted by any organizations authorized to bargain on behalf of people employed in this state.

c. Two members from education. Appointments shall be made from lists of nominees submitted by the board of regents, the association of independent colleges and universities, or the association of community college trustees.

d. One member from local government. Appointment shall be made from lists of nominees submitted by the Iowa state association of counties and the league of municipalities.

Sec. 307. NEW SECTION. ADVISORY COMMITTEE DUTIES.

1. The committee's duties and responsibilities shall include, but are not limited to the following:

a. To provide assistance as needed or requested by the governor in the development of the governor's proposal for economic development reorganization and coordination. In order to facilitate the committee's assistance of the governor's office, all economic development agencies and programs shall submit reorganization and coordination proposals and recommendations to the committee within six months of the effective date of this chapter.

b. To submit plans to the general assembly relative to the disbursement of lottery revenues pursuant to division II of this Act.

c. To collaborate with the commission on the review of all disbursements of lottery revenues.

d. To assist the commission in the development and administration of a statewide regional delivery network for programs and services.

e. To review, coordinate and implement other economic development proposals that emerge from studies now underway or recently completed.

f. To assist in the coordination of federal, state, local and private sector programs and services.

g. To analyze, at regular and frequent intervals, the trends and growth opportunities in major sectors of the economy, particularly those represented in the Iowa economy.

h. To analyze, at regular and frequent intervals, the general economic, demographic, state fiscal and business climate indicators that define Iowa's position relative to regional and national trends.

i. To initiate special economic development studies as deemed necessary.

Sec. 308. NEW SECTION. ORGANIZATION OF ADVISORY COMMITTEE.

The committee shall annually elect from its membership a chairperson and shall adopt rules to govern its proceedings. Election of the chairperson shall be held at the committee's first meeting in each calendar year. The committee shall meet at least once a month and otherwise as often as necessary. Members shall be compensated for their actual and necessary expenses incurred in the performance of their duties in accordance with section 28.2. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

Sec. 309. Notwithstanding the provisions of section 306 of this Act, of the initial appointees to the committee two members shall be appointed for one-year terms, three members shall be appointed for two-year terms, three members shall be appointed for three-year terms, and three members shall be appointed for four-year terms. The initial appointees' successors shall be appointed to terms of four years each except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the committee member replaced.

DIVISION IV

Sec. 401. NEW SECTION. 18C.1 CREATION OF BOARD.

1. There is created an Iowa world trade center board consisting of five commissioners, hereafter referred to as "the board", appointed by the governor subject to confirmation by the senate.

2. The commissioners shall be appointed by the governor for staggered terms of four years beginning and ending as provided in section 69.19, except that for the initial board two commissioners shall be appointed for four years and three commissioners shall be appointed for six years. Not more than three commissioners shall be of the same political party. Not more than one commissioner shall be from the same congressional district. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A

commissioner is eligible for reappointment. A commissioner may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

3. The board shall elect from among its members a chairperson and a vice chairperson annually and other officers as it may determine. Meetings shall be held at the call of the chairperson or whenever two commissioners so request. Three commissioners of the board shall constitute a quorum and the affirmative vote of three commissioners shall be necessary for any action taken by the board. A vacancy in the membership of the board shall not impair the right of a quorum to exercise all the rights and perform all the duties of the board.

4. Commissioners shall serve without compensation.

5. The board shall be expanded to nine commissioners after the board has selected and the executive council has approved the private enterprise interest to organize, construct, and operate an Iowa world trade center and the additional four members shall be appointed by and from those same private enterprise interests. Any action taken by the expanded board shall require:

a. A majority approval of the entire board.

b. A majority approval of the five members appointed by the governor.

c. A majority approval of the four members appointed by the private enterprise interests.

Sec. 402. NEW SECTION. 18C.2 DUTIES OF THE BOARD.

1. It shall be the duty of the board to accept proposals from private groups to organize, construct, and operate an Iowa world trade center. In submitting a proposal, the private group shall also submit a study outlining the feasibility of its proposal. The board is empowered to contract for an independent analysis of the feasibility of any

proposal submitted. The board is empowered to approve a proposal and obligate, but not in excess of thirty million dollars, the state in the construction of an Iowa world trade center under the approved proposal. However, no proposal shall be approved and the state obligated under the proposal unless the proposal provides that the private group shall provide moneys at least equal to the amount which the board has obligated the state.

2. Provide for the management and operation of a building or facility owned by the state in a world trade center. A fee may be negotiated which will be paid by the state for necessary services provided to or for the building or facility owned by the state to the city in which the building or facility is located. The management and operation may be done by entering into a service agreement with a management firm. If such management agreement is entered into, the board shall require periodic reports from the firm on the operation, costs, and revenues of the building or facility owned by the state.

3. Provide for the leasing of space in the state's building or facility to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in a world trade center.

4. Use and operate the building or facility for the purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

Sec. 403. NEW SECTION. 18C.3 POWERS.

In the performing of its duties, the board is empowered and authorized to make and enter into contracts, and to generally do all such things as in its judgment may be necessary, proper and expedient in accomplishing its duties. However, the board shall not sign a contract for the acquisition of a building or

facility within or as part of an Iowa world trade center unless the contract is first approved by the executive council. The board is authorized to seek advice and counsel of informed individuals, or any agricultural, industrial, professional, labor or trade association, or business or civic group in the accomplishment of the aims and objectives of this chapter. The board is authorized to employ and fix the compensation of architects, engineers, attorneys, accountants, building construction and financial experts and advisors, and other advisors, consultants, and agents as may be necessary in the board's judgment, to independently analyze the feasibility of any proposal.

Sec. 404. Section 427.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. STATE PROPERTY IN THE IOWA WORLD TRADE CENTER. The land, grounds, and the building or facility owned by the state which is within or part of the Iowa world trade center.

DIVISION V

Sec. 501. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as provided in section 28.101.

Sec. 502. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "The Primary Research and Marketing Center for Business and International Trade". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and

contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center for business and international trade, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services unique to economic development offered by and purchased by businesses located in the state.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development and production of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export financing, including the use of bartering transactions.

f. Coordinating the satellite centers.

g. Training for and coordination of a computer system to be used by this center and its satellite centers. Wherever practicable the commission shall work with educational institutions involved with either the primary research and marketing center for business and international trade or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

h. Coordinating the delivery of programs and services with other state, local, and federal economic development programs and activities including, but not limited to, those available at institutions of higher learning in this state, the United States department of commerce, and other appropriate agencies.

2. To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the commission may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section. Each regional delivery area wishing to receive a grant from the commission to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the Iowa development commission. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the Iowa partnership for economic progress created in division III of this Act. The Iowa partnership for economic progress may rescind its approval of a regional coordinating plan upon thirty days notice, if the Iowa partnership for economic progress determines that the stated purpose of the plan is not being carried out. The Iowa partnership for economic progress may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The center director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Communicating with the primary research and marketing center for business and international trade.

d. Coordinating local marketing activities and efforts of local business.

e. Coordinating delivery of all federal, state, and local economic development programs and services within the area.

f. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local colleges, universities, and businesses in developing primary research programs. Primary and secondary research shall be used for analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications of products and services to meet the changes.

A regional coordinating council may enter into an agreement under chapter 28E with other regional coordinating councils for the purpose of fostering tourism within their areas. Regional coordinating councils shall be considered public agencies for purposes of chapter 28E.

The regional coordinating council of each regional economic delivery area shall consist of at least six members who shall be selected from state and local government, business, and education which are representative of the region. Beginning with the fiscal year beginning July 1, 1987, only applications from political subdivisions located within regions with an approved regional coordinating plan will be accepted for moneys from the community betterment account established in the Iowa plan fund for economic development in division II of this Act. A political subdivision shall submit a copy of the application to the regional coordinating council at the same

time as the application is submitted to the Iowa development commission.

DIVISION VI

Sec. 601. NEW SECTION. 257A.1 FIRST IN THE NATION IN EDUCATION.

There is created a corporate body called "First In the Nation in Education, an education foundation". The foundation is an independent nonprofit quasi-public instrumentality and the exercise of the powers granted to the foundation as a corporation in this chapter is an essential governmental function. As used in this chapter "foundation" means "First In the Nation in Education, an education foundation". The purposes of the foundation include but are not limited to the following:

1. Providing statewide leadership in identifying both immediate and long-range education issues for which a knowledge base is needed.

2. Conducting basic research in education issues.

3. Collecting, analyzing, and disseminating education information generated in other states and countries as well as in this state.

4. Establishing linkages with regional education laboratories and research institutes.

5. Establishing strategies and developing materials and practices to implement the results of the research.

6. Developing and supporting innovative and cooperative programs for school districts.

7. Making the results of research available in forms that are most useful to practitioners and policymakers.

Sec. 602. NEW SECTION. 257A.2 GOVERNING BOARD.

The foundation shall be administered by a governing board consisting of twenty-four members. Twelve members shall be public members who are selected to include representatives of business, labor, and the general public with a demonstrated interest in educational excellence. Six public members shall

be appointed by the governor and six public members shall be appointed by the legislative council. The remaining twelve members shall be appointed by the governor from lists of nominees submitted by associations interested in education. The remaining twelve members shall include the following:

1. Two members representing the largest state association representing teachers in this state.

2. One member representing the state association of school board members.

3. One member representing the state association of school superintendents.

4. One member representing the state association of school principals.

5. One member representing the state board of public instruction.

6. One member representing the state board of regents.

7. One member representing the state association of independent colleges and universities.

8. One member representing the state association of community colleges.

9. One member representing the state association of nonpublic school administrators.

10. One member representing the state association of parents and teachers.

11. One member representing the state association representing rural schools.

Sec. 603. NEW SECTION. 257A.3 BOARD REQUIREMENTS.

1. Members of the board shall be appointed by the appointing authority for staggered terms of six years beginning and ending as provided in section 69.19. Vacancies shall be filled in the same manner as the original appointment. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term.

2. Members of the board shall be reimbursed for actual and necessary expenses incurred while engaged in their official

duties from funds available to the foundation.

3. Members shall elect a chairperson and vice chairperson annually. A majority of the members of the board constitute a quorum. The executive director, if there is one, shall serve as secretary to the board, otherwise the members of the board shall elect a secretary.

4. Meetings of the board shall be held at least quarterly at the call of the chairperson or at the request of a majority of the members of the board.

Sec. 604. NEW SECTION. 257A.4 NONPROFIT CORPORATION.

The foundation as a corporation created in section 257A.1 has perpetual succession. The succession shall continue until the existence of the corporation is terminated by law. If the corporation is terminated, the rights and properties of the corporation shall pass to the state. However, debts and other financial obligations shall not succeed to the state.

Sec. 605. NEW SECTION. 257A.5 DUTIES OF THE BOARD.

The governing board, within the limits of the funds available to it, shall:

1. Be authorized to secure one or more individuals to direct the activities of the foundation. If the foundation employs one or more individuals, the employees shall be employees of the state.

2. Approve a long-range plan relating to the conduct of educational research and development activities.

3. Determine the research and development activities to be undertaken, based upon an assessment of the education needs in this state from early childhood education to adult education.

4. Execute contracts with public and private agencies to conduct research and development activities.

5. Perform functions necessary to carry out the purposes of the foundation.

6. Invest the moneys that are deposited in the fund created in section 257A.7.

7. Disseminate information developed as a result of re-

search and development activities in forms usable by education personnel.

8. Establish advisory committees to assist the foundation in carrying out its purposes.

Sec. 606. NEW SECTION. 257A.6 DUPLICATION OF RESEARCH.

Research activities of the foundation shall not duplicate educational research efforts taking place in Iowa's colleges and universities unless for validation or confirmation of research results.

Sec. 607. NEW SECTION. 257A.7 FUND CREATED.

1. Moneys received by the foundation shall be deposited in a special fund in the office of treasurer of state known as the "First In the Nation in Education Fund". Moneys deposited in the fund shall not be expended, but shall be invested by the board in investments authorized for the Iowa public employees' retirement fund in section 97B.7, unless the purposes set forth in the appropriations, grants, or gifts preclude the use of these moneys solely for investment. Interest income shall be paid quarterly from the fund to the foundation.

Notwithstanding section 8.33, funds appropriated to the foundation shall not revert at or after the close of a fiscal year, but shall remain in the fund.

2. The foundation may accept grants, gifts, and bequests, including but not limited to appropriations, federal funds, and other funding available for educational research and development purposes. Moneys accepted under this subsection shall be deposited in the fund.

Sec. 608. For the initial board, two from the governor's public member appointees and two from the legislative council's public member appointees shall serve two-year terms, two from each shall serve four-year terms, and two from each shall serve six-year terms. In addition, one member appointed under section 257A.2, subsection 1, and members appointed under section 257A.2, subsections 3, 5, and 7 shall serve two-

year terms; members appointed under section 257A.2, subsections 2, 4, 6, and 8 shall serve four-year terms; and the other members shall serve six-year terms. The members shall be appointed to shortened terms that commence July 1, 1985 and end as provided in section 69.19.

DIVISION VII

Sec. 701. NEW SECTION. 261.64 FORGIVABLE LOAN PROGRAM.

There is established a forgivable student loan program to be administered by the college aid commission. An individual is eligible for the reimbursement payments plan under the program if the individual meets all of the following conditions:

1. Is an Iowa resident student enrolled at an accredited private institution as defined in section 261.9, subsection 5.

2. Has filed an application for the loan with the college aid commission, using the procedures specified in section 261.16.

3. Meets the requirements for a tuition grant.

Sec. 702. NEW SECTION. 261.65 FORGIVABLE LOAN ADMINISTRATION.

The college aid commission shall administer the forgivable loan program in the same manner as specified in section 261.15 for the tuition grant program. The maximum loan that a student is eligible to receive is an amount equal to the maximum tuition grant awarded by the commission for the same fiscal year. A student is eligible to receive both a tuition grant and a forgivable loan. The interest rate for the forgivable loan shall be equal to the interest rate being collected by an eligible lender under the Iowa guaranteed student loan program for the year in which the forgivable loan is made.

Sec. 703. NEW SECTION. 261.66 INTEREST AND PRINCIPAL PAYMENT.

A student receiving a forgivable loan under section 261.64 shall begin paying the annual cost of interest immediately

following graduation on an annual basis for five years. If the student remains an Iowa resident and is employed in a teaching position in an area in which a teaching shortage exists or is employed in the private sector in the applied areas of mathematics, science, foreign language, or high technology, as determined by the commission, for five years immediately following graduation, the student is not responsible for payment of the principal amount of the loan and shall not pay interest on the loan. If the commission determines that the student does not meet the criteria for elimination of the principal and interest payments, the commission shall establish by rule a plan for repayment of the principal and interest over a ten-year period. If a student who is required to make the repayment does not make the required payments, the commission shall provide for collecting the payments.

There is created a forgivable loan repayment fund for deposit of payments made by the recipients. Payments made by the recipients of the loans shall be credited to the fund and may be used to make additional loans under the program. Moneys in the fund shall not revert to the general fund of the state at the close of a fiscal year.

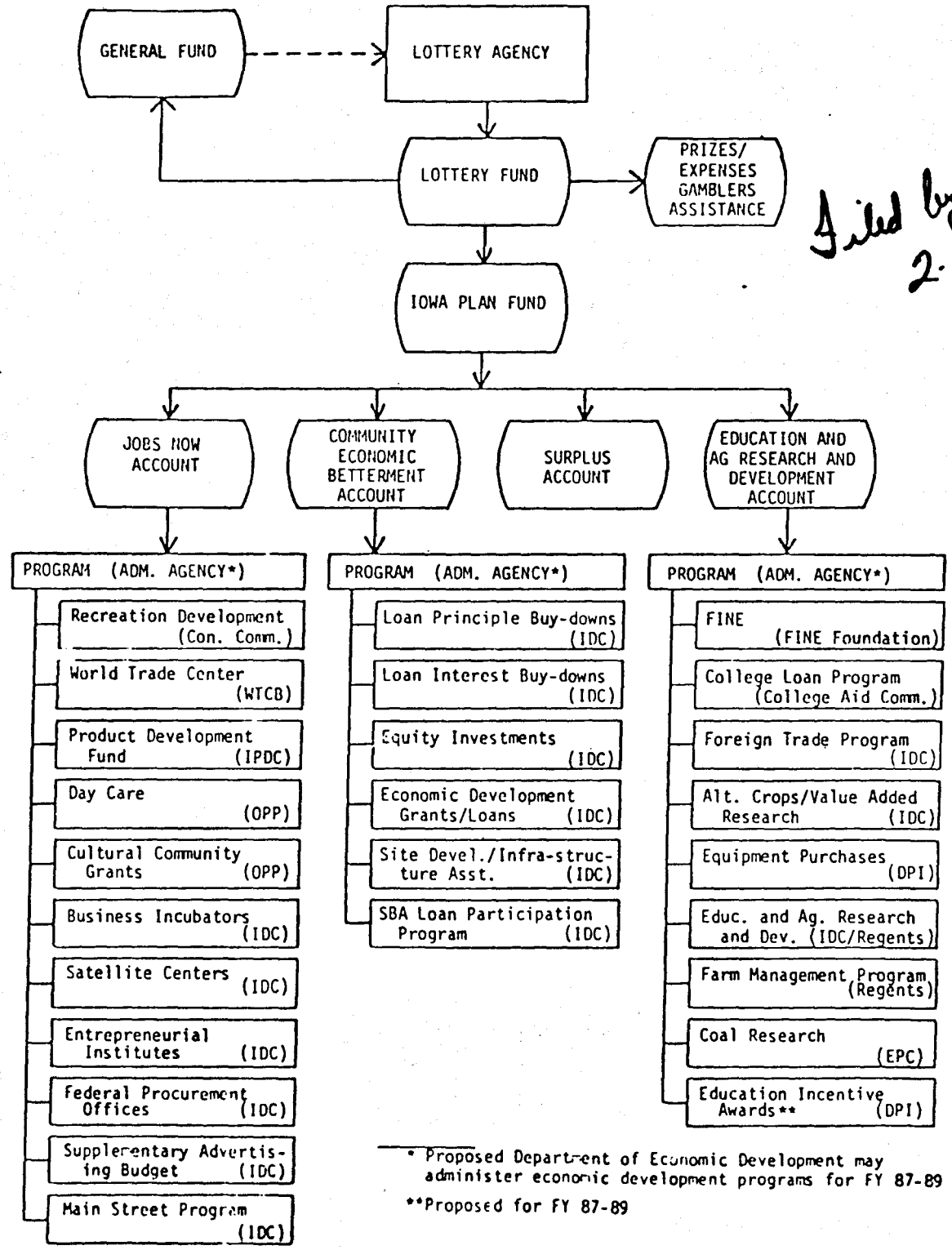
Sec. 704. This Act, being deemed of immediate importance, takes effect from and after its publication in The Clinton Herald, a newspaper published in Clinton, Iowa, and in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona, Iowa.

SENATE 12
FEBRUARY 28, 1985

REQUESTED BY SEN. PALMER

HOUSE FILE 225
FISCAL NOTE

House File 225, as passed by the House, provides for the establishment of a state lottery, the establishment of new economic development programs, and the reorganization of economic development programs, making appropriations within the following structural format:



Filed by Sen. Smith 2-27-85

* Proposed Department of Economic Development may administer economic development programs for FY 87-89

**Proposed for FY 87-89

DIVISION I. Provides for the establishment of a STATE LOTTERY. The division creates a state agency, to be known as the IOWA LOTTERY AGENCY, headed by a commissioner appointed by the Governor, with Senate confirmation. The Iowa Lottery Agency will have within it three divisions: security and licensing; administration; and marketing, promotion, and advertising. A lottery board is created consisting of five members, appointed by the Governor subject to Senate confirmation. Members of the board shall be compensated at a rate of $6,000 per year. Departments, boards, commissions or other agencies of this state shall provide reasonable assistance to the lottery upon the request of the commissioner.

The board makes rules for implementing and enforcing the lottery and approves activities of the commissioner, including contracts for operation and lottery promotion. The board shall authorize instant lottery and on-line lotto games and may authorize the use of any type of lottery that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve revenue objectives of the lottery. The board and the commissioner may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games. Board decisions shall maintain the dignity of the state and the general welfare of the people, promoting public awareness of the concept of investing in Iowa's economic development.

The commissioner shall make continuous studies to maintain the lottery as an efficient, abuse-free, up-to-date operation, recommending changes as necessary. Additionally, the commissioner shall make a demographic study of lottery players and shall study the extent to which the lottery creates a compulsive gambling problem among lottery players. Subject to the approval of the board, the commissioner may directly solicit proposals or enter into contracts for the purchase, lease or other procurements of goods and services necessary to conduct the lottery operations.

The board and the commissioner shall operate the lottery so that after the initial state appropriation it shall be self-sustaining and self-funded. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets not later that July 1, 1986. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses or prizes of the lottery. The auditor of state or a certified public accounting firm shall conduct quarterly and annual audits of all accounts and transactions of the lottery and other special audits as the auditor, the general assembly, or the governor deems necessary.

As nearly as is practicable, 45 percent of the projected annual revenue accruing from the sale of lottery tickets, computed on an year-round average basis for each type of lottery game, shall be paid out in prizes. After the payment of prizes, the reasonable expenses of conducting the lottery shall be paid, including the reasonable expenses incurred by the attorney general's office in enforcing the contents of this division. Lottery Agency expenses for marketing, educational and informational material shall not exceed four percent of the lottery revenue and shall include the concept of investing in Iowa's economic development.

An amount equal to one-half of one percent of the gross lottery revenue shall be deposited in a GAMBLER'S ASSISTANCE FUND in the office of the state treasurer. This fund shall be administered by the commissioner of Human Services to provide assistance and counseling to gamblers and their families and to promote gamblers' assistance programs.

The division further establishes a LOTTERY FUND in the office of the state treasurer

consisting of all revenues received from the sale of lottery tickets and all other moneys lawfully credited or transferred to the fund. Interest earnings of the fund shall be considered additional lottery revenue. The comptroller shall not include lottery revenues in the comptroller's fiscal year estimates. The gross receipts from the sales of lottery tickets or shares in lottery games are not subject to state sales tax.

An IOWA PLAN FUND FOR ECONOMIC DEVELOPMENT (the Iowa Plan Fund) is created in the office of the state treasurer. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa Plan Fund on a quarterly basis. However, upon the request of the commissioner and subject to approval by the state treasurer, an amount sufficient to cover foreseeable administrative expenses for a period of 21 days may be retained from the lottery revenue. Moneys in the Iowa Plan Fund shall not be considered to be a part of the Iowa Economic Emergency Fund. Funds transferred to the Iowa Plan Fund shall be used for economic development initiatives.

Economic development initiatives means initiatives which encourage development of capital, research and development of new projects and development of jobs in Iowa by expanding business and industry, upgrading academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encouraging the conservation of energy in order to create new jobs and attract new business and industry, developing alternate methods for the disposal of solid or hazardous waste, developing markets for products grown or produced or manufactured in Iowa, including promotion of Iowa and Iowa products, and making grants and loans available to local communities for local economic development initiatives. Economic development initiatives does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

All cash prizes are considered Iowa earned income, subject to state and federal income tax laws. An amount deducted from the prize for payment of state taxes shall be transferred by the commissioner to the state department of revenue on behalf of the prize winner.

A claim for the payment of an expense of the lottery shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets. Unclaimed prize money for the prize on a winning ticket shall be retained for a period of time deemed appropriate by the commissioner subject to board approval. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets in addition to amounts already allocated. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order.

Provisions are included in the division for penalties for fraud connected with lotteries. The division takes effect upon publication and the Commissioner shall initiate and operate instant lottery games by September 15, 1985 and on-line lotto games by May 15, 1986. Provisions of the division will be repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa Lottery Board.

FISCAL IMPACT: While the fiscal impact of this division is expected to be substantial, an exact estimate of the effect of this division is not available due to the lack of data concerning numbers of participants, numbers of lottery games, and the sale price of the tickets. Using figures from states currently operating lotteries, over four years a per capita average of $15.36 was generated. The average reflects a range from $0.31 to $49.41,

as follows:

State	FY '80	FY '81	FY '82	FY '83	Average
Arizona	N/A	N/A	$16.90	$ 8.49	$12.70
Colorado	N/A	N/A	N/A	16.26	16.26
Connecticut	$19.55	$17.87	20.12	23.76	20.33
Delaware	10.66	12.95	14.25	16.78	13.66
Illinois	3.13	7.61	12.39	18.81	10.49
Maine	0.64	0.96	2.13	3.34	1.77
Maryland	43.96	40.65	49.41	47.01	45.26
Massachusetts	16.13	11.29	12.09	14.70	13.55
Michigan	25.48	21.25	21.41	23.18	22.83
New Hampshire	3.99	4.27	5.80	6.14	5.05
New Jersey	19.33	24.64	29.18	40.10	28.31
New York	4.74	5.53	10.20	15.31	8.95
Ohio	3.31	10.39	13.85	13.57	10.28
Pennsylvania	13.28	14.22	19.10	29.91	19.13
Rhode Island	17.54	12.49	13.50	15.18	14.68
Vermont	0.31	0.93	1.89	2.06	1.30
Washington	N/A	N/A	N/A	16.87	16.87
FISCAL AVERAGE	$13.01	$13.22	$16.15	$18.33	
			FOUR YEAR AVERAGE		$15.35

Overall, assuming a lottery might generate between $10.00 to $15.00 per capita, it is possible that an Iowa lottery might generate between $25.0 to $45.0 million in its first year of operation. This unsubstantiated figure is expected to decline and steady somewhat after the first year of operation. Income from the lottery would impact only fiscal 1986, through 1990 as the enactment legislation sunsets on July 1, 1990. Set up costs for the lottery, according to data provided by other states, would range from $1.5 to $3.5 million.

DIVISIONS II-VII explanations begin on the following page.

DIVISION II. Allows for the appropriation of $45,000,000 from the Iowa Plan Fund, (IPF), beginning July 1, 1985 and ending June 30, 1986. The IPF shall be allotted to four accounts:

- COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA);
- JOBS NOW ACCOUNT;
- EDUCATION AND AGRICULTURE RESEARCH AND DEVELOPMENT ACCOUNT (EARDA); and
- SURPLUS ACCOUNT.

PARTS A & B (FY 1986 Accounts and Programs)

The sequence for IPF disbursements into the four accounts is as follows:

- FIRST $10,000,000	CEBA
- OF NEXT $35,000,000:	
First $30,000,000 is allotted equally between	JOBS NOW and EARDA
Next $5,000,000	JOBS NOW
- EXCESS IPF FUNDS:	
50% not to exceed $10,000,000	CEBA
Remaining Surplus	SURPLUS ACCOUNT

Funds are appropriated from the CEBA to the Iowa Development Commission during Fiscal Year 1986 for programs relating to business loan principle and interest buy-downs, equity investments, economic development grants and loans, infrastructure assistance and a small business assistance loan program. Only political subdivisions qualify for assistance. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project. A $1,000,000 limit on individual projects exists for the initial $10,000,000 appropriation.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $20.0 million. If the $20 million is available for allocation, funds shall be distributed as follows:

Conservation Commission	
For the development of recreation and wildlife areas and and related technical services through matching grants	$ 3,750,000
World Trade Center Board	
For the provision of the state's share of the trade center to be administered by the board created in Division IV	9,250,000
Iowa Product Development Fund	
To stimulate and develop new products through the provision of risk capital established in Section 28.89	1,000,000

Office of Planning and Programming

For coordination of day care services with the JPTA of 1982 and child care grants	1,000,000
To provide cultural community grants established under Chapter 207	250,000

Iowa Development Commission

To administer the following programs: business incubators, satellite centers under Division V, entrepreneurial institutes, federal procurement offices, supplementary advertising budget, and the Main Street program	4,750,000

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $15.0 million. If the $15 million is available for allocation, funds shall be distributed as follows:

First in the Nation in Education (FINE)

To fund the foundation, created in Division VI, contingent upon a minimum match from other sources	$ 2,900,000
To begin foundation activities	100,000

College Aid Commission

To provide a student loan program created in Division VII, contingent upon an equal match from the Association of Private Colleges and Universities	750,000

Iowa Development Commission

To create programs to encourage foreign trade, with recipients of funds to provide a 50% match for state assistance	600,000
To provide 1:1 matching grants to applicants for developing alternative cash crops or value-added products, with the first grant to the Board of Regents	1,000,000
To provide economic development and research funds to the Board of Regents to be allocated to colleges and universities contingent upon an equal match from applicants, with the IDC having final approval of all applications	7,200,000

Dept. of Public Instruction

To assist merged area school districts to purchase equipment through matching grants, limited to $250,000 per school	1,000,000

Board of Regents

To create a farm management program through Iowa State University's cooperative extension service	700,000

Iowa Energy Policy Council

To fund a coal research and demonstration program, contingent upon an equal match from the person selected by the council to conduct the program	750,000

PARTS C & D (FY 1987 - FY 1990 Accounts and Programs)

By March 1 preceding the beginning of the respective fiscal year, the IPEP created in Division III shall submit an allotment plan of funds from the Iowa Plan Fund and from the Surplus Account accrued the previous fiscal year to the general assembly. This plan will show disbursements to the CEBA, the JOBS NOW ACCOUNT, and the EARDA for agency, board, and commission programs for fiscal years 1987 through 1990.

For fiscal 1987 and 1988 the sequence for IPF disbursements into the four accounts is as follows:

- FIRST $10,000,000	CEBA
- OF NEXT $44,000,000:	
First $36,000,000 is allotted equally between	JOBS NOW and EARDA
Next $8,000,000	JOBS NOW
- EXCESS IPF FUNDS:	
50% not to exceed $10,000,000	CEBA
Remaining Surplus	SURPLUS ACCOUNT

For fiscal 1989 and 1990 the sequence for IPF disbursements into the four accounts is as follows:

- FIRST $10,000,000	CEBA
- OF NEXT $44,000,000:	
First $34,000,000 is allotted equally between	JOBS NOW and EARDA
Next $10,000,000	EARDA
- EXCESS IPF FUNDS:	
50% not to exceed $10,000,000	CEBA
Remaining Surplus	SURPLUS ACCOUNT

Funds are appropriated from the CEBA to the Iowa Development Commission for Fiscal 1987 through 1990 for the programs relating to business loan principle and interest buy-downs, equity investments, economic development grants and loans, infrastructure assistance, and a small business assistance loan program. Only political subdivisions qualify for assistance. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project. A $1,000,000 limit on individual projects exists for the initial $10,000,000 appropriation.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $26.0 million for fiscal 1987 and 1988 and to a maximum of $17.0 million for fiscal 1989 and 1990 as follows:

Conservation Commission
For the development of recreation and wildlife areas and and related technical services through matching grants

World Trade Center Board
For the provision of the state's share of the trade center to be administered by the board created in Division IV

Iowa Product Development Fund
To stimulate and develop new products through the provision of risk capital established in Section 28.89

Office of Planning and Programming
For coordination of day care services with the JPTA of 1982
To provide cultural community grants established under Chapter 207

Iowa Development Commission
To administer the following programs: business incubators, satellite centers under Division V, entrepreneurial institutes, federal procurement offices, supplementary advertising budget, and the Main Street program

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $18.0 million for fiscal 1987 and 1988 and to a maximum of $27.0 million for fiscal 1989 and 1990. While the allotments are determined by the general assembly following submission of the IPEP allotment plans, maximum amounts for some programs are specified as legislative intent in the bill and are indicated in parentheses below:

First in the Nation in Education (FINE)
To fund the foundation, created in Division VI, contingent upon a minimum match from other sources (Legislative Intent: $3.00 M annually)

College Aid Commission
To provide a student loan program created in Division VII, expanding the program under Section 280A.2, contingent upon an equal match from the Association of Private Colleges and Universities (Legistive intent: $1.5 M annually)

Iowa Development Commission
To create programs to encourage foreign trade, with recipients of funds to provide a 50% match for state assistance
To provide 1:1 matching grants to applicants for developing alternative cash crops or value-added products, with the first grant to the Board of Regents
To provide economic development and research funds to the Board of Regents to be allocated to colleges and universities contingent upon an equal match from applicants, with the IDC having final approval of all applications

Dept. of Public Instruction

To assist merged area school districts to purchase equipment through matching grants, limited to $250,000 per school

To provide education incentive awards under Section 260A, with a $25,000 limit per award (Legislative Intent: $0.75 M)

Board of Regents

To create a farm management program through Iowa State University's cooperative extension service

Iowa Energy Policy Council

To fund a coal research and demonstration program, contingent upon an equal match from the person selected by the council to conduct the program

DIVISION III. Allows for the consolidation of economic development programs and services into one comprehensive DEPARTMENT OF ECONOMIC DEVELOPMENT, upon recommendation from the governor. The department shall administer economic development programs and services which include, but are not limited to, those which provide community development, planning/ management assistance, technical assistance, education and job training, and financial assistance.

The IOWA PARTNERSHIP FOR ECONOMIC PROGRESS (IPEP) is established in this division. IPEP shall act as an advisory committee to assist the governor in reorganizing economic development programs; coordinate disbursements of lottery revenue; develop a service and program delivery network; coordinate federal, state, and local programs and services; and analyze/monitor economic indicators. Until the new department is operative, the Iowa Development Commission shall serve as an interim coordinating agency.

DIVISION IV. Creates an initial five member IOWA WORLD TRADE CENTER BOARD, appointed by the governor. The board will be responsible for the funds relating to the construction and operations of the state's portion of the center. Private investment in the center must, at minimum, match the state's share. The board can enter into a contract with the builder of the center with approval of the Executive Council.

DIVISION V. Establishes the PRIMARY RESEARCH AND MARKETING CENTER FOR BUSINESS AND INTERNATIONAL TRADE. The center will be initially administered by the Iowa Development Commission. The center shall catalog product and Iowa businesses; assist in developing new markets for product and services within the state, U.S., and foreign countries; provide marketing information; stimulate research and development of new products; coordinate economic development programs; and coordinate the satellite centers throughout the state.

Up to 15 regional SATELLITE CENTERS may be established throughout the state. The centers may be financed through IDC grants. The satellite centers shall catalog local business services and products, coordinate efforts with the primary center, coordinate delivery of economic development programs, and assist local business marketing activities.

The state is divided into 15 service delivery regions. Each region may contain a satellite center. Each region must organize a coordinating council and an economic development coordination plan to qualify for a satellite grant. The IPEP shall approve/deny all grant applications. The council will consist of a minimum of six regional members from business, government and education.

Beginning July 1, 1987 each region must have a IPEP approved coordinating plan to receive Community Economic Betterment Account funds.

DIVISION VI. Creates the FIRST IN THE NATION IN EDUCATION FOUNDATION (FINE), a non-profit, quasi-public education foundation. The foundation will be administered by a 24-member board appointed by the governor and legislative council. Twelve members will represent business, labor, and the general public, with the remaining twelve members representing educational institutions. The board will be responsible for providing leadership in resolving educational issues, developing long term strategies, and conducting research and development activities.

Public and private funds will be deposited in the FINE fund for investments to be determined by the board. The investment interest will be paid quarterly from the fund to the foundation for projects, programs, and activities.

DIVISION VII. Creates the FORGIVABLE LOAN PROGRAM, administered by the College Aid Commission. The program will be addressed to students attending private colleges and universities. All students will pay the interest amount on a 5 year basis immediately upon graduation. If the recipient remains an Iowa resident and is employed in a area in which a teaching shortage exists or is employed in the private sector in the applied areas of mathematics, science, foreign language, or high technology, as determined by the commission, for 5 years after graduation, the recipient is not responsible for principle or interest payments.

Filed February 27, 1985

By DENNIS C. PROUTY, DIRECTOR
LEGISLATIVE FISCAL BUREAU

RECEIVED
SENATE
State of Iowa
FILED MAR 21 1985

SENATE 4 MARCH 22, 1985 STATE OF IOWA Requested by Sen. Palmer

LSB No. 4079H.3

FISCAL NOTE

Staff ID. CEN

In compliance with a written request received March 15, 1985, a fiscal note for H.F. 225 AS AMENDED BY S-3322 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

AMENDMENT S-3322 to HOUSE FILE 225 strikes everything after the enacting clause and provides for the establishment of a STATE LOTTERY AGENCY. Until June 30, 1987, the Lottery Agency is operated by a five member Iowa Lottery Board, appointed by the Governor, subject to confirmation by the Senate. Effective July 1, 1987, the Lottery Agency, the State Racing Commission, and those portions of the Department of Revenue which regulate the conducting of games of skill, chance, and raffles shall be transferred to the STATE GAMING COMMISSION. The State Gaming Commission consists of five members appointed by the Governor, subject to confirmation by the Senate. The primary purpose of the Gaming Commission is to supervise and coordinate the various gaming activities conducted or permitted by the state. The Gaming Commission shall appoint a Commissioner to supervise the daily operations of the Gaming Commission and other assistants and employees necessary to carry out its duties.

The director of the State Lottery shall be appointed by the Governor, subject to Senate confirmation, and shall serve at the pleasure of the Governor. The lottery director is responsible for the day-to-day operation of the lottery. The Iowa Lottery Agency will have within it three divisions: security and licensing; personnel, data processing, and accounting; and marketing, promotion, and advertising. The Lottery Agency shall consult with the State Racing Commission to facilitate implementation of lottery activities. The Board and the Director may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

The Board and the director shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people. The Board approves lottery initiations by the director, contracts for operation and promotion of the lottery, and rules made by the director.

The Board and the director shall operate the lottery so that after the initial state appropriation it shall be self-sustaining and self-funded. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets not later that July 1, 1986. A claim for the payment of an expense of the lottery shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses or prizes of the lottery. The auditor of state or a certified public accounting firm shall conduct quarterly audits of all accounts and transactions of the lottery and other special audits as the auditor, the general assembly, or the governor deems necessary.

The bill further establishes a LOTTERY FUND consisting of all revenues received from the sale of lottery tickets and all other moneys lawfully credited or transferred to the fund. Interest earnings of the fund shall be considered additional lottery revenue.

An amount equal to four percent of the gross revenue from the sale of tickets or shares shall be deducted from the Lottery Fund as the SALES TAX on the sale of those items. This amount shall be remitted to the state treasurer and deposited in the state General Fund. The tax on the lottery tickets or shares shall be included in the sales price of the tickets or shares.

Revenue remaining after lottery expenses and the sales tax are determined shall be transferred to the ECONOMIC DEVELOPMENT FUND, created by the bill, on a quarterly basis. The comptroller shall not include lottery revenues in the comptroller's fiscal year estimates. Moneys in the Economic Development Fund shall not revert to the General Fund and shall not be considered to be a part of the Iowa Economic Emergency Fund.

At the time of each quarterly transfer, an amount equal to one half of one percent of the gross lottery revenue for the preceding quarter shall be deposited in a GAMBLERS ASSISTANCE FUND, which is created in the state treasurer's office. The fund shall be administered by the Commissioner of Human Services and used to provide assistance and counseling to individuals and families experiencing difficulty as a result of gambling losses and to promote awareness of gamblers' assistance programs.

As nearly as is practicable, 50 percent of the annual revenue accruing from the sale of lottery tickets, computed on an year-round average basis for each type of lottery game, shall be paid out in prizes. The prizes shall not be paid out in a particular lottery game in excess of the total revenues from the sales of that game. After the payment of prizes, the expenses of conducting the lottery shall be paid, including the costs incurred in the operation and administration of the lottery, employee salaries, audits as stipulated in the bill, and licensees' incentive programs. Lottery expenses for marketing, educational and informational material shall not exceed four percent of the projected gross lottery revenue.

All cash prizes are considered Iowa earned income. Before a prize of $600 or more is awarded, the director or director's designee shall deduct an amount equal to that amount necessary to pay state and federal taxes on the prize. An amount deducted from the prize for payment shall be transferred by the director to the federal department of revenue and the state department of revenue on behalf of the prize winner.

Unclaimed prize money for the prize on a winning ticket shall be retained by the director for 90 days after the drawing in which the prize was won in the case of a drawing prize and for 90 days after the announced end of game in the case of a prize determined in a manner other than by drawing. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets in addition to amounts already allocated. The right of a person to a prize drawn is not assignable, except that payment may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order.

Provisions are included in the bill for penalties for fraud connected with lotteries. The bill takes effect upon publication. The provisions of this bill will be repealed on July 1, 1990.

FISCAL IMPACT: While the fiscal impact of S-3322 to House File 225 is expected to be substantial, an exact estimate of the effect of the bill as amended is not available due to the lack of data concerning numbers of participants, numbers of lottery games, and the sale price of the tickets. Using figures from states currently operating lotteries, over four years a per capita average of $15.35 was generated. The average reflects a range from $0.31 to $49.41 as shown on the following page.

Overall, assuming a lottery might generate between $10.00 to $15.00 per capita, it is possible that an Iowa lottery might generate between $25.0 to $45.0 million in its first year of operation, reflecting gross sales of $60.0 to $100.0 million. This unsubstantiated figure is expected to decline and steady somewhat after the first year of operation. Income

SENATE 6 -- MARCH 22, 1985

STATE OF IOWA

FISCAL NOTE

LSB No. 4079H.3
Staff ID. CEN

from the lottery would impact only fiscal 1986, through fiscal 1990 as the enactment legislation sunsets on July 1, 1990.

During this time period, the state General Fund would receive increased revenues from the sales tax imposed on the lottery tickets. Since the tax shall be included in the sales price of the tickets or shares, there are no additional revenues beyond the $25.0 to $45.0 figure quoted above. Based on the estimated gross sales, revenues of $2.4 to $4.0 million would transfer to the General Fund. The balance of the lottery revenues after expenses would then transfer to the Economic Development Fund.

Set up costs for the lottery, according to data provided by other states, would range from $1.5 to $3.5 million. Since the income received as prizes in the lottery is taxable, the bill will also have a positive effect on state income tax revenues. However due to lack of data in this area, the fiscal effect for state income tax is currently not available.

State	FY '80	FY '81	FY '82	FY '83	Average
Arizona	N/A	N/A	$16.90	$ 8.49	$12.70
Colorado	N/A	N/A	N/A	16.26	16.26
Connecticut	$19.55	$17.87	20.12	23.76	20.33
Delaware	10.66	12.95	14.25	16.78	13.66
Illinois	3.13	7.61	12.39	18.81	10.49
Maine	0.64	0.96	2.13	3.34	1.77
Maryland	43.96	40.65	49.41	47.01	45.26
Massachusetts	16.13	11.29	12.09	14.70	13.55
Michigan	25.48	21.25	21.41	23.18	22.83
New Hampshire	3.99	4.27	5.80	6.14	5.05
New Jersey	19.33	24.64	29.18	40.10	28.31
New York	4.74	5.53	10.20	15.31	8.95
Ohio	3.31	10.39	13.85	13.57	10.28
Pennsylvania	13.28	14.22	19.10	29.91	19.13
Rhode Island	17.54	12.49	13.50	15.18	14.68
Vermont	0.31	0.93	1.89	2.06	1.30
Washington	N/A	N/A	N/A	16.87	16.87
FISCAL AVERAGE	$13.01	$13.22	$16.15	$18.33	
			FOUR YEAR AVERAGE		$15.35

(LSB 4079H.3, CEN)

Fiscal Director
Legislative Fiscal Bureau
Date: 3/18/85

SENATE 5
MARCH 18, 1985

S-3322

HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. By striking everything after the enacting clause and inserting the following:

"Section 1. NEW SECTION. 99E.1 TITLE.

This chapter may be cited as the "Iowa Lottery Act".

Sec. 2. NEW SECTION. 99E.2 DEFINITIONS.

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

1. "Board" means the Iowa lottery board created in section 99E.18.

2. "Director" means the director of the lottery.

3. "Division chief" means the head of each of the three divisions of the lottery agency operating under the director.

4. "Lottery" means the lottery created and operated under this chapter.

5. "Commission" means the state gaming commission created in section 99E.21.

6. "Licensee" means the person issued a license by the director to sell lottery tickets. The licensee is responsible for the licensee's employees' conduct which is within the scope of this chapter.

Sec. 3. NEW SECTION. 99E.3 ESTABLISHMENT OF LOTTERY --APPOINTMENT OF DIRECTOR -- OTHER EMPLOYEES.

1. A state agency is established to be known as the Iowa lottery agency. Except as provided in sections 99E.11 and 99E.13, subsection 4, the Iowa lottery agency is subject to chapter 17A. It is a separate agency of state government whose head is the director.

2. The director shall be qualified by training and experience to direct the lottery. The director shall be appointed by the governor within thirty days after the effective date of this Act subject to confirmation by the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the director shall be filled in the same manner as the original appointment. Section 2.32 applies to the appointment of the director. The director shall devote time and attention solely to the duties of the office and shall not be engaged in any other profession or occupation. The director shall receive a salary determined by the governor within salary range five as set by the general assembly.

3. The director may employ clerks, stenographers, inspectors, agents, and other employees pursuant to chapter 19A as necessary to carry out this chapter.

Sec. 4. NEW SECTION. 99E.4 DIRECTOR'S OATH --

BOND --EMPLOYEES -- BONDING OF EMPLOYEES.

1. Before taking office, the director shall take an oath to faithfully execute the duties of the office according to the laws of the state, and shall give bond with sufficient surety to be approved by the governor in the sum of not less than twenty-five thousand dollars, conditioned upon faithful execution and performance of the duties of the office. The bond when fully executed and approved shall be filed in the office of the secretary of state. When in the governor's opinion the bond has become or is likely to become invalid or insufficient, the governor shall require the director to renew the bond in an amount approved by the governor but not less than twenty-five thousand dollars. The cost of a bond given shall be part of the necessary expenses of the lottery.

2. The director shall employ personnel necessary to implement this chapter and shall comply with chapter 692.

3. The director shall require lottery employees to give bond in an amount the director determines. Each bond when fully executed and approved shall be filed in the office of the secretary of state. The cost of each bond given shall be part of the necessary expenses of the lottery.

Sec. 5. NEW SECTION. 99E.5 DUTIES OF THE BOARD -- RULES --DIRECTOR.

1. The board and the director shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

2. Subject to the approval of the board, the director may enter into contracts for the operation and marketing of the lottery, including contracts with individuals or business organizations experienced in the design and operation of state administered lotteries of other states. A contract awarded or entered into by the director shall not be assigned by the contract holder except upon the written approval of the board.

3. The director shall make rules which are subject to the approval of the board and in accordance with chapter 17A for implementing and preventing violations of this chapter. The rules shall include but are not limited to the following subject matters:

a. The fees charged for a license to sell lottery tickets. The director shall determine the cost incurred in processing applications for a license and set the license fee to cover that cost except a

license fee shall not be less than fifty dollars per year. Revenue received by the lottery from license fees shall be transferred to the lottery fund immediately after the cost of processing license applications is deducted.

3346 b. The types of lottery games to be conducted. In any other type of game utilizing instant tickets or other tangible evidence of participation, each ticket in the game shall bear a unique serial number distinguishing it from every other ticket in the game, and for each game utilizing instant tickets each lottery number or symbol shall be accompanied by a confirming caption consisting of a repetition of a symbol or a description of the symbol in words.

c. The price of tickets in the lottery, including but not limited to authorization of sales of tickets at a discount for marketing purposes.

d. The number and size of the prizes on the winning tickets, including but not limited to prizes of free tickets in lottery games conducted by the lottery and merchandise prizes. The lottery agency shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets sold in a game and the number of prizes of each denomination which were awarded.

e. The method of selecting the winning tickets and the manner of payment of prizes to the holders of winning tickets. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Lottery employees shall examine claims and shall not pay any prize for altered, stolen, or counterfeit tickets nor tickets which fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If the director determines that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes up to five hundred dollars directly by the licensee.

f. The frequency of selection of winning tickets. Drawings shall be held in public, and the actual selection of winning tickets shall not be performed by an employee of the lottery agency. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets

or participants for prizes shall be examined by lottery agency employees and an independent certified public accountant prior to and after each public drawing.

g. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

h. The locations at which tickets may be sold.

i. The method to be used in printing and selling tickets or shares. An elected official's name shall not be printed on the tickets or shares. The overall estimated odds of winning a prize in any preprinted ticket or share game shall be printed clearly, conspicuously, and in easily readable print on each ticket or share. The lottery shall maintain and make available for public inspection, at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale or the estimated odds of winning such prizes and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination which were awarded.

j. The issuing of licenses to sell tickets or shares. In addition to any other rules made regarding the qualifications of an applicant for a license, a person shall not be issued a license if one or more of the following applies:

(1) The person is under the age of eighteen.

(2) The person has been convicted of fraud or a felony.

(3) The person has not been a licensee and has been convicted or found to have committed a violation of this chapter or a rule adopted pursuant to this chapter.

(4) The person has previously been issued a license under this chapter and the license was revoked.

k. The compensation to be paid licensees including but not limited to provision for variable compensation based on sales volume or incentive considerations.

l. The form and type of marketing, informational, and educational material to be permitted.

m. Subject to section 99E.6, the apportionment of the annual revenues accruing from the sale of lottery tickets and from other sources for the payment of prizes to the holders of winning tickets and for the

following:

(1) The payment of costs incurred in the operation and administration of the lottery, including the expenses of the lottery and the cost resulting from contracts entered into for consulting or operational services, or for marketing.

(2) Independent audits which shall be performed annually in addition to the audits required by section 99E.16, subsection 3.

(3) Incentive programs for lottery licensees and lottery employees.

(4) Payment of compensation to licensees necessary to provide for the adequate availability of tickets or services to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

n. Requirements that the odds of winning each lottery prize shall be prominently displayed in all marketing, educational, and informational material associated with each lottery game unless by the nature of the game the odds of winning cannot be determined in advance. When required, the odds shall be printed clearly, conspicuously, and in easily readable print.

o. In purchasing materials, supplies, entering into contracts, purchasing annuities or prizes or other services and materials in connection with the lottery, the lottery agency shall strive to give special consideration in purchasing from Iowa businesses.

p. The board and the director may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

q. The lottery agency shall consult with the state racing commission to facilitate the implementation of this chapter.

Sec. 6. NEW SECTION. 99E.6 ALLOCATION AND APPROPRIATION OF FUNDS GENERATED.

1. Upon receipt of any revenue, the director shall deposit the moneys in the lottery fund created pursuant to section 99E.16. As nearly as is practicable, fifty percent of the annual revenue computed on a year-round average basis for each type of lottery game accruing from the sale of tickets is appropriated for payment of prizes to the holders of winning tickets. The prizes shall not be paid out in a particular lottery game in excess of the total revenues from sales of that game. After the payment of prizes, the expenses of conducting the lottery

including the salaries of employees and expenses of the lottery agency attributable to the lottery shall be determined. In addition, an amount equal to four percent of the gross revenue from the sale of tickets or shares shall be deducted as the sales tax on the sale of those items, remitted to the treasurer of state and deposited in the state general fund. Lottery expenses for marketing, educational, and informational material shall not exceed four percent of the projected gross lottery revenue. An economic development fund is created in the office of the treasurer of state. Revenue remaining after expenses are determined shall be transferred to the economic development fund on a quarterly basis except as provided in subsection 2. Prior to the quarterly transfer to the economic development fund, the director shall direct that lottery revenue be deposited in interest bearing accounts designated by the treasurer of state in the financial institutions of this state. Interest paid on the deposits is considered lottery revenue and shall be transferred to the general fund in the same manner as other lottery revenue.

2. At the time of each quarterly transfer pursuant to subsection 1, an amount equal to half of one percent of the gross lottery revenue for the preceding quarter shall be deposited in a gamblers assistance fund which is created in the office of the treasurer of state. The fund shall be administered by the commissioner of human services and used to provide assistance and counseling to individuals and families experiencing difficulty as a result of gambling losses and to promote awareness of gamblers anonymous and similar assistance programs.

3. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets not later than July 1, 1986. The comptroller shall not include lottery revenues in the comptroller's fiscal year revenue estimates. Moneys in the economic development fund shall not revert to the general fund and shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 7. NEW SECTION. 99E.7 REPORTS.

1. The director shall report quarterly to the governor and the treasurer of state. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter. The fourth quarter report shall be included in the annual report made pursuant to subsection 2.

2. The director also shall report annually to the governor, the treasurer of state, and the general assembly. The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the director deems necessary or desirable. The annual report shall be submitted within ninety days after the close of a fiscal year.

3. The director shall report immediately to the governor, the treasurer of state, and the general assembly any matters that require immediate changes in the law in order to prevent abuses or evasions of this chapter or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

Sec. 8. NEW SECTION. 99E.8 STUDIES.

1. The director shall make a continuous study of the lottery to ascertain any defects of this chapter or in the rules which could result in abuses in the administration and operation of the lottery or in any evasion of this chapter or the rules of the director and make recommendations for improvement in this chapter.

2. The director shall make a continuous study of the operation and the administration of similar laws which may be in effect in other states, any written material on the subject which is published or available, any federal laws which may affect the operation of the lottery, and the reaction of citizens to existing and potential features of the lottery in order to recommend changes that will serve the purposes of this chapter.

3. The director shall make a demographic study of lottery players.

Sec. 9. NEW SECTION. 99E.9 CONFLICT OF INTEREST --PENALTY.

1. A member of the board, the director, or an employee of the lottery shall not directly or indirectly, individually, or as a member of a partnership or other association, or as a shareholder, director, or officer of a corporation have an interest in dealing in a lottery or in the ownership or leasing of property used by or for a lottery.

2. A member of the board, the director, an employee of the lottery, or a member of their immediate family shall not ask for, offer to accept, or receive a gift, gratuity, or other thing of more than fifty dollars in value from a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a

lottery or from an applicant for a license to sell tickets or shares in the lottery or from a licensee.

3. A person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery, an applicant for a license to sell tickets or shares in the lottery, or a licensee shall not offer a member of the board, the director, an employee of the lottery, or a member of their immediate family a gift, gratuity, or other thing of more than fifty dollars in value.

4. A member of the board, the director, or an employee of the lottery who violates a provision of this section, or if a member of their immediate family violates a provision of this section, shall be immediately removed from the office or position.

5. A violation of this section is a serious misdemeanor.

6. As used in this section, "member of their immediate family" means a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of the member of the board, the secretary, the director, or an employee.

7. In addition to the prohibitions of this section, the prohibitions of section 722.1 and 722.2 are applicable.

Sec. 10. NEW SECTION. 99E.10 LOTTERY DIVISIONS -- DIVISION CHIEFS.

1. The Iowa lottery agency has three divisions:

a. A security and licensing division.

b. A personnel, data processing, and accounting division.

c. A marketing, education, and information division.

2. Each division shall be under the supervision of a division chief appointed by the director and each division chief shall have expertise in the functions of the division. The director shall designate one of the division heads to serve as acting director during the director's absence.

3. Departments, boards, commissions, or other agencies of this state at their discretion may provide assistance to the lottery upon the request of the director.

Sec. 11. NEW SECTION. 99E.11 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY -- SUBPOENA.

The director or the director's designee authorized to conduct an inquiry, investigation, or hearing under this chapter may administer oaths and take testimony

under oath relative to the matter of inquiry, investigation, or hearing. An inquiry, investigation or hearing under this section is not a contested case under the Iowa administrative procedure Act, chapter 17A. At a hearing ordered by the director, the director or the designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the hearing.

Sec. 12. NEW SECTION. 99E.12 LICENSING -- BONDS.

1. The director shall license persons to sell lottery tickets to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets. A licensee's profits from the sale of lottery tickets shall not exceed ten percent of the profits of the licensee's overall business operations. Before issuing a license the director shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point-of-purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is sufficient cause for revocation of a person's license.

2. A licensee shall sell tickets only on the premises stated in the license. A licensee shall display the license or a copy of the license together with the lottery rules wherever tickets are sold. A license is not assignable or transferable. The director may issue a temporary license when deemed necessary.

3. The director shall require a bond from a licensee in an amount as provided in the rules graduated according to the volume of expected sales of lottery tickets by the licensee, or may require a licensee to furnish evidence of financial responsibility.

4. A bond shall not be canceled by a surety on less than thirty days' notice in writing to the director. If a bond is canceled and the licensee fails to file a new bond with the director in the required amount on or before the effective date of cancellation, the licensee's license shall be automatically suspended. A suspended license shall be revoked if the requirements of this subsection are not met within thirty days of the license suspension. The total and aggregate liability of the surety on the

bond is limited to the amount specified in the bond.

5. Subject to the approval of the board, the director may authorize compensation to licensees in the manner and amounts and subject to the limitations the director determines if the director finds that compensation is necessary to assure adequate availability of lottery tickets.

6. A license shall not be granted to an applicant if there is substantial evidence of any of the following:

a. A license of the applicant to sell lottery tickets has been suspended or revoked in another jurisdiction by the authority regulating a lottery or by a court of that jurisdiction.

b. The applicant has not demonstrated financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

c. The applicant is not the true owner of the proposed lottery business.

d. The applicant is not the sole owner, and other persons have ownership in the proposed lottery business, which fact has not been disclosed.

e. The applicant has knowingly made a false statement of material fact to the director.

7. The director shall revoke the license of a licensee who violates any condition listed in this section.

Sec. 13. NEW SECTION. 99E.13 SUSPENSION OR REVOCATION OF LICENSE -- HEARINGS -- HEARING BOARD.

1. The director may suspend or revoke the license of a licensee who violates a provision of this chapter or a rule adopted pursuant to this chapter. If the director suspends or revokes a license, or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the director. Upon receipt of the request for hearing, the director shall set a hearing date within thirty days of receipt of the request, and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The director may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. A three-member hearing board for the purpose of conducting hearings relating to controversies concerning the issuance, suspension, or revocation of licenses is created. One member shall be a designee of the board, one member shall be the treasurer of state or a designee of the treasurer of state, and one member shall be the commissioner of public safety or a

designee of the commissioner of public safety. The lottery agency shall adopt rules and procedures for conducting the hearings.

3. A license shall not be suspended for less than one hundred twenty days. A former licensee whose license is revoked is not eligible to receive another license.

4. Section 17A.18 does not apply to a revocation or suspension under this section and a hearing held under this section is not a contested case under the Iowa administrative procedure Act, chapter 17A.

Sec. 14. NEW SECTION. 99E.14 PROHIBITED SALES OF TICKETS -- FORGERY OF TICKET -- PENALTIES.

1. A ticket shall not be sold at a price greater than that fixed by the board and the director and a sale shall not be made other than by a licensee or an employee of the licensee who is authorized by the licensee to sell tickets. A person who violates a provision of this subsection is guilty of a simple misdemeanor.

2. A ticket shall not be sold to a person who has not reached eighteen years of age. This does not prohibit the lawful purchase of a ticket for the purpose of making a gift to a person who has not yet reached eighteen years of age. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket to a person who has not reached eighteen years of age is guilty of a simple misdemeanor. A prize won by a person who has not reached eighteen years of age but who purchases a winning ticket in violation of this subsection shall be forfeited.

3. A ticket shall not be purchased by and a prize shall not be paid to a member of the board, the director of the lottery or to a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of a member of the board, the director or employee. A ticket purchased in violation of this subsection is void.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket is guilty of a class D felony.

Sec. 15. NEW SECTION. 99E.15 DISTRIBUTION OF PRIZES --UNCLAIMED PRIZES -- NONASSIGNABILITY OF PRIZE RIGHT.

1. The director shall award the designated prize to the ticket holder upon presentation of the winning ticket.

All cash prizes awarded are Iowa earned income. Before a prize of six hundred dollars or more is awarded the director or the director's designee shall deduct an amount equal to that amount necessary to pay the estimated state and the federal taxes on the prize. An amount deducted from the prize for payment of a federal tax shall be transferred by the director to the federal department of revenue on behalf of the prize winner. An amount deducted from the prize for payment of a state tax shall be transferred by the director to the state department of revenue on behalf of the prize winner. Unclaimed prize money for the prize on a winning ticket shall be retained by the director for ninety days after the drawing in which the prize was won in the case of a drawing prize and for ninety days after the announced end of the game in the case of a prize determined in a manner other than by drawing. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets in addition to amounts already allocated.

2. The right of a person to a prize drawn is not assignable, except that payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The director shall be discharged of all further liability upon payment of a prize pursuant to this subsection. This section does not prohibit the making of a gift of a lottery ticket to a person if the gift is made before it is determined whether a prize has been won with the ticket.

Sec. 16. NEW SECTION. 99E.16 DEPOSIT OF RECEIPTS FROM TICKET SALES -- LOTTERY FUND -- QUARTERLY AUDITS.

1. Subject to the approval of the board, the director may require licensees to deposit to the credit of the lottery agency in financial institutions designated by the director, money received by licensees from sale of tickets, less the amount of compensation, if any, authorized under section 99E.12, subsection 5, and to file with the director reports of receipts and transactions in the sale of tickets, in the form and containing the information the director requires.

2. A lottery fund is created. The fund consists of all revenues received from the sale of lottery tickets and all other moneys lawfully credited or transferred to the fund. The director shall certify quarterly that portion of the fund that is transferred to the general fund under section 99E.6 and shall

cause that portion to be transferred to the economic development fund of the state.

3. The auditor of state or a certified public accounting firm appointed by the auditor shall conduct quarterly audits of all accounts and transactions of the lottery and other special audits as the auditor of state, the general assembly, or the governor deems necessary. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees.

Sec. 17. NEW SECTION. 99E.17 LIABILITY AND FUNDING.

The board and the director shall operate the lottery so that after the initial state appropriation, it shall be self-sustaining and self-funded. A claim for the payment of an expense of the lottery and the payment of a lottery prize shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

Sec. 18. NEW SECTION. 99E.18 LOTTERY BOARD.

An Iowa lottery board is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The governor shall appoint the board members within sixty days of the effective date of this Act. The term of each member shall begin as provided in section 69.19 and shall continue until June 30, 1987. A vacancy on the board shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

Sec. 19. NEW SECTION. 99E.19 BOARD MEETINGS.

The board shall hold at least one meeting each month and as often as necessary. The board shall select a chairperson from its membership at the first regular meeting of the board and shall thereafter select a chairperson at the first regular meeting of each fiscal year. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the board constitutes a quorum.

Sec. 20. NEW SECTION. 99E.20 EXPENSES -- SALARY.

Members of the board shall be paid an annual salary of six thousand dollars. Members shall also be allowed the actual and necessary expenses incurred in the performance of their duties. The expenses

incurred by members of the board and the salaries paid to members of the board are part of the necessary expenses of the lottery agency.

Sec. 21. NEW SECTION. 99E.21. STATE GAMING COMMISSION --MEMBERS -- TERM -- SALARY -- PURPOSE.

1. An Iowa state gaming commission is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The members shall be residents of the state. Members shall serve not to exceed a three-year term at the pleasure of the governor. The term of each member shall begin and end as provided in section 69.19. A vacancy on the commission shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

2. Commission members shall each receive an annual salary of twelve thousand dollars. In addition, members shall be reimbursed for necessary travel and expenses incurred in the performance of their duties.

3. The commission members shall elect in July of each year one of its members chairperson for the succeeding year.

4. The primary purpose of the commission is to supervise and coordinate the various gaming activities conducted or permitted by the state.

Sec. 22. NEW SECTION. 99E.22. COMMISSIONER AND OTHER EMPLOYEES -- DUTIES -- BOND.

The commission shall employ a commissioner to supervise the daily operations of the commission and other assistants and employees as necessary to carry out its duties. Some or all of the information required of applicants in section 99D.8A, subsections 1 and 2, may also be required of employees of the commission if the commission deems it necessary. The commissioner shall keep a record of the proceedings of the commission, preserve the books, records, and documents entrusted to the commissioner's care, and perform other duties as the commission prescribes. The commission shall require the commissioner to post a bond in a sum it may fix, conditioned upon the faithful performance of the commissioner's duties. Subject to the approval of the governor, the commission shall fix the compensation of its commissioner within salary range five as set by the general assembly. The commission shall also fix the compensation of its other employees, subject to the approval of the governor. The commission shall have its headquarters in the city of Des Moines, and shall

meet in July of each year and at other times and places as it finds necessary for the discharge of its duties.

Sec. 23. Effective July 1, 1987 the following reorganization of state agencies shall result:

1. The operations of the state racing commission, the Iowa lottery agency, and those portions of the department of revenue which regulate the conducting of games of skill, chance and raffles shall be transferred to the state gaming commission.

2. All employees of the state racing commission and the Iowa lottery agency shall be transferred to the state gaming commission. Any employee of the department of revenue whose duty assignment will be terminated because of this Act may be reassigned to other duties or may be transferred to the state gaming commission.

3. All rules, forms, orders, and directives adopted by and in effect for the state racing commission on July 1, 1987 shall continue to be valid and enforceable as rules, forms, orders, and directives of the state gaming commission until amended, supplemented, or repealed by affirmative action of the state gaming commission.

4. All rules, forms, orders, and directives adopted by and in effect for the Iowa lottery agency on July 1, 1987 shall continue to be valid and enforceable as rules, forms, orders, and directives of the state gaming commission until amended, supplemented, or repealed by affirmative action of the state gaming commission.

5. All rules, forms, orders, and directives adopted by and in effect for the department of revenue on July 1, 1987 relating to the regulation of games of skill, chance, and raffles shall continue to be valid and enforceable as rules, forms, orders, and directives of the state gaming commission until amended, supplemented, or repealed by affirmative action of the state gaming commission.

Sec. 24. Effective July 1, 1987 all references in the Code to the state racing commission, the Iowa lottery agency, and the department of revenue in relation to regulation of games of skill, chance and raffles shall mean the state gaming commission.

Sec. 25. Notwithstanding section 21 of this Act, the governor shall appoint initial members of the commission established under that section to staggered terms, two to end the year following appointment, two to end two years following appointment, and one to end three years following appointment. The initial

members shall be appointed from the members serving on the state racing commission and the Iowa lottery board on June 30, 1987. The governor shall appoint initial members in the same manner as vacancies, subject to section 2.32.

Sec. 26. Effective July 1, 1987, sections 99D.5, 99D.6, 99E.18, 99E.19, and 99E.20, Code 1985, are repealed.

Sec. 27. Section 422.43, subsection 2, Code 1985, is amended to read as follows:

2. There is imposed a tax of four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, operated or conducted within the state of Iowa, the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section. The tax shall also be imposed upon the gross receipts derived from the sale of lottery tickets or shares pursuant to chapter 99E. The tax on the lottery tickets or shares shall be included in the sales price and distributed to the general fund as provided in section 99E.10.

Sec. 28. Section 537A.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket in the state lottery in compliance with chapter 99E.

Sec. 29. Section 725.15, Code 1985, is amended to read as follows:

725.15 EXCEPTIONS FOR LEGAL GAMBLING.

Sections 725.5 to 725.10 and ~~section~~ 725.12 ~~shall~~ do not apply to ~~any~~ a game, activity or device when lawfully possessed, used, conducted or participated in pursuant to chapter 99B or chapter 99E.

Sec. 30. It is the intent of the general assembly that subject to the approval of the commission, the director shall initiate and operate a lottery at the earliest possible time.

Sec. 31. It is the intent of the general assembly that sections 1 through 29 of this Act shall have temporary effect only, that those portions of chapter 99E establishing a state lottery are repealed on July

1, 1990 other than to implement the winding down of the operations of the Iowa lottery. The amendments to sections 537A.4 and 725.15 made in this Act shall be stricken when chapter 99E is repealed.

Sec. 32. This Act, being deemed of immediate importance, takes effect from and after its publication in The Cascade Pioneer-Advertiser, a newspaper published in Cascade, Iowa, and in the Muscatine Journal, a newspaper published in Muscatine, Iowa."

2. Title page, by striking lines 1 through 25 and inserting the following: "An Act relating to gaming by creating a state gaming commission, a state lottery agency, establishing a state lottery, providing for the reorganization of gaming regulation, providing for a lottery director, a state lottery fund for the deposit of receipts and for the payment of prizes and expenses, licensing of lottery ticket sales agents, administrative procedures necessary in carrying out the intent of the Act, imposing the sales tax on the gross lottery revenues from sale of lottery tickets or shares making certain acts illegal, providing penalties, providing that revenue generated shall be distributed to a specially created economic development fund, and providing for repeal of portions of the Act."

S-3322 Filed
March 15, 1985
Lost 3/19/85 (J. 872)

By COMMITTEE ON WAYS AND MEANS

SENATE 14
MARCH 19, 1985

S-3348 HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 20, line 31 through page 51, line 27 and inserting the following:

"DIVISION II

Sec. 201.

1. The treasurer of state shall, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

"a. The first sixteen million eight hundred sixty-two thousand dollars to the "Jobs Now Capitals" account.

b. After the allotment in paragraph "a", ten million dollars to the "Community Economic Betterment" account, eight million dollars to the "Jobs Now" account, and twelve million five hundred thousand dollars to the "Education and Agriculture Research and Development" account.

c. After the allotments have been made under paragraphs "a" and "b", the excess to the "Surplus" account.

d. Before the treasurer makes the allotments under paragraphs "a", "b", and "c", the treasurer shall repay to the general fund the loan for start-up purposes of the Iowa lottery.

2. There is appropriated from the allotment made to the community economic betterment account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the Iowa development commission the amount in that account, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

e. Road construction projects.

Except for paragraph "e", only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be

used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision.

An eligible road construction project is one involving highway improvements which support and assist economic development and contribute to one or more of the following objectives:

(1) Improve highway access to specific development sites, including but not limited to existing and future industrial locations.

(2) Improve highway access between urban centers or between urban centers and the interstate road system as defined in section 306.3.

(3) Improve highway access to enhance economic vitality.

(4) Improve highway access to points of shipment or processing of agricultural products.

(5) Improve highway access to trucking terminals and places of embarkation or shipment by other transportation modes.

The commission shall take applications from state, city, or county government entities for road construction projects. The commission shall prioritize the projects and determine which projects shall be funded. However, the approval of the department of transportation is necessary for planning, design, construction and maintenance and other activities as provided in section 307.24. The department of transportation shall have the right to reject a project for which a match of primary road funds are required. If the department of transportation rejects a project the reasons for rejection shall be supplied to the applicant and the commission. The commission shall make the final selection of which projects will be funded. Matching funds on a dollar-for-dollar basis for each project funded shall be required. The source of the matching funds shall be determined by the type of project. Thus a match from the primary road fund is required for a project involving a primary road.

In prioritizing the road construction projects and determining which shall be funded, the commission shall consider the economic benefits of the project to the local community and the state as a whole,

including but not limited to the number of direct and indirect jobs created.

3417
3406 3. There is appropriated from the allotment made to the jobs now account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the state conservation commission the sum of two million five hundred thousand (2,500,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside for the acquisition of land for expansion or development of state forests and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards.

b. To the energy policy council the sum of one hundred fifty thousand (150,000) dollars to provide for energy management auditing services and administrative costs associated with the establishment of lease-purchase conservation projects for state buildings. The appropriation under this paragraph is contingent upon the passage and enactment into law of Senate File 303.

c. To the Iowa product development fund the sum of two million (2,000,000) dollars for the purposes provided in section 28.89.

d. To the office for planning and programming the 3369 sum of five hundred thousand (500,000) dollars for additional and supplemental funding for the child care services program and the displaced homemakers program in connection and coordination with the federal Job Training Partnership Act of 1982 and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities,

infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a listing of other sources of income, the staff to be employed, and the method to make the service or program self supporting within three years.

e. To the office for planning and programming the sum of two hundred fifty thousand (250,000) dollars for the purposes of the cultural community grants program established under 1983 Iowa Acts, chapter 207, section 92.

f. To the Iowa development commission the sum of two million six hundred thousand (2,600,000) dollars for the purposes designated as follows:

(1) Business incubators.

(2) Satellite centers under division V of this Act.

(3) Federal procurement offices.

(4) Tourism and marketing.

(5) Iowa main street program.

4. There is appropriated from the allotment made to the education and agriculture research and development account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the Iowa college aid commission the sum of seven hundred fifty thousand (750,000) dollars for the forgivable loan program established in division VII of this Act. However, funds shall not be transferred to the college aid commission until the college aid commission certifies to the treasurer of state that the association of private colleges and universities and the board of regents will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for the same fiscal year.

b. To the Iowa development commission the sum of three hundred thousand (300,000) dollars to develop and administer programs to encourage foreign trade. Prior to providing funds for any activity under this paragraph the Iowa development commission shall seek the input of public and private institutions of higher education, relevant government agencies, boards and

departments, and private sector businesses involved in foreign trade for the purpose of coordinating trade related resources already available and those created pursuant to this Act in Iowa higher education institutions. The commission shall also, after seeking input from these entities, initiate the development of trade related curricula and curricula to support potential growth sectors and develop new programs to provide trade assistance to small and medium-sized Iowa businesses including, but not limited to, those created under this paragraph. The commission shall work with Iowa businesses engaged in foreign trade and public and private institutions of higher education to create a comprehensive plan designed to promote and develop the trade of Iowa's agricultural and manufactured products and services in foreign markets and shall coordinate the plan with other public and private foreign trade efforts including those created pursuant to this Act. The Iowa development commission shall require, where feasible, that recipients of moneys appropriated in this section certify to the Iowa development commission that they will provide contributions, either in-kind or financial, equal to up to fifty percent of the moneys the recipient will receive under this section. The programs are as follows:

(1) To establish internships with Iowa businesses involved in foreign trade, with foreign businesses, with foreign governments, and with the Iowa development commission. A student who is enrolled in an Iowa institution of higher education in a course of study that could involve the student in foreign trade is eligible to apply for an internship. College credit will be given in a manner determined by the institution of enrollment. Money granted for internships shall be used for travel expenses and a stipend for the interns.

(2) To establish a program in which professors employed at Iowa institutions of higher education who are familiar with the language and customs of foreign countries are utilized as cultural advisors for the Iowa development commission and for Iowa businesses participating in trade missions and other foreign trade activities.

(3) To establish a program of short courses useful to assist Iowans in developing skills needed to participate in foreign trade, including but not limited to courses in foreign language, foreign culture and business practices, and foreign trade strategies. The short courses shall be developed in

cooperation with Iowa institutions of higher education.

(4) To develop a data base of information useful in foreign trade.

(5) To establish a clearinghouse listing of state residents who have political, social, or business contacts in foreign countries.

(6) To provide assistance in foreign language translation for correspondence and other purposes.

(7) To establish a program for conducting a business risk analysis for Iowa businesses seeking markets in foreign countries. Iowa businesses would file requests for the risk analysis with the Iowa development commission. The Iowa development commission shall contract with an Iowa higher education institution for an analysis of conditions in a specific foreign country as requested by an Iowa business, including but not limited to, rate of exchange projections for the currency, political climate, cultural mores relating to business etiquette, market climate, and assessment of the political and social status of the business' personal contacts.

c. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by the agricultural experiment station at Iowa state university of science and technology for value added research.

d. To the Iowa development commission the sum of ten million (10,000,000) dollars to be allocated by the Iowa development commission for economic development and research and development purposes at an institution of higher education under the control of the state board of regents or at an independent college or university of the state. The institutions under control of the state board of regents may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution, college or university that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, for

institutions under its control, determine the specific proposals for which it requests funding and submit them to the Iowa development commission. An independent college or university shall submit requests directly to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions or an independent college or university the moneys for the various proposals requested unless the Iowa development commission disapproves of a specific proposal as inconsistent with the plan for economic development for this state. The state board of regents may submit additional proposals for those not approved by the Iowa development commission.

e. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by Iowa state university for the establishment of Iowa farm management program. The cooperative extension service shall administer the program with provisions for cooperation and assistance through the department of public instruction. The program may be offered in conjunction with programs offered at the merged area schools and at school districts. The cooperative extension service may allocate moneys appropriated in this section for the program to area schools and school districts participating in the program. The cooperative extension service may accept gifts from other sources to supplement moneys appropriated in this section.

f. To the legislative council the sum of fifty thousand (50,000) dollars to be used by the alternative crops and livestock study committee created in this paragraph. There is established a twelve-member alternative crops and livestock study committee to study the feasibility of alternative crops and livestock enterprises. The members shall consist of three farmers, three representatives from the agriculture industry, two faculty members from the Iowa state university and four members of the general assembly. The majority and minority leaders of the senate shall each appoint two nonlegislative members and one legislative member from the senate and the speaker and minority leader of the house of representatives shall each appoint two nonlegislative members and one legislative member from the house. The appointers shall consult with each other before making their appointments to ensure the requirements of the makeup of the committee are met. Nonlegislative members shall receive a per diem of forty dollars and be reimbursed for their travel and

other necessary expenses actually incurred in the performance of their official duties. Legislative members shall receive, when the general assembly is not in session, a per diem of forty dollars and their travel and other expenses incurred in the performance of their official duties from funds appropriated by section 2.12. The committee shall submit its final report along with any recommendations to the legislative council by January 1, 1986.

g. To the Iowa college aid commission for the summer institute program established pursuant to this paragraph the sum of one million (1,000,000) dollars. Institutions of higher education in the state may submit proposals to the council for post secondary education for eight week summer institute programs to upgrade the skills of Iowa teachers in the subject areas of math, science, foreign languages and such other areas s the department of public instruction has indicated a teaching shortage exists. The proposals shall provide for the institutional reimbursement for the costs of instruction, materials, and room and board for the participants as well as for a weekly stipend of one hundred fifty dollars per week for each participant. The council for post secondary education shall select the institutions at which the summer institutes shall be conducted. The council for post secondary education in consultation with the Iowa college aid commission shall establish the criteria for the selection of the teachers to participate in the programs.

5. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following council, office, and departments the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division IV of this Act the sum of nine million two hundred fifty thousand (9, 250,000) dollars to fund the construction of the state-owned portion of the Iowa world trade center as provided in division IV of this Act.

b. To the department of public defense the sum of two hundred forty-three thousand thirty-five (243,035) dollars for the architect, engineering, equipment and construction of the armory in Carroll.

c. To the department of general services the sum

of one million twenty thousand (1,020,000) dollars for capital building restoration and major repairs.

d. To the department of general services the sum of five million two hundred fifty thousand (5,250,000) dollars for the engineering, planning and construction of a new state historical building. Funds appropriated in this paragraph are provided as a state match of two dollars of state match for each one dollar of nonstate funds actually acquired excluding the Herrick bequest. Funds appropriated in this paragraph shall not be committed or expended without the prior written approval of the director of the department of general services. Funds appropriated in this paragraph shall be in lieu of the moneys in the same amount to be appropriated from the general fund for the same purpose under 1984 Iowa Acts, chapter 1316, section 4, for the fiscal period beginning July 1, 1985 and ending June 30, 1989.

e. To the department of public instruction the sum of one million (1,000,000) dollars to be allocated to the merged area schools filing requests with the department for the purchase of equipment. The department of public instruction shall allocate moneys to an area school based upon the ability of the area school to provide matching contributions, either in-kind or financial, and the potential for creation of jobs and economic development. The maximum grant to an area school shall not exceed two hundred fifty thousand (250,000) dollars.

3351 f. To the office of the governor the sum of one hundred thousand (100,000) dollars or so much as may be needed for a feasibility study of costs and benefits of a joint telecommunications partnership to be entered into between the state and private firms. The study shall be contracted out to a private firm in the state which is experienced in telecommunications and which has the capability to analyze the technical and economic potential and feasibility of a telecommunications satellite and fiber optics system with state and worldwide capability. The study shall be developed to insure input from the telephone, banking, insurance, television, and other business sectors in the state as well as from the educational community.

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6. If the moneys to be allotted to the economic betterment account, jobs now account or education and agriculture research and development account are less than the amount specified in subsection 1, paragraph "b", the moneys appropriated to the funds, agencies, boards or commissions for the purposes specified in

subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made from any of the accounts within the Iowa plan fund on June 30, 1986 shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 202.

1. The treasurer of state shall, for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. In each of the fiscal years beginning July 1, 1986 and July 1, 1987 the first ten million two hundred fifty thousand dollars, in the fiscal year beginning July 1, 1988 the first three million two hundred fifty thousand dollars and in the fiscal year beginning July 1, 1989 the first one million dollars to the jobs now capitals account.

b. In each of the four fiscal years after the allotment in paragraph "a", ten million dollars to the community economic betterment account, eight million dollars to the jobs now account, and twelve million five hundred thousand dollars to the education and agriculture research and development account.

d. After the allotments have been made under paragraphs "a" and "b" in each of the fiscal years, the excess to the "Surplus" account.

2. There is appropriated moneys in the community

economic betterment account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission to be used for the following purposes in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

e. Road construction projects.

The conditions, criteria and limitations specified in section 201, subsection 2 of this Act applies to the providing of moneys under this subsection.

3. There is appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the state conservation commission for the purposes designated in section 201, subsection 3, paragraph "a" of this Act.

b. To the Iowa product development fund for the purposes provided in section 28.89.

c. To the office for planning and programming for the purposes designated in section 201, subsection 3, paragraphs "d" and "e" of this Act.

d. To the Iowa development commission for the purposes designated in section 201, subsection 3, paragraph "f" of this Act.

4. There is appropriated moneys in the education and agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 203 of this Act to be used for the following purposes:

a. To the Iowa college aid commission for the forgivable loan program established in division VII of this Act.

b. To the Iowa development commission for the purposes and under the conditions specified in section

201, subsection 4, paragraphs "b" and "d" of this Act.

c. To the state board of regents for the purposes and under the conditions specified in section 201, subsection 4, paragraph "e" of this Act.

d. To the Iowa college aid commission for the purposes and under the conditions specified in section 201, subsection 4, paragraph "g" of this Act.

5. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal years beginning July 1, 1986, July 1, 1987 and July 1, 1988 to the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division IV of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars for each of the fiscal years beginning July 1, 1986 and July 1, 1987 and the sum of two million two hundred fifty thousand (2,250,000) dollars for the fiscal year beginning July 1, 1988 to fund the construction of the state-owned portion of the Iowa world trade center as provided in division IV of this Act.

6. If the moneys to be allotted in a fiscal year to the community economic betterment account, jobs now account or education and agriculture research and development account is less than the amount specified for that fiscal year in subsection 1, paragraph "b" the moneys appropriated for that fiscal year to the funds, agencies, boards or commissions for the purposes specified in subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 203. For each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, the Iowa partnership for economic progress advisory committee established under division III of this Act shall submit to the general assembly by March 1 preceding the beginning of the fiscal year planned expenditures from the allotment to be made for that fiscal year to the community economic betterment account, the jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards or commissions for the purposes specified in subsections 2, 3, and 4 of section 202 of this Act. The Iowa partnership for economic progress shall include a description of planned expenditures to be made of the moneys in the surplus account.

Plans may provide for increased or decreased expenditures if the allotment available for those appropriations is greater than or less than the allotment specified in subsection 1 of section 202 of this Act. In order to enable the Iowa partnership for economic progress to prepare its plans for future expenditures, it has authority to review applications and uses of the moneys appropriated from each allotment. However, this authorized review does not authorize the Iowa partnership for economic progress to veto or deny any application or use and such review shall not cause any delay in the approval of an application or use.

DIVISION III

Sec. 301. NEW SECTION. TITLE.

This chapter may be cited as the "Economic Development Reorganization Act".

Sec. 302. NEW SECTION. DEFINITIONS.

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

1. "Commission" means the Iowa development commission.

2. "Committee" or "advisory committee" means the Iowa partnership for economic progress advisory committee, established in section 305 of this Act.

3. "Programs and services" means economic development programs, services and agencies as described in section 303 of this Act.

Sec. 303. NEW SECTION. GOVERNOR'S REORGANIZATION

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PLAN.

By December 1, 1985, the governor shall submit to the general assembly a proposal for the reorganization and coordination of all state economic development programs and services under one comprehensive department of economic development. In the course of developing the reorganization plan, the governor shall consult with the advisory committee. For purposes of this chapter, economic development programs and services shall include, but are not limited to, those which provide one or more of the following:

a. Community development.

b. Planning and management assistance.

c. Technical assistance.

d. Education and job training.

e. Financial assistance for programs and services described in paragraphs "a" through "d" and other programs and services, including those that are federally funded but administered by the state, and other federal and local funding programs.

Sec. 304. NEW SECTION. INTERIM COORDINATING AGENCY.

Upon enactment of this chapter, and until the establishment of a central department of economic development, the Iowa development commission shall be the interim coordinating agency for federal, state and local economic development programs and services. Statewide delivery of programs and services shall be accomplished through a network of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

Sec. 305. NEW SECTION. ADVISORY COMMITTEE ESTABLISHED.

The Iowa partnership for economic progress is established to serve as an advisory committee to the commission pending the creation of a department of economic development, at which time the committee will act as an advisory body to the new department. The commission, and ultimately the department of economic development, shall provide the committee with administrative staff personnel in accordance with chapter 19A, and shall provide other assistance as necessary.

Sec. 306. NEW SECTION. COMPOSITION OF ADVISORY COMMITTEE.

1. The committee shall consist of eleven members appointed by the governor subject to confirmation by the senate. Members shall be appointed for four-year terms beginning and ending in accordance with section 69.19.

2. Members shall be appointed from local government, business, labor and education as follows:

a. Six members from business, including one representative from small business, one representative from insurance and one representative from agribusiness. Appointees shall be an owner, president, chief executive officer, board member or other senior officer of the firm or organization they represent. Appointments shall be made from lists of nominees submitted by business, trade or industrial associations representing at least twenty-five members.

b. Two members from organized labor. Appointments shall be made from lists of nominees submitted by any organizations authorized to bargain on behalf of people employed in this state.

c. Two members from education. Appointments shall be made from lists of nominees submitted by the board of regents, the association of independent colleges and universities, or the association of community college trustees.

d. One member from local government. Appointment shall be made from lists of nominees submitted by the Iowa state association of counties and the league of municipalities.

Sec. 307. NEW SECTION. ADVISORY COMMITTEE DUTIES.

1. The committee's duties and responsibilities shall include, but are not limited to the following:

a. To provide assistance as needed or requested by the governor in the development of the governor's proposal for economic development reorganization and coordination. In order to facilitate the committee's assistance of the governor's office, all economic development agencies and programs shall submit reorganization and coordination proposals and recommendations to the committee within six months of the effective date of this chapter.

b. To submit plans to the general assembly relative to the disbursement of lottery revenues pursuant to division II of this Act.

c. To collaborate with the commission on the review of all disbursements of lottery revenues.

d. To assist the commission in the development and administration of a statewide regional delivery network for programs and services.

e. To review, coordinate and implement other economic development proposals that emerge from studies now underway or recently completed.

f. To assist in the coordination of federal, state, local and private sector programs and services.

g. To analyze, at regular and frequent intervals, the trends and growth opportunities in major sectors of the economy, particularly those represented in the Iowa economy.

h. To analyze, at regular and frequent intervals, the general economic, demographic, state fiscal and business climate indicators that define Iowa's position relative to regional and national trends.

i. To initiate special economic development studies as deemed necessary.

Sec. 308. NEW SECTION. ORGANIZATION OF ADVISORY COMMITTEE.

The committee shall annually elect from its membership a chairperson and shall adopt rules to govern its proceedings. Election of the chairperson shall be held at the committee's first meeting in each calendar year. The committee shall meet at least once a month and otherwise as often as necessary. Members shall be compensated for their actual and necessary expenses incurred in the performance of their duties in accordance with section 28.2. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

Sec. 309. Notwithstanding the provisions of section 306 of this Act, of the initial appointees to the committee two members shall be appointed for one-year terms, three members shall be appointed for two-year terms, three members shall be appointed for three-year terms, and three members shall be appointed for four-year terms. The initial appointees' successors shall be appointed to terms of four years each except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the committee member replaced.

DIVISION IV

Sec. 401. NEW SECTION. 18C.1 DECLARATION OF POLICY AND PURPOSE FOR STATE INVOLVEMENT IN IOWA WORLD TRADE CENTER.

It is found and declared that there exists a need to promote, develop, maintain, and expand export and trade opportunities for agricultural, commercial, and manufactured products and services and any other products and services of the state in order to protect and advance the welfare and interests of residents of the state; that such export and trade opportunities with other nations can be promoted, developed, maintained, and expanded by the Iowa world trade center; that jobs can be maintained and created in the state as a result of increased export and trade opportunities; and that such economic results will

benefit all residents of the state.

It is further found and declared that the promotion, development, maintenance, and expansion of exports and trade opportunities are public purposes and uses for which public moneys may be expended, advanced, loaned, or granted; that such activities serve a public purpose in improving export and trade opportunities or otherwise benefiting the people of this state; and that the state's purchase, operation and marketing of a building or facility as part of a world trade center will aid in accomplishing these purposes.

Sec. 402. NEW SECTION. 18C.2 CREATION OF SELECTION ADVISORY COMMITTEE.

1. There is created an Iowa world trade center selection advisory committee, hereafter referred to as "the committee". The committee shall be comprised of five members with one member appointed by the governor, one member appointed by the speaker of the house of representatives, one member appointed by the minority leader of the house of representatives, one member appointed by the majority leader of the senate, and one member appointed by the minority leader of the senate. Vacancies shall be filled in the same manner as the appointment of the original members. Members shall not be compensated for their services.

2. The committee shall elect from among its members a chairperson. Meetings shall be held at the call of the chairperson or whenever two committee members request it. Three members shall constitute a quorum and the affirmative vote of three members shall be necessary for any action taken by the committee.

Sec. 403. NEW SECTION. 18C.3 DUTIES OF THE COMMITTEE.

1. It shall be the duty of the Iowa world trade center selection advisory committee to accept and review proposals from private groups to organize, construct, operate, and market the Iowa world trade center. In submitting a proposal, the private group shall also submit a study outlining the feasibility of its proposal. A private group submitting a proposal must include among its investors a significant number of Iowa-based companies and individuals. The committee is empowered to contract for an independent analysis of a proposal submitted. The committee is empowered to recommend for ratification by the executive council a proposal to obligate, but not in excess of thirty million dollars, the state in the construction of the Iowa world trade center under the recommended proposal. However, a proposal shall not

be recommended unless the proposal provides that the private group shall provide moneys at least equal to the amount which the committee has recommended for obligation by the state. The proposal recommended by the committee must include an agreement from the private group that construction of the Iowa world trade center will begin no later than November 30, 1985, and that a nonprofit corporation will be created by the private group pursuant to section 18C.4 to facilitate the state's involvement in the construction, operation, and marketing of the Iowa world trade center. In approving a proposal of a private group, the committee may employ other selection criteria that are consistent with the above standards. Once the committee has recommended a contract proposal, it shall be submitted for ratification to the executive council. The committee shall present a proposal by August 1, 1985 for ratification by the executive council.

2. The committee shall cease to exist upon ratification of the contract submitted to the executive council.

3. The members of the committee, upon ratification of the contract by the executive council, shall automatically become the state's representatives on the board of directors of the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to section 18C.4.

Sec. 404. NEW SECTION. 18C.4 STATE PARTICIPATION IN THE WORLD TRADE CENTER.

1. The state recognizes the nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation and marketing of the Iowa world trade center. The board of directors of the nonprofit corporation shall consist of nine members.

2. State representation on the nonprofit corporation's board of directors shall consist of five directors serving six year terms. The initial directors shall be the five members appointed to the committee pursuant to section 18C.2. Vacancies shall be filled in the same manner as the appointment of the original directors.

3. Private representation on the nonprofit corporation's board of directors shall consist of four directors chosen pursuant to the corporation's articles of incorporation.

4. Amendments to the nonprofit corporation's articles of incorporation relating to the governance

of the corporation shall not be made without all of the following:

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

b. A majority approval of the five directors appointed to represent the state interests.

c. A majority approval by the four directors appointed to represent the private interests.

5. The nonprofit corporation shall:

a. Provide for the management, operation, and marketing of the state-owned portion of the Iowa world trade center. A fee may be negotiated which will be paid by the state for necessary services provided to or for the state-owned portion. The management, operation, and marketing may be done by entering into a service agreement with a management firm. If such an agreement is entered into, the board of directors shall require periodic reports from the firm on the operation, marketing, costs, and revenues of the state-owned portion.

b. Provide for the leasing of space in the state-owned portion to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in the Iowa world trade center.

c. Use, operate, and market the state-owned portion for the purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

6. The nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation, and marketing of the Iowa world trade center shall not be construed to be a state agency, board, commission, department, or other administrative unit of the state.

Sec. 405. Chapter 18, Code 1985, is amended by adding the following new section:

NEW SECTION. IOWA WORLD TRADE CENTER.

This chapter does not apply to the management, operation, and ownership of the Iowa world trade center.

Sec. 406. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts of all sales of goods, wares, or merchandise used, or from services rendered, furnished or performed in the construction

and equipping of the Iowa world trade center for that portion of the project funded by the state of Iowa as authorized in division IV of this Act. This subsection is repealed November 30, 1989.

DIVISION V

Sec. 501. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as provided in section 28.101.

Sec. 502. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "The Primary Research and Marketing Center for Business and International Trade". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center for business and international trade, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services unique to economic development offered by and purchased by businesses located in the state.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development and production of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export

financing, including the use of bartering transactions.

f. Coordinating the satellite centers.

g. Training for and coordination of a computer system to be used by this center and its satellite centers. Wherever practicable the commission shall work with educational institutions involved with either the primary research and marketing center for business and international trade or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

h. Coordinating the delivery of programs and services with other state, local, and federal economic development programs and activities including, but not limited to, those available at institutions of higher learning in this state, the United States department of commerce, and other appropriate agencies.

3400 2. To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the commission may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section. Each regional delivery area wishing to receive a grant from the commission to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the Iowa development commission. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the Iowa partnership for economic progress created in division III of this Act. The Iowa partnership for economic progress may rescind its approval of a regional coordinating plan upon thirty days notice, if the Iowa partnership for economic progress determines that the stated purpose of the plan is not being carried out. The Iowa partnership for economic progress may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The center

director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Communicating with the primary research and marketing center for business and international trade.

d. Coordinating local marketing activities and efforts of local business.

e. Coordinating delivery of all federal, state, and local economic development programs and services within the area.

f. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local colleges, universities, and businesses in developing primary research programs. Primary and secondary research shall be used for analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications of products and services to meet the changes.

A regional coordinating council may enter into an agreement under chapter 28E with other regional coordinating councils for the purpose of fostering tourism within their areas. Regional coordinating councils shall be considered public agencies for purposes of chapter 28E.

The regional coordinating council of each regional economic delivery area shall consist of at least six members who shall be selected from state and local government, business, and education which are representative of the region. Beginning with the fiscal year beginning July 1, 1987, only applications from political subdivisions located within regions with an approved regional coordinating plan will be accepted for moneys from the community betterment account established in the Iowa plan fund for economic development in division II of this Act. A political subdivision shall submit a copy of the application to the regional coordinating council at the same time as the application is submitted to the Iowa development commission.

DIVISION VI

Sec. 601. NEW SECTION. 261.64 FORGIVABLE LOAN PROGRAM.

There is established a forgivable student loan program to be administered by the college aid

commission. An individual is eligible for the reimbursement payments plan under the program if the individual meets all of the following conditions:

1. Is an Iowa resident student enrolled at an accredited private institution as defined in section 261.9, subsection 5 or at an institution under the control of the state board of regents.

2. Has filed an application for the loan with the college aid commission, using the procedures specified in section 261.16.

3. Meets the requirements for a tuition grant.

Sec. 602. NEW SECTION. 261.65 FORGIVABLE LOAN ADMINISTRATION.

The college aid commission shall administer the forgivable loan program in the same manner as specified in section 261.15 for the tuition grant program. The maximum loan that a student is eligible to receive is an amount equal to the maximum tuition grant awarded by the commission for the same fiscal year. A student is eligible to receive both a tuition grant and a forgivable loan. The interest rate for the forgivable loan shall be equal to the interest rate being collected by an eligible lender under the Iowa guaranteed student loan program for the year in which the forgivable loan is made.

Sec. 603. NEW SECTION. 261.66 INTEREST AND PRINCIPAL PAYMENT.

A student receiving a forgivable loan under section 261.64 shall begin paying the annual cost of interest immediately following graduation on an annual basis for five years. If the student remains an Iowa resident and is employed in a teaching position in an area in which a teaching shortage exists, as 3407 determined by the commission, for five years immediately following graduation, the student is not responsible for payment of the principal amount of the loan and shall not pay interest on the loan. If the commission determines that the student does not meet the criteria for elimination of the principal and interest payments, the commission shall establish by rule a plan for repayment of the principal and interest over a ten-year period. If a student who is required to make the repayment does not make the required payments, the commission shall provide for collecting the payments.

There is created a forgivable loan repayment fund for deposit of payments made by the recipients. Payments made by the recipients of the loans shall be credited to the fund and may be used to make additional loans under the program. Moneys in the

fund shall not revert to the general fund of the state at the close of a fiscal year.

Sec. 604. This Act, being deemed of immediate importance, takes effect from and after its publication in The Clinton Herald, a newspaper published in Clinton, Iowa, and in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona, Iowa."

2. Title page, line 13, by striking the word "board" and inserting the following: "selection advisory committee".

3. Title page, line 17, by inserting after the words "and to" the following: "become part of the nonprofit corporation formed to".

4. Title page, by striking line 20 and inserting the following: "a".

5. Title page, lines 22 and 23, by striking the words "either employed as a teacher or in the private sector" and inserting the following: "employed as a teacher".

COMMITTEE ON APPROPRIATIONS
JOE J. WELSH, CHAIRMAN

S-3348 Filed
March 18, 1985
Adopted as amended by 3353, 3365B, 3366, 3369, 3384, 3388, 3398, 3400, 3403, 3407, 3414
3/20 (p. 912)

HF 225.373 71
mg/cf/24

SENATE 7 -- MARCH 22, 1985

STATE OF IOWA

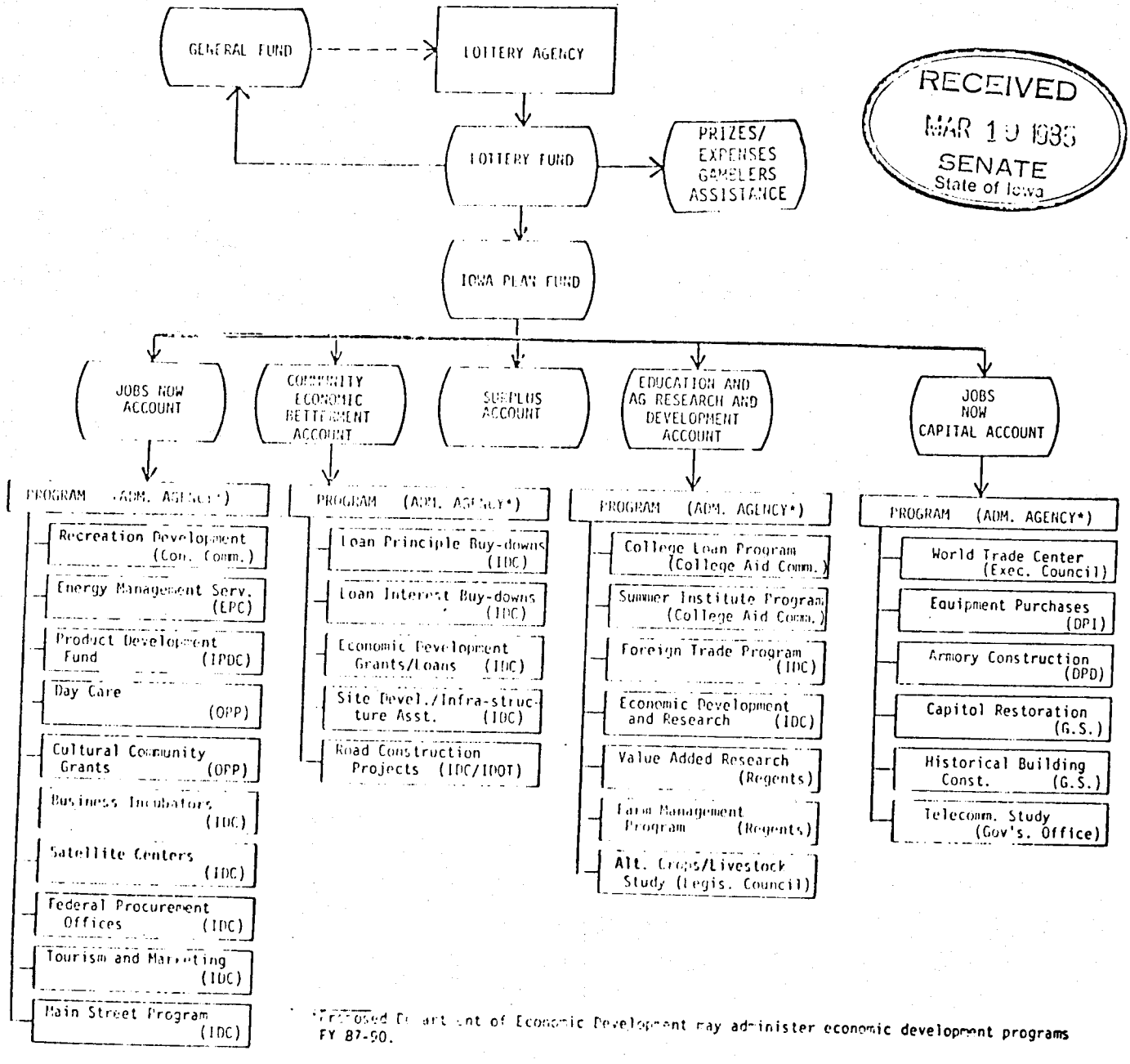
FISCAL NOTE

Requested by Sen. Welsh
LSB No. 4079H.4
Staff ID. CEN

FILED MAR 21 1985

In compliance with a written request received March 19, 1985, a fiscal note for HOUSE FILE 225 AS AMENDED BY SENATE APPROPRIATIONS COMM. is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 225, as passed by the House, provides for the establishment of a state lottery, the establishment of new economic development programs, and the reorganization of economic development programs, making appropriations within the following structural format:



*Proposed Department of Economic Development may administer economic development programs FY 87-90.

RECEIVED
MAR 19 1985
SENATE
State of Iowa

DIVISION II. Allows for the appropriation of $47,362,000 from the Iowa Plan Fund, (IPF), beginning July 1, 1985 and ending June 30, 1986. The IPF shall be allotted to five accounts:

- COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA);
- JOBS NOW ACCOUNT;
- EDUCATION AND AGRICULTURE RESEARCH AND DEVELOPMENT ACCOUNT (EARDA);
- JOBS NOW CAPITAL and
- SURPLUS ACCOUNT.

FY 1986 Accounts and Programs

The sequence for IPF disbursements into the five accounts is as follows:

- FIRST $16,862,000 — JOBS NOW CAPITAL
- NEXT $30,500,000:
  - $10,000,000 — CEBA
  - $ 8,000,000 — JOBS NOW
  - $12,500,000 — EARDA
- EXCESS IPF FUNDS — SURPLUS ACCOUNT

Funds are appropriated from the CEBA to the Iowa Development Commission during Fiscal Year 1986 on a prorated basis basis to a maximum of $10,000,000 for programs relating to business loan principle and interest buy-downs, economic development grants and loans, infrastructure assistance and road construction projects. State, county, and city government entities qualify for road project assistance. The Development Commission and the Department of Transportation shall use economic development criteria to award project funds. Only political subdivisions may qualify for the other economic development programs. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $8.0 million. If the $8.0 million is available for allocation, funds shall be distributed as follows:

Conservation Commission
For the development of recreation and wildlife areas and and related technical services through matching grants — $ 2,500,000

Energy Policy Council
For energy management auditing services and lease-purchase conservation projects contigent upon enactment of S.F. 303 — 150,000

Iowa Product Development Fund
To stimulate and develop new products through the provision of risk capital established in Section 28.89 — 2,000,000

Office of Planning and Programming
For coordination of day care services with the JPTA of 1982 and child care grants 500,000
To provide cultural community grants established under Chapter 207 250,000

Iowa Development Commission
To administer the following programs: business incubators, satellite centers under Division V, federal procurement offices, tourism and marketing, and the Main Street program 2,600,000

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Year 1986. Funds shall be appropriated on a prorated basis to a maximum of $12.5 million. If the $12.5 million is available for allocation, funds shall be distributed as follows:

College Aid Commission
To provide a forgivable student loan program created in Division VII, contingent upon an equal match from the Association of Private Colleges and Universities and Brd. of Regents 750,000
To create a summer institute program to upgrade skills of Iowa teachers in the areas of math, science, and foreign languages 1,000,000

Iowa Development Commission
To create programs to encourage foreign trade, with recipients of funds to provide a 50% match for state assistance 300,000
To provide economic development and research funds to colleges and universities contingent upon an equal match from applicants 10,000,000

Board of Regents
To fund agricultural related research at Iowa State University 200,000
To establish a farm management/cooperative extension service 200,000

Legislative Council
To fund a feasibility study of alternative crops and livestock enterprises in the state 50,000

Funds are appropriated from the Iowa Plan Fund to the JOBS NOW CAPITAL ACCOUNT for Fiscal Year 1986. The $16,862,000 shall be allocated as follows:

Executive Council
For the provision of the state's share of the Iowa World Trade Center established in Division IV 9,250,000

Department of Public Defense	
For the construction of an armory in Carroll, Iowa	243,035
Department of General Services	
For capitol restoration and major repairs	1,020,000
For the construction of a state historical building with funds appropriated in Chapt. 1316 of 1984 Acts being deappropriated	5,250,000
Department of Public Instruction	
To assist merged area school districts to purchase equipment through matching grants, limited to $250,000 per school	1,000,000
Office of the Governor	
To fund a feasibility study of a joint telecommunications partnership	100,000

FY 1987 - FY 1990 Accounts and Programs

By March 1 preceding the beginning of the respective fiscal year, the IPEP created in Division III shall submit an allotment plan of funds from the Iowa Plan Fund and from the Surplus Account accrued the previous fiscal year to the general assembly. This plan will show disbursements to the JOBS NOW CAPITAL, CEBA, the JOBS NOW ACCOUNT, and the EARDA for agency, board, and commission programs for fiscal years 1987 through 1990.

For fiscal 1987 and 1988 the sequence for IPF disbursements into the five accounts is as follows:

- FIRST $10,250,000	JOBS NOW CAPITAL
- NEXT $30,500,000:	
$10,000,000	CEBA
$ 8,000,000	JOBS NOW
$12,500,000	EARDA
- EXCESS IPF FUNDS	SURPLUS ACCOUNT

For fiscal 1989 the sequence for IPF disbursements into the five accounts is as follows:

- FIRST $3,250,000	JOBS NOW CAPITAL
- NEXT $30,500,000:	
$10,000,000	CEBA
$ 8,000,000	JOBS NOW
$12,500,000	EARDA
- EXCESS IPF FUNDS	SURPLUS ACCOUNT

For fiscal 1990 the sequence for IPF disbursements into the five accounts is as follows:

- FIRST $1,000,000	JOBS NOW CAPITAL
- NEXT $30,500,000:	
$10,000,000	CEBA
$ 8,000,000	JOBS NOW
$12,000,000	EARDA
- EXCESS IPF FUNDS	SURPLUS ACCOUNT

Funds are appropriated from the CEBA to the Iowa Development Commission for Fiscal 1987 through 1990 on a prorated basis to a maximum of $10,000,000 for the programs relating to business loan principle and interest buy-downs, economic development grants and loans, infrastructure assistance, and road construction projects. State, county, and city government entities qualify for road project assistance. The Development Commission and the Department of Transportation shall use economic development criteria to award project funds. Criteria for allocation include the level of matching funds, the number of jobs created, the level of need, and the economic impact of the project.

Funds are appropriated from the Iowa Plan Fund to the Jobs Now Account for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $8.0 million for fiscal 1987 through 1990 as follows:

Conservation Commission
For the development of recreation and wildlife areas and and related technical services through matching grants

Iowa Product Development Fund
To stimulate and develop new products through the provision of risk capital established in Section 28.89

Office of Planning and Programming
For coordination of day care services with the JPTA of 1982
To provide cultural community grants established under Chapter 207

Iowa Development Commission
To administer the following programs: business incubators, satellite centers under Division V, federal procurement offices, tourism and marketing, and the Main Street program

Funds are appropriated from the Iowa Plan Fund to the EARDA for Fiscal Years 1987 through 1990. Funds shall be appropriated on a prorated basis to a maximum of $12.5 million for fiscal 1987 through 1990 as follows:

College Aid Commission
- To provide a student loan program created in Division VII, contingent upon an equal match from the Association of Private Colleges and Universities and the Brd. of Regents
- To create a summer institute program to upgrade skills of Iowa teachers in the areas of math, science, and foreign languages

Iowa Development Commission
- To create programs to encourage foreign trade, with recipients of funds to provide a 50% match for state assistance
- To provide economic development and research funds to colleges and universities contingent upon an equal match from applicants

Board of Regents
- To establish a farm management/cooperative extension service

Funds are appropriated from the Iowa Plan Fund to the JOBS NOW CAPITAL for Fiscal Years 1987 through 1989.

- FY 1987 and FY 1988
  Executive Council
  For the provision of the state's share of the Iowa World Trade Center established in Division IV $9,250,000

- FY 1989
  Executive Council
  For the provision of the state's share of the Iowa World Trade Center established in Division IV 2,250,000

DIVISION III. Allows for the consolidation of economic development programs and services into one comprehensive DEPARTMENT OF ECONOMIC DEVELOPMENT, upon recommendation from the governor. The department shall administer economic development programs and services which include, but are not limited to, those which provide community development, planning/ management assistance, technical assistance, education and job training, and financial assistance.

The IOWA PARTNERSHIP FOR ECONOMIC PROGRESS (IPEP) is established in this division. IPEP shall act as an advisory committee to assist the governor in reorganizing economic

development programs; coordinate disbursements of lottery revenue; develop a service and program delivery network; coordinate federal, state, and local programs and services; and analyze/monitor economic indicators. Until the new department is operative, the Iowa Development Commission shall serve as an interim coordinating agency.

DIVISION IV. Creates a five member IOWA WORLD TRADE CENTER COMMITTEE appointed by the governor and the legislature. The board will be responsible for the funds relating to the construction and operations of the state's portion of the center. Private investment in the center must, at minimum, match the state's share. The board can enter into a contract with the builder of the center with approval of the Executive Council.

DIVISION V. Establishes the PRIMARY RESEARCH AND MARKETING CENTER FOR BUSINESS AND INTERNATIONAL TRADE. The center will be initially administered by the Iowa Development Commission. The center shall catalog product and Iowa businesses; assist in developing new markets for product and services within the state, U.S., and foreign countries; provide marketing information; stimulate research and development of new products; coordinate economic development programs; and coordinate the satellite centers throughout the state.

Up to 15 regional SATELLITE CENTERS may be established throughout the state. The centers may be financed through IDC grants. The satellite centers shall catalog local business services and products, coordinate efforts with the primary center, coordinate delivery of economic development programs, and assist local business marketing activities.

The state is divided into 15 service delivery regions. Each region may contain a satellite center. Each region must organize a coordinating council and an economic development coordination plan to qualify for a satellite grant. The IPEP shall approve/deny all grant applications. The council will consist of a minimum of six regional members from business, government and education.

Beginning July 1, 1987 each region must have a IPEP approved coordinating plan to receive Community Economic Betterment Account funds.

DIVISION VI. Creates the FORGIVABLE LOAN PROGRAM, administered by the Colleges Aid Commission. The program will be addressed to students attending public and private colleges and universities. All students will pay the interest amount on a 5 year basis immediately upon graduation. If the recipient remains an Iowa resident and is employed in a area in which a teaching shortage exists or is employed in the private sector in the applied areas of mathematics, science, foreign language, or high technology, as determined by the commission, for 5 years after graduation, the recipient is not responsible for principle or interest payments.

House File 225 is effective upon publication.

(LSB 4079H.4, CEN)

Fiscal Director
Legislative Fiscal Bureau
Date: 3/19/85

SENATE 12
RCH 19, 1985

S-3349

HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, line 17, by striking the word "chapter" and inserting the following: "chapter, except as provided in section 99E.14, subsection 2".

2. Page 4, by striking lines 12 through 35 and inserting the following:

3399 "2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, except that the board may by rule designate classes of contracts which do not require prior approval by the board. A major procurement shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract for a major procurement is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest of the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this investigation. A contract for a major procurement awarded or entered into by the commissioner with an individual or business organization to operate or market the lottery shall require that individual or business organization to establish a permanent office in this state. As used in this subsection, "major procurement" means the major procurement contract with a business organization for the printing of tickets, or for purchase or lease of equipment or services essential to the operation of a lottery game."

3. Page 9, by inserting after line 3 the following:

"c. The contractual expenses required in this paragraph. The division of criminal investigation shall be the primary state agency responsible for investigating criminal violations of the law under this chapter. The commissioner shall contract with the department of public safety for investigative services, including the employment of special agents and support personnel, and procurement of necessary equipment to carry out the responsibilities of the division of criminal investigation under the terms of

the agreement and this chapter."

4. Page 13, line 4, by inserting after the word "division." the following: "The position of director is exempt from the provisions of chapter 19A."

COMMITTEE ON APPROPRIATIONS
JOE WELSH, Chairperson

S-3349 Filed
March 18, 1985
Adopted 3/19/85 (p. 873)
Reconsidered, amended by 3399, Adopted 3/20 (p. 912)

S-3346 HOUSE FILE 225

Amend amendment S-3322 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 3, line 6, by inserting after the word "conducted." the following: "The board shall not authorize video lottery games. As used in this paragraph, "video lottery games" means lottery games involving a machine designed similar to a video amusement game except that prizes are awarded at random by the lottery agency at the conclusion of the game."

S-3346 Filed
March 18, 1985
Adopted 3/19 (p. 872)

By DIELEMAN

S-3347 HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 5, line 26, by inserting after the word "prize." the following: "The board shall not authorize video lottery games. As used in this paragraph, "video lottery games" means lottery games involving a machine designed similar to a video amusement game except that prizes are awarded at random by the lottery agency at the conclusion of the game."

S-3347 Filed
March 18, 1985
Lost 3/20 (p. 913)

By DIELEMAN

SENATE 8
MARCH 20, 1985

S-3356

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 24, by inserting after line 2 the following:

"DIVISION VII

Sec. 701. NEW SECTION. 18.170 TITLE.

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

Sec. 702. NEW SECTION. 18.171 DEFINITIONS.

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

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

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

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

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

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

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

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

4. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of any of the following circumstances:

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

b. Physical location if the person resides or is employed in an area declared a labor surplus area by

the United States department of commerce.

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

Sec. 703. NEW SECTION. 18.172 PROCUREMENT FROM SMALL MINORITY BUSINESSES.

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

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

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

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

Sec. 704. NEW SECTION. 18.173 ROLE OF DEVELOPMENT COMMISSION.

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

Sec. 705. NEW SECTION. 18.174 CERTIFICATION.

The director shall adopt by rule standards and procedures for certifying that small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retains the ability to verify a self-certification. The director of general services shall maintain a current directory of small businesses which have been certified under this section.

Sec. 706. NEW SECTION. 18.175 REPORTS.

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

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

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

and the number of set-asides reflect.

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

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

a. The efforts undertaken to publicize the set-aside program during the preceding year.

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

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

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

Sec. 707. Section 28.7, Code 1985, is amended by adding the following new subsection:

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

2. Page 24, by inserting after line 20 the following:

"___. Title page, line 24, by inserting after the word "activities;" the following: "providing for set-asides in state procurement contracts for small minority businesses;".

Tom Mann, Jr.
TOM MANN, Jr.

Michael E. Gronstal
MICHAEL E. GRONSTAL

George R. Kinley
GEORGE R. KINLEY

Milo Colton
MILO COLTON

JOE WELSH

S-3355 House File 225

Amend House File 225, as amended, passed and reprinted by the House as follows:

1. Page 8, line 21, by striking the word "forty-five" and inserting the following: "fifty".

2. Page 8, line 22, by striking the word "projected".

S-3355 Filed
March 19, 1985
W/D 3/20 (p. 913)

By WALDSTEIN

S-3358 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 17, line 24, by inserting after the word "senate." the following: "No two members shall be from the same congressional district."

S-3358 Filed
March 19, 1985
Adopted 3/20 (p. 914)

By GRONSTAL

S-3357 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 8, line 34, by striking the words "council, office," and inserting the following: "councils".

2. Page 9, line 30, by striking the words "office of the governor" and inserting the following: "legislative council".

S-3357 Filed
March 19. 1985
Lost 3/20 (p. 873)

By GRONSTAL

S-3353 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, lines 13 and 14, by striking the words "sixteen million eight hundred sixty-two thousand" and inserting the following: "ten million five hundred ninety-two thousand".

2. Page 1, line 28, by inserting after the word "lottery" the following: ", shall repay to the general fund the sum of one million twenty thousand dollars which was appropriated for the fiscal year beginning July 1, 1985 from the general fund to the department of general services for capitol building restoration and major repairs, and shall repay to the general fund the sum of five million two hundred fifty thousand dollars which was appropriated for the fiscal period beginning July 1, 1985 and ending June 30, 1989 from the general fund to the department of general services for the engineering, planning and construction of a new state historical building under 1984 Iowa Acts, chapter 1316, section 4".

3. By striking page 8, line 50 through page 9, line 18.

S-3353 Filed
March 19, 1985
Adopted 3/19 (p. 874)

By DIELEMAN, WELSH & SMALL

S-3354 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, by striking lines 12 through 26 and inserting the following: "assist economic development."

2. Page 2, by striking lines 35 through 40 and inserting the following: "commission shall make the final".

3. Page 2, line 46, by inserting after the word "road." the following: "The department of transportation does not have the right to reject a project for which a match of primary road funds is required. If the department of transportation disapproves of a project for which a match of primary road funds is required, the reasons shall be supplied to the applicant and commission. But the commission may still approve such project, and once approved, matching funds are to be provided."

S-3354 Filed
March 19, 1985
Placed o/o 3/19 (p. 876)
3365 w/d, in order
Adopted 3/20 (p. 896)

By WELSH

S-3362 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 13, by striking the words "sixteen million eight hundred" and inserting the following: "seventeen million three hundred".

2. Page 8, by inserting after line 49 the following:

"___. To the department of public defense for the purposes and in the amounts designated as follows:

(1) To connect the armory in Cedar Rapids to the city water and sewer lines and for related architect and engineering services the sum of two hundred thirty-four thousand three hundred thirty-five (234,335) dollars.

(2) For the architect, engineering, equipment and construction of an addition to the armory in Cedar Rapids the sum of two hundred sixty-four thousand sixty-four (264,064) dollars."

S-3362 Filed
March 19, 1985
Placed o/b 3/19 (p. 874)

By DIELEMAN

S-3365 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 23, by inserting after the word "excess" the following: "is allotted equally to the community, economic betterment account and".

B 2. Page 1, by striking lines 45 and 46 and inserting the following: "Only a political".

3. Page 2, line 9, by inserting after the word "subdivision." the following: "The commission shall not provide more than one million dollars for any project, unless at least two thirds of the members of the commission vote for providing more. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the commission for a project from additional moneys credited to that account is not subject to the one million dollar limitation."

A 4. By striking page 2, line 10 through page 3, line 2.

B 5. Page 10, line 49, by inserting after the word "excess" the following: "is allotted equally to the community economic betterment account and".

6. Page 11, by striking line 16.

S-3365 Filed
March 19, 1985
Adopted 3/19 (p. 876)
Motion to reconsider (p. 885)
Reconsidered, divided A w/d
B - Adopted 3/20 (p. 896)

By WELSH

SENATE 29
MARCH 20, 1985

HOUSE FILE 225

S-3360

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 1, line 6 through page 13, line 34 and inserting the following:

"Sec. 201.

1. The treasurer of state shall, for the fiscal period beginning July 1, 1985 and ending June 30, 1990, credit moneys within the Iowa plan fund for economic development created in section 99E.10 to a special account to be known as the teacher salary increase account. Moneys in this special account shall be appropriated only for the purpose of paying to the school districts for increasing teacher salaries as provided in subsection 2.

2. There is appropriated to the state comptroller from the teacher salary increase account for each fiscal year of the fiscal period beginning July 1, 1985 and ending June 30, 1990 a sum sufficient to allow the state comptroller to pay to each school district, whose plan for increasing the salaries of teachers in kindergarten through grade twelve has been approved by the department of public instruction, the amount of the salary increases."

2. Page 24, by inserting after line 8 the following:

"___. Title page, lines 3 and 4, by striking the words "certain economic development programs and activities;" and inserting the following: "paying for the increase in certain teachers' salaries;"."

S-3360 Filed
March 19, 1985 By COLTON
Lost 3/19/85 (p. 873)

S-3361 HOUSE FILE 225

Amend House File 225 as amended, passed, and reprinted by the House as follows:

A 1. Page 8, by striking lines 28 through 29 and inserting the following:

B "a. An amount equal to fifty thousand dollars shall be deposited in a gamblers assistance".

2. Page 11, by striking lines 22 through 24 and inserting the following:

"4. The commissioner shall contract with the department of human services to conduct annual studies of the extent to which the lottery creates a compulsive gambling problem among lottery players and the impact of gambling on affected families."

S-3361 Filed
March 19, 1985 By WELSH
Adopted 3/20 (p. 914)

S-3368 HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 21, by inserting after the figure "99E.20." the following: "Four percent of the annual revenue from the sale of lottery tickets or shares shall be deducted as the sales tax on the tickets or shares and shall be transferred to the general fund."

2. Page 19, by striking lines 10 through 14 and inserting the following:

"Sec. ___. Section 422.43, subsection 2, Code 1985, is amended to read as follows:

2. There is imposed a tax of four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, operated or conducted within the state of Iowa, the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section. The tax shall also be imposed upon the gross receipts derived from the sale of lottery tickets or shares pursuant to chapter 99E. The tax on the lottery tickets or shares shall be included in the sales price and distributed to the general fund as provided in section 99E.10."

S-3368 Filed
March 19, 1985
Adopted 3/20 (p. 913)

By GENTLEMAN

S-3364 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 12, line 8, by inserting after the word "5." the word "a.".

2. Page 12, by inserting after line 22 the following:

"b. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for each of the four fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 to the department of public instruction the sum of one million (1,000,000) dollars for the purpose and under the conditions specified in section 201, subsection 5, paragraph "e" of this Act."

S-3364 Filed
March 19, 1985
W/D 3/20 (p. 893)

By WELSH

S-3366 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 7, line 12, by striking the words "state board of regents" and inserting the following: "applicants".

S-3366 Filed
March 19, 1985
Adopted 3/19/85 (p. 878)

By SMALL

S-3367 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, line 9, by inserting after the word "subdivision." the following: "The commission shall not provide more than one million dollars for any project unless at least two thirds of the members of the commission vote to provide for them the limit because of the statewide significance or importance of the project."

S-3367 Filed
March 19, 1985
Placed o/c 3/19 (p. 876)

By SMALL

S-3371 HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 4, line 35, by inserting after the word "state." the following: "Whenever possible when the lottery agency awards a contract for the lease, purchase, or servicing of a machine to be used in the conducting of a lottery game including, but not limited to, a video lottery machine or machine used in lotto, the lottery agency shall give preference to awarding the contract to a person whose primary place of business is in Iowa."

S-3371 Filed
March 19, 1985
Placed o/c 3/19 (p. 875)

By RODGERS, DRAKE, BOSWELL, GOODWIN, BROWN, HESTER, COLTON, HOLDEN, DIELEMAN, HOLT, DOYLE, JENSEN, GETTINGS, LIND, GRONSTAL, NYSTROM, RIFE, HANNON, SOORHOLTZ, HORN, TAYLOR, MILLER of CERRO GORDO, MURPHY, PRIEBE, WELLS & HUSAK

S-3372 HOUSE FILE 225

Amend amendment H-3322 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, line 41, by inserting after the word "board." the following: "Whenever possible when the lottery agency awards a contract for the lease, purchase, or servicing of a machine to be used in the conducting of a lottery game including, but not limited to, a video lottery machine or machine used in lotto, the lottery agency shall give preference to awarding the contract to a person whose primary place of business is in Iowa."

S-3372 Filed
March 19, 1985
Adopted 3/19 (p. 871)

By RODGERS, HOLT, DRAKE, DOYLE, BOSWELL, JENSEN, GOODWIN, GETTINGS, BROWN, LIND, HESTER, GRONSTAL, COLTON, NYSTROM, HOLDEN, DIELEMAN, RIFE, HANNON, MURPHY, SOORHOLTZ, PRIEBE, HORN, WELLS, TAYLOR, A. MILLER & HUSAK

SENATE 15
MARCH 20, 1985

S-3369 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House, as follows:

1. Page 1, line 18, by inserting after the word "million" the following: "five hundred thousand".

2. Page 3, line 43, by striking the words and figure "five hundred thousand (500,000)" and inserting the following: "one million (1,000,000)".

3. Page 10, line 43, by inserting after the word "million" the following: "five hundred thousand".

S-3369 Filed
March 19, 1985
Adopted 3/19/85 (p. 875)

By GENTLEMAN

S-3370 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 13, by striking the word "eight" and inserting the following: "nine".

2. Page 9, by inserting after line 44 the following:

"g. To the department of water, air and waste management the sum of one hundred thousand (100,000) dollars, or so much thereof as may be necessary, to assess and identify potential, suitable locations for hazardous waste treatment, storage or disposal facilities, to identify a preliminary best location for a state-owned site for the treatment and above-ground, long-term storage of hazardous wastes, and to conduct preliminary engineering designs, including cost analyses, of a state-owned facility. The department shall file a report of its findings and recommendations to the general assembly not later than January 15, 1987. The appropriation under this paragraph is contingent upon the passage and enactment into law of Senate File 463."

S-3370 Filed
March 19, 1985
Placed o/o 3/19 (p. 874)

By GRONSTAL

S-3375

HOUSE FILE 225

Amend amendment S-3348, to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 14, line 46, by striking the word "eleven" and inserting the following: "thirteen".

2. Page 15, line 1, by inserting after the word "from" the following: "agriculture,".

3. Page 15, by inserting after line 2 the following:

"a. Two members actively engaged in farming. Appointments shall be made from lists of nominees submitted by agricultural associations representing at least twenty-five members."

4. Page 15, line 5, by striking the words "one representative" and inserting the following: "two representatives".

5. Page 16, line 26, by striking the word "two" and inserting the following: "three".

6. Page 16, line 29, by striking the words "three members" and inserting the following: "four members".

S-3375 Filed
March 19, 1985
Adopted 3/20 (p. 574)

By PRIEBE, SOORHOLTZ, RIFE, PALMER, MILLER, DRAKE, WALDSTEIN & JENSEN

S-3376

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, lines 13 and 14, by striking the words "sixteen million eight hundred sixty-two" and inserting the following: "seven million six hundred twelve".

2. Page 8, line 34, by striking the word "council,".

3. Page 8, by striking lines 38 through 45.

4. Page 10, by striking lines 34 through 39 and inserting the following:

"a. In each of the four fiscal years the first one million dollars".

5. Page 12, by striking lines 8 through 22.

6. By striking page 16, line 35 through page 20, line 4.

7. Page 24, by striking lines 9 through 14 and inserting the following:

"___. Title page, by striking lines 13 through 17."

S-3376 Filed
March 19, 1985
Adopted 3/19 (p. 574)

By HORN & COLTON

SENATE 7
MARCH 20, 1985

S-3373

HOUSE FILE 225

Amend House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 19, line 24, by inserting after the word "99E" the following: "or a wager or bet lawfully placed and recorded in a ledger pursuant to section 725.10".

2. Page 19, by inserting after line 28 the following:

"Sec. ___. Section 725.7, subsection 1, unnumbered paragraph 1, Code 1985 is amended to read as follows:

Except as permitted in chapters 99B and , 99D, or this chapter, a person shall not do any of the following:

Sec. ___. Section 725.10, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

725.10 WAGERING.

1. The department of revenue shall provide a ledger to a person eighteen years of age or older who applies to the department of revenue for a ledger. A person who receives a ledger may accept bets or wagers from a person eighteen years of age or older. A bet or wager made in this state is lawful if the bet or wager is placed upon the result of any lawful trial or contest of skill, speed, or power of endurance of a human or beast and if the bet or wager is placed with a person who lawfully possesses a ledger provided by the department of revenue. Each bet or wager and its disposition shall be recorded in the ledger by the person to whom the ledger is provided.

2. A person to whom a ledger is provided shall remit to the treasurer of state on the first of each month ten percent of the gross amount of wagers or bets placed with the person in the previous month. Ledgers shall be open for inspection at reasonable hours by the director of revenue or the director's designee.

3. A person who receives a bet or wager and who fails to record the bet or wager in a ledger furnished by the department of revenue shall be fined one thousand dollars for the first violation. The fine shall increase one thousand dollars for each subsequent failure to record in the ledger a bet or wager made."

3. Title page, line 1, by inserting after the word "by" the following: "making certain bets and wagers legal, requiring that the bets and wagers be recorded in a ledger, that a percentage of the amount of the bets and wagers placed be remitted to the state, providing a penalty,".

S-3373 Filed
March 19, 1985

By WALDSTEIN

Ruled not germane 3/20 (p. 914)

S-3377 HOUSE FILE 225

Amend amendment S-3322 to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 6, by striking lines 3 through 7 and inserting the following: "be determined."

2. Page 16, by striking lines 21 through 24 and inserting the following: "tickets or shares pursuant to chapter 99E."

S-3377 Filed
March 19, 1985
w/d 3/19 (872)

By HORN

S-3378 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 18, lines 7 and 8, by striking the words and figures "begin no later than November 30, 1985" and inserting the following: "not begin before December 31, 1986".

2. Page 18, line 18, by striking the word and figures "August 1, 1985" and inserting the following: "July 1, 1986".

3. Page 20, line 4, by striking the word and figures "November 30, 1989" and inserting the following: "December 31, 1990".

S-3378 Filed
March 19, 1985
Placed o/c 3/20 (p. 895)

By HORN

S-3379 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 17, by striking lines 18 through 31 and inserting the following: "the fifteen members of the Iowa development commission. Members shall not be compensated for their services as members of the committee.

2. The chairperson of the committee shall be the chairperson of the Iowa development commission. Meetings shall be held at the call of the chairperson or whenever six committee members request it. Eight members constitute a quorum and the affirmative vote of eight members shall".

2. Page 18, line 37, by striking the word "nine" and inserting the following: "nineteen".

3. Page 18, by striking lines 38 through 44 and inserting the following:

"2. State representation on the nonprofit corporation's board of directors consists of the fifteen members of the Iowa development commission who shall serve as long as they are members of that commission."

4. Page 19, line 5, by striking the word "five" and inserting the following: "nineteen".

S-3379 Filed
March 19, 1985
Lost 3/20 (p. 894)

By HORN

SENATE 13A
MARCH 20, 1985

S-3374

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, line 31, by inserting after the word "existence." the following: "However, this section does not alter the administration and delivery network of the small business development centers and the center for industrial research and science program, with those programs retaining their administrative authority and providing managerial assistance to small business."

2. Page 22, line 14, by inserting after the word "area." the following: "However, this duty and responsibility does not alter the administration and delivery network of the small business development centers and the center for industrial research and science."

3. Page 22, by inserting after line 45 the following:

"Sec. 503. Chapter 28, Code 1985, is amended by adding the following new section:

NEW SECTION. 28.102 PRIMARY RESEARCH AND MARKETING CENTER, SMALL BUSINESS DEVELOPMENT CENTERS, AND THE CENTER FOR INDUSTRIAL RESEARCH AND SCIENCE COORDINATION.

The primary research and marketing center for business and international trade shall work with the small business development centers and the center for industrial research and science in developing a means to coordinate programs and services to avoid administrative duplication and to assure appropriate geographic placement of satellite centers and small business development centers. Individually or collectively, they shall report to the general assembly by January 1, 1987 on the appropriate means to coordinate such services to avoid duplication of effort."

S-3374 Filed
March 19, 1985
Placed o/o 3/20 (Jr. 894)

By BRUNER

HF 225.397 71
mg/cf/24

S-3381 HOUSE FILE 225

Amend House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 19, by striking lines 10 through 14 and inserting the following:

"Sec. ___. Section 422.43, subsection 2, Code 1985, is amended to read as follows:

2. There is imposed a tax of four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, operated or conducted within the state of Iowa, the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section. The tax shall also be imposed upon the gross receipts derived from the sale of lottery tickets or shares pursuant to chapter 99E."

S-3381 Filed
March 19, 1985
Placed o/o 3120 (p. 914)

By HORN

S-3382 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 17, line 24, by inserting after the word "senate." the following: "No two members shall be from the same congressional district."

2. Page 17, line 39, by inserting after the word "center." the following: "Before the committee accepts any proposals, each member shall hold public hearings within the member's area. At the public hearings, the members shall seek input from the people of Iowa on questions relating to the world trade center which shall include but not be limited to whether or not an Iowa world trade center should be constructed, whether or not the state should be involved in any construction of an Iowa world trade center, and where an Iowa world trade center should be constructed."

S-3382 Filed
March 19, 1985
Placed o/o 3120 (p. 894)

By HORN

SENATE 6
MARCH 20, 1985

S-3380

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 1, line 6 through page 13, line 34 and inserting the following:

"Sec. 201.

1. The treasurer of state shall, for the fiscal period beginning July 1, 1985 and ending June 30, 1990, credit moneys within the Iowa plan fund for economic development created in section 99E.10 to a special account to be known as the school foundation program reserve account. Moneys in this special account shall be appropriated only for the purpose of insuring that the appropriations required under section 442.26 are timely paid to the school districts.

2. There is appropriated to the state comptroller from the school foundation program reserve account for the fiscal year beginning July 1, 1985 and ending June 30, 1986 a sum sufficient to allow the state comptroller to pay to the school districts all appropriations that are delinquent under section 442.26.

Sec. 202. Section 442.26, unnumbered paragraph 2, Code 1985, is amended to read as follows:

All state aids paid under this chapter, unless otherwise stated, shall be paid in monthly installments beginning on September 15 of a budget year and ending on June 15 of the budget year and the installments shall be as nearly equal as possible as determined by the state comptroller~~, taking into consideration the relative budget and cash position of the state resources~~. However, the state aids paid to school districts under section 442.28 shall be paid in monthly installments beginning on December 15 and ending on June 15 of a budget year and state aids paid to school districts under section 442.38 shall be paid in monthly installments beginning on February 15 and ending on June 15 of a budget year."

2. Page 24, by inserting after line 8 the following:

"___. Title page, lines 3 and 4, by striking the words "certain economic development programs and activities;" and inserting the following: "insuring the timely payment of the state's obligations under the state school foundation program;"."

S-3380 Filed
March 19, 1985
Ruled not germane 3/19 (p. 874)

By HORN

S3385

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, by striking lines 21 through 31.

S-3385 Filed
March 19, 1985

By SMALL

S-3386 (J. 893)

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 12, by striking the words "one million (1,000,000)" and inserting the following: "nine hundred thousand (900,000)".

2. Page 8, by inserting after line 30 the following:

"h. To the state board of regents the sum of one hundred thousand (100,000) dollars for the purpose of financing the tuition waiver program established in Senate File 164. The appropriation under this paragraph is contingent upon the passage and enactment into law of Senate File 164."

3. Page 12, by inserting after line 7 the following:

"e. To the state board of regents for the purpose and under the conditions specified in section 201, subsection 4, paragraph "h" of this Act."

3386 Filed
March 19, 1985
Lost 3/20 (J. 893)

By HORN

S-3387

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, line 27, by inserting after the word "services." the following: "The commission shall adopt, amend, and repeal rules under chapter 17A as it deems necessary to function as the interim coordinating agency."

S-3387 Filed
March 19, 1985
Adopted 3/20 (J. 893)

By WELSH

S-3388

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 4, line 13, by striking the words "cultural community" and inserting the following: "community cultural".

3388 Filed
March 19, 1985
Adopted 3/19 (J. 878)

By WELSH

SENATE 27
MARCH 20, 1985

S-3383

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 1, line 6 through page 13, line 34 and inserting the following:

"Sec. 201.

1. The treasurer of state shall, for the fiscal period beginning July 1, 1985 and ending June 30, 1990, credit moneys within the Iowa plan fund for economic development created in section 99E.10 to a special account to be known as the older Iowans assistance account. Moneys in this special account shall be appropriated only for the purpose of paying for assistance provided to older Iowans by state or local governments or by nongovernmental entities.

2. There is appropriated to the department of human services from the older Iowans assistance account for each fiscal year of the fiscal period beginning July 1, 1985 and ending June 30, 1990 a sum sufficient to pay for medical assistance, old-age assistance, elderly homes assistance, and other assistance approved by the department for older Iowans."

2. Page 24, by inserting after line 8 the following:

"___. Title page, lines 3 and 4, by striking the words "certain economic development programs and activities;" and inserting the following: "paying for assistance for older Iowans;"."

S-3383 Filed
March 19, 1985

By HORN

Lost 3/19 (J. 874)

HF 225.632 71
mg/am/6

S-3390

HOUSE FILE 225

Amend House File 225 as amended, passed, and reprinted as follows:

1. Page 8, line 21, by striking the words "As nearly as is practicable, forty-five" and inserting the following: "The board shall establish the percentage of the projected annual revenue that shall be distributed as prizes. The percentage established shall not be less than fifty percent of the projected annual revenue computed on a year-round average basis for each type of lottery game accruing from the sale of tickets or shares. After the".

2. Page 8, by striking lines 22 through 25.

S-3390 Filed
March 19, 1985
Lost 3/20 (p. 816)

By WALDSTEIN

S-3391

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 19, by striking the word "twelve" and inserting the following: "seventeen".

2. Page 8, by inserting after line 30 the following:

"h. To the merged area schools, as defined in section 280A.2, the sum of five million (5,000,000) dollars to be allocated and distributed by the state comptroller for additional salary increases."

S-3391 Filed
March 19, 1985
Lost 3/19 (p. 816)

By PALMER & HORN

SENATE 5
MARCH 20, 1985

Approved for introduction
SENATE LEGAL COUNSEL

S-3384

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 29, by inserting after the word "appropriated" the following: ", subject to subsection 9,".

2. Page 3, line 3, by inserting after the word "appropriated" the following: ", subject to subsection 9,".

3. Page 4, line 25, by inserting after the word "appropriated" the following: ", subject to subsection 9,".

4. Page 8, line 31, by inserting after the word "appropriated" the following: ", subject to subsection 9,".

5. Page 10, by inserting after line 26 the following:

"9. Notwithstanding that moneys are appropriated in subsections 2, 3, 4 and 5, no moneys shall be available to any agency, council, board, commission, office, or overseer of a fund to which moneys were appropriated in subsections 2, 3, 4, and 5 until the seventy-first general assembly during the 1986 session takes appropriate action to reaffirm the amount of each specific appropriation or to increase, decrease or eliminate the amount of each specific appropriation."

6. Page 18, line 8, by striking the figure "1985" and inserting the following: "1986".

7. Page 18, line 18, by striking the figure "1985" and inserting the following: "1986".

S-3384 Filed
March 19, 1985
Adopted 3/19/85 (p. 876)
Motion to reconsider (p. 885)
Reconsidered & Adopted 3/20 (p. 898)

By KINLEY, SOORHOLTZ
RIFE, COLTON, HORN
& VANDE HOEF

SENATE 28
MARCH 20, 1985

S-3397 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 13, by striking the word "sixteen" and inserting the following: "forty-six".

2. Page 9, by inserting after line 44 the following:

"g. To the department of transportation the sum of thirty million (30,000,000) for the construction or reconstruction of interstate or limited access highways from Interstate 35 on U.S. highway 34 east to Burlington, from Interstate 29 east on U.S. highway 20 to Dubuque, and on U.S. highway 61 south from Dubuque to Interstate 80 on to Burlington."

3. Page 10, line 35, by striking the word "ten" and inserting the following: "forty".

4. Page 10, line 37, by striking the word "three" and inserting the following: "thirty-three".

5. Page 10, line 39, by striking the word "one" and inserting the following: "thirty-one".

6. Page 12, line 8, by inserting after the figure "5." the following: "a."

7. Page 12, by inserting after line 22 the following:

"b. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 to the department of transportation the sum of thirty million (30,000,000) dollars, or so much as is necessary, for the purposes specified in section 201, subsection 5, paragraph "g" of this Act."

S-3397 Filed
March 19, 1985 By GETTINGS
Placed a/o 3/14 (p. 874)

S-3398 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, line 28, by inserting after the word "services" the following: ", except for programs and services under the federal Job Training Partnership Act of 1982,".

S-3398 Filed
March 19, 1985 By SMALL
Adopted 3/20 (p. 894)

SENATE 12
MARCH 20, 1985

S-3392

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, line 31, by inserting after the word "existence." the following: "However, this section does not alter the administration and delivery network of the small business development centers and the center for industrial research and service program, with those programs retaining their administrative authority and providing managerial assistance to small business."

2. Page 22, line 14, by inserting after the word "area." the following: "However, this duty and responsibility does not alter the administration and delivery network of the small business development centers and the center for industrial research and service."

3. Page 22, by inserting after line 45 the following:

"Sec. 503. Chapter 28, Code 1985, is amended by adding the following new section:

NEW SECTION. 28.102 PRIMARY RESEARCH AND MARKETING CENTER, SMALL BUSINESS DEVELOPMENT CENTERS, AND THE CENTER FOR INDUSTRIAL RESEARCH AND SERVICE COORDINATION.

The primary research and marketing center for business and international trade shall work with the small business development centers and the center for industrial research and service in developing a means to coordinate programs and services to avoid administrative duplication and to assure appropriate geographic placement of satellite centers and small business development centers. Individually or collectively, they shall report to the general assembly by January 1, 1987 on the appropriate means to coordinate such services to avoid duplication of effort."

S-3392 Filed
March 19, 1985
Placed c/o 3/20 (p. 894)

By BRUNER

HF 225.401 71
mg/cf/24

S-3403

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 10, line 5, by inserting after the figure "5" the following ", except in subsection 3, paragraph "c",".

2. Page 12, line 34, by inserting after the figure "5" the following: ", except in subsection 3, paragraph "b",".

S-3403 Filed
March 19, 1985
Adopted 3/20 (p. 893)

By SMALL

S-3404

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 1, lines 32 and 33, by striking the words "Iowa development commission" and inserting the following: "state comptroller".

2. By striking page 1, line 36 through page 3, line 2 and inserting the following:

"a. To pay to political subdivisions of the state all state appropriations that are delinquent under any provision of the law."

3. Page 11, lines 3 and 4, by striking the words "Iowa development commission" and inserting the following: "state comptroller".

4. Page 11, by striking lines 7 through 19 and inserting the following:

"a. To pay to political subdivisions of the state all state appropriations that are delinquent under any provision of the law."

S-3404 Filed
March 19, 1985
Placed o/c 3/20 (p. 895)

By HORN

S-3399 HOUSE FILE 225

Amend amendment S-3349 to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 1, line 11, by inserting after the word "contracts" the following: "other than major procurements".

2. Page 1, line 31, by striking the words "to operate or market the lottery".

3. Page 1, line 34, by inserting after the word "means" the following: "consulting agreements and".

S-3399 Filed
March 19, 1985
Placed o/s 3/19 (p. 877) Adopted 3/20 (p 912)
3349 reconsidered.

By WELSH

S-3400 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed, and reprinted by the House as follows:

1. Page 14, by striking lines 29 through 31 and inserting the following: "accomplished through a network of sixteen regions which shall correspond to the merged areas or the boundaries of the federal Job Training Partnership Act of 1982 service delivery areas, which are already in existence."

2. Page 21, by striking lines 24 through 26 and inserting the following: "state is divided up into sixteen regional economic delivery areas as determined by the boundaries of the federal Job Training Partnership Act of 1982 service delivery areas, in".

S-3400 Filed
March 19, 1985
Adopted 3/20 (p. 894)

By MURPHY & NEIGHBOUR

S-3402 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 34, by striking the word "council,".

2. Page 8, by striking lines 38 through 45.

3. Page 10, by striking lines 34 through 39 and inserting the following:

"a. In each of the four fiscal years the first one million dollars".

4. Page 12, by striking lines 8 through 22.

5. By striking page 16, line 35 through page 20, line 4.

6. Page 24, by striking lines 9 through 14 and inserting the following:

"___. Title page, by striking lines 13 through 17."

S-3402 Filed
March 19, 1985
Placed o/s 3/19 (p. 877)

By HORN & COLTON

S-3407 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 23, line 34, by striking the word "commission" and inserting the following: "department of public instruction".

S-3407 Filed March 20, 1985
Adopted 3/20 (p. 895)

By BROWN

S-3410 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, by striking lines 38 through 49 and inserting the following:

"a. To the state comptroller the amount in that account not otherwise appropriated under this section to pay to political subdivisions all state appropriations delinquent under any provision of the law."

2. Page 12, by striking lines 11 through 22 and inserting the following: "1987, July 1, 1988, and July 1, 1989 to the state comptroller the amount in the account to pay to political subdivisions all state appropriations delinquent under any provision of the law."

S-3410 Filed March 20, 1985
Ruled not germane 3/20 (p. 593)

By HORN

S-3408 HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, by inserting after line 16 the following:

"5. Whenever possible when the lottery agency awards a contract under subsection 2, for the lease, purchase, or servicing of a machine to be used in the conducting of a lottery game including, but not limited to, a video lottery machine or machine used in lotto, the lottery agency shall give preference to awarding the contract to a person whose primary place of business is in Iowa."

S-3408 Filed March 20, 1985
Adopted 3/20 (p. 913)

By RODGERS, DRAKE, BOSWELL, GOODWIN, BROWN, HESTER, COLTON, HOLDEN, DIELEMAN, HOLT, DOYLE, JENSEN, GETTINGS, LIND, GRONSTAL, NYSTROM, RIFE, HANNON, SOORHOLTZ, HORN, TAYLOR, A.MILLER, MURPHY, PRIEBE, WELLS, HUSAK

SENATE 4
MARCH 20, 1985

S-3406 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 3, lines 6 and 7, by striking the words "following funds, agencies, boards, or commissions the following amounts" and inserting the following: "state comptroller the amount in that account".

2. By striking page 3, line 10 through page 4, line 24 and inserting the following:

"a. To pay to political subdivisions all state appropriations delinquent under any provision of the law."

3. Page 11, by striking lines 23 and 24 and inserting the following: "the state comptroller the amount in that account, or so much thereof as may be".

4. Page 11, by striking lines 27 through 37 and inserting the following:

"a. To pay to political subdivisions all state appropriations delinquent under any provision of the law."

S-3406 Filed March 20, 1985 By HORN
Placed o/o 3/20 (p. 895)

S-3405 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 4, lines 29 and 30, by striking the words "following funds, agencies, boards or commissions the following amounts" and inserting the following: "state comptroller the amount in that account".

2. By striking page 4, line 33 through page 8, line 30 and inserting the following:

"a. To pay to political subdivisions all state appropriations delinquent under any provision of the law."

3. Page 11, by striking lines 42 and 43 and inserting the following: "state comptroller the amount in that account, or so much thereof as may be necessary".

4. By striking page 11, line 46 through page 12, line 7, and inserting the following:

"a. To pay to political subdivisions all state appropriations delinquent under any provision of the law."

S-3405 Filed March 20, 1985 By HORN
Placed o/o 3/20 (p. 895)

SENATE 15
MARCH 21, 1985

S-3417 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 16, by striking the word "ten" and inserting the following: "forty".

2. Page 1, lines 32 and 33, by striking the words "Iowa development commission the amount in that account" and inserting the following: "following commission or department the following accounts".

3. Page 1, by inserting after line 35 the following:

"___. To the Iowa development commission the sum of ten million (10,000,000) dollars for the following:".

4. Page 3, by inserting after line 2 the following:

"___. To the department of transportation the sum of thirty million (30,000,000) dollars for the construction or reconstruction of interstate or limited access highways from Interstate 35 on U.S. highway 34 east to Burlington, from Interstate 29 east on U.S. highway 20 to Dubuque, and on U.S. highway 61 south from Dubuque to Interstate 80 on to Burlington."

5. Page 10, line 42, by striking the word "ten" and inserting the following: "forty".

6. Page 11, line 4, by inserting after the word "commission" the words "or the department of transportation".

7. Page 11, by inserting after line 6 the following:

"___. To the Iowa development commission for the following:".

8. Page 11, by inserting after line 16 the following:

"___. To the department of transportation not more than thirty million (30,000,000) dollars for the construction or reconstruction of interstate or limited access highways from Interstate 35 on U.S. highway 34 east to Burlington, from Interstate 29 east on U.S. highway 20 to Dubuque, and on U.S. highway 61 south from Dubuque to Interstate 80 on to Burlington."

S-3417 Filed March 20, 1985 By GETTINGS

Lost 3/20 (p. 910)

S-3311

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 12, by striking the words "one million (1,000,000)" and inserting the following: "nine hundred thousand (900,000)".

2. Page 8, by inserting after line 30 the following:

"h. To the state board of regents the sum of one hundred thousand (100,000) dollars for the purpose of financing a tuition waiver program which the state board of regents shall establish."

3. Page 12, by inserting after line 7 the following:

"e. To the state board of regents for the purpose and under the conditions specified in section 201, subsection 4, paragraph "h" of this Act."

S-3411 Filed March 20, 1985 By HORN

W/D 3/20 (p. 895)

S-3412

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 18, by striking the words "eight million" and inserting the following: "ten million eight hundred thousand".

2. Page 4, by inserting after line 24 the following:

"g. To the department of transportation the sum of two million eight hundred thousand (2,800,000) dollars for public transit purposes to implement a state assistance plan. Notwithstanding chapter 8, the funds appropriated shall be allocated, if possible, in whole or in part to a public transit system prior to the time actual expenditures are incurred if the allocation is first approved by the state department of transportation. A public transit system shall make application for advance allocations to the state department of transportation specifically stating the reasons why an advance allocation is required and this allocation shall be included in the total to be audited."

3. Page 10, line 43, by striking the words "eight million" and inserting the following: "ten million eight hundred thousand".

4. Page 11, by inserting after line 37 the following:

"e. To the department of transportation for the purposes and under the conditions specified in section 201, subsection 3, paragraph "g" of this Act."

S-3412 Filed March 20, 1985 By MANN

Placed o/c 3/20 (p. 895)

SENATE 9
MARCH 21, 1985

S-3419 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, line 19, by inserting after the word "account," the following: "two million eight hundred thousand dollars to the "Public Transit Assistance" account,".

2. Page 9, by inserting after line 44 the following:

"6. There is appropriated from the allotment to the public transit assistance account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the department of transportation the sum of two million eight hundred thousand (2,800,000) dollars for public transit purposes to implement a state assistance plan. Notwithstanding chapter 8, the funds appropriated shall be allocated, if possible, in whole or in part to a public transit system prior to the time actual expenditures are incurred if the allocation is first approved by the state department of transportation. A public transit system shall make application for advance allocations to the state department of transportation specifically stating the reasons why an advance allocation is required and this allocation shall be included in the total to be audited."

3. Page 10, line 44, by inserting after the word "account," the following: "two million eight hundred thousand dollars to the public transit assistance account,".

4. Page 12, by inserting after line 22 the following:

"6. There is appropriated from the allotment to the public transit assistance account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 the amount in that account to the department of transportation for the purposes and under the conditions specified in section 201, subsection 6, of this Act."

S-3419 Filed March 20, 1985 By MANN

Lost 3/20 (J. 911)

S-3414 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 14, by inserting after line 31 the following: "However, this section does not alter the administration and delivery network of the small business development centers and the center for industrial research and service program, with those programs retaining their administrative authority and providing managerial assistance to small business."

2. Page 22, line 14, by inserting after the word "area." the following: "However, this duty and responsibility does not alter the administration and delivery network of the small business development centers and the center for industrial research and service."

S-3414 Filed March 20, 1985 By BRUNER

adopted 3/20 (j. 896)

S-3416 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 34, by striking the word "council," and inserting the following: "commission,".

2. Page 8, by striking lines 38 through 45 and inserting the following:

"a. To the Iowa development commission the sum of one million five hundred thousand (1,500,000) dollars for the establishment by the commission of foreign overseas offices for the purposes of stimulating, promoting and aiding the exportation of the state's manufactured products and agricultural products and reverse investments."

3. Page 10, by striking lines 34 through 39 and inserting the following:

"a. In each of the four fiscal years the first two million five hundred thousand dollars".

4. Page 12, by striking lines 11 through 22 and inserting the following: "1987, July 1, 1988, and July 1, 1989 to the Iowa development commission the sum of one million five hundred thousand (1,500,000) dollars, or so much thereof as may be necessary, for the purposes designated in section 201, subsection 5, paragraph "a" of this Act."

5. By striking page 16, line 35 through page 20, line 4.

6. Page 24, by striking lines 9 through 14 and inserting the following:

"___. Title page, by striking lines 13 through 17."

S-3416 Filed March 20, 1985 By TAYLOR

o/o 3/20 (j. 909)

S 3418 HOUSE FILE 225

Approved for introduction
SENATE LEGAL COUNSEL

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 51, by inserting after line 22 the following:

"DIVISION VII

Sec. 701. NEW SECTION. 18.170 TITLE.

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

Sec. 702. NEW SECTION. 18.171 DEFINITIONS.

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

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

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

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

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

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

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

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

4. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of any of the following circumstances:

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

b. Physical location if the person resides or is employed in an area declared a labor surplus area by

the United States department of commerce.

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

Sec. 703. NEW SECTION. 18.172 PROCUREMENT FROM SMALL MINORITY BUSINESSES.

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

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

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

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

Sec. 704. NEW SECTION. 18.173 ROLE OF DEVELOPMENT COMMISSION.

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

Sec. 705. NEW SECTION. 18.174 CERTIFICATION.

The director shall adopt by rule standards and procedures for certifying that small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retains the ability to verify a self-certification. The director of general services shall maintain a current directory of small businesses which have been certified under this section.

Sec. 706. NEW SECTION. 18.175 REPORTS.

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

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

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

and the number of set-asides reflect.

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

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

a. The efforts undertaken to publicize the set-aside program during the preceding year.

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

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

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

Sec. 707. Section 28.7, Code 1985, is amended by adding the following new subsection:

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

2. Title page, line 24, by inserting after the word "activities;" the following: "providing for set-asides in state procurement contracts for small minority businesses;".

S-3418 Filed March 20, 1985 By MANN

Placed o/o 3/20 (p. 915)

SENATE 16, 1985
MARCH 21, 1985

S-3422

HOUSE FILE 225

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 20, by inserting after line 30 the following:

"DIVISION II

Sec. 201. NEW SECTION. 18.170 TITLE.

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

Sec. 202. NEW SECTION. 18.171 DEFINITIONS.

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

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

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

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

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

c. Specialty construction businesses which had gross receipts exceeding three million dollars in the preceding three fiscal years.

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

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

4. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of any of the following circumstances:

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

b. Physical location if the person resides or is employed in an area declared a labor surplus area by

the United States department of commerce.

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

Sec. 203. NEW SECTION. 18.172 PROCUREMENT FROM SMALL MINORITY BUSINESSES.

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

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

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

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

Sec. 204. NEW SECTION. 18.173 ROLE OF DEVELOPMENT COMMISSION.

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

Sec. 205. NEW SECTION. 18.174 CERTIFICATION.

The director shall adopt by rule standards and procedures for certifying that small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retains the ability to verify a self-certification. The director of general services shall maintain a current directory of small businesses which have been certified under this section.

Sec. 206. NEW SECTION. 18.175 REPORTS.

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

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

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

and the number of set-asides reflect.

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

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

a. The efforts undertaken to publicize the set-aside program during the preceding year.

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

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

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

Sec. 207. Section 28.7, Code 1985, is amended by adding the following new subsection:

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

2. Title page, line 4, by inserting after the word "activities;" the following: "providing for set-asides in state procurement contracts for small minority businesses;".

S-3422 Filed March 20, 1985 By MANN
adopted 3/20 (p. 915)

SENATE 20
MARCH 21, 1985

S-3424

HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, line 34, by striking the word "council," and inserting the following: "commission,".

2. Page 8, by striking lines 38 through 45 and inserting the following:

"a. To the Iowa development commission the sum of one million five hundred thousand (1,500,000) dollars for the establishment by the commission of foreign overseas offices for the purposes of stimulating, promoting and aiding the exportation of the state's manufactured products and agricultural products and reverse investments."

3. Page 10, by striking lines 34 through 39 and inserting the following:

"a. In each of the four fiscal years the first two million five hundred thousand dollars".

4. Page 12, by striking lines 11 through 22 and inserting the following: "1987, July 1, 1988, and July 1, 1989 to the Iowa development commission the sum of one million five hundred thousand (1,500,000) dollars, or so much thereof as may be necessary, for the purposes designated in section 201, subsection 5, paragraph "a" of this Act."

5. By striking page 16, line 36 through page 17, line 12.

6. By striking page 18, line 20 through page 20, line 4.

7. Page 24, by striking lines 9 through 14 and inserting the following:

"___. Title page, by striking lines 13 through 17."

S-3424 Filed March 20, 1985 By TAYLOR

Lost 3/20 (p. 711)

S-3420 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 8, by striking lines 38 through 45.
2. Page 12, by striking lines 8 through 22.

S-3420 Filed
March 20, 1985
Lost 3/20 (J. 911)

By HORN, COLTON & TIEDEN

S-3421 HOUSE FILE 225

Amend amendment S-3348 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 1, by inserting after line 12 the following:
"a. The first ten million dollars to the "Community Economic Betterment" account."
2. Page 1, line 13, by striking the words ""a. The first" and inserting the following: "b. The next".
3. Page 1, by striking lines 16 and 17 and inserting the following:
"c. After the allotments in paragraphs "a" and "b",".
4. Page 1, line 18, by striking the word "account,".
5. Page 1, line 26, by striking the words "and "c"" and inserting the following: ""c" and "d"".
6. Page 10, by inserting after line 33 the following:
a. In each of the four fiscal years the first ten million dollars to the community economic betterment account."
7. Page 10, line 34, by striking the word "a." and inserting the following: "b."
8. Page 10, line 35, by striking the word "first" and inserting the following: "next".
9. Page 10, line 37, by striking the word "first" and inserting the following: "next".
10. Page 10, line 39, by striking the word "first" and inserting the following: "next".
11. Page 10, by striking lines 41 and 42.
12. Page 10, line 43, by striking the words "community economic betterment account," and inserting the following:
"c. In each of the four fiscal years after the allotments in paragraphs "a" and "b",".
13. Page 10, line 48, by striking the words "and "b"" and inserting the following: ", "b" and "c"".

S-3421 Filed March 20, 1985 By HORN
Lost 3/20 (J. 912)

SENATE AMENDMENT TO HOUSE FILE 225

H-3386

Amend House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, line 17, by striking the word "chapter" and inserting the following: "chapter, except as provided in section 99E.14, subsection 2".

2. Page 4, by striking lines 12 through 35 and inserting the following:

"2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, except that the board may by rule designate classes of contracts other than major procurements which do not require prior approval by the board. A major procurement shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract for a major procurement is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest of the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this investigation. A contract for a major procurement awarded or entered into by the commissioner with an individual or business organization shall require that individual or business organization to establish a permanent office in this state. As used in this subsection, "major procurement" means consulting agreements and the major procurement contract with a business organization for the printing of tickets, or for purchase or lease of equipment or services essential to the operation of a lottery game."

3. Page 8, by inserting after line 16 the following:

"5. Whenever possible when the lottery agency awards a contract under subsection 2, for the lease, purchase, or servicing of a machine to be used in the conducting of a lottery game including, but not limited to, a video lottery machine or machine used in lotto, the lottery agency shall give preference to awarding the contract to a person whose primary place of business is in Iowa."

4. Page 8, line 21, by inserting after the figure "99E.20." the following: "Four percent of the annual

revenue from the sale of lottery tickets or shares shall be deducted as the sales tax on the tickets or shares and shall be transferred to the general fund."

5. Page 9, by inserting after line 3 the following:

"c. The contractual expenses required in this paragraph. The division of criminal investigation shall be the primary state agency responsible for investigating criminal violations of the law under this chapter. The commissioner shall contract with the department of public safety for investigative services, including the employment of special agents and support personnel, and procurement of necessary equipment to carry out the responsibilities of the division of criminal investigation under the terms of the agreement and this chapter."

6. Page 11, by striking lines 22 through 24 and inserting the following:

"4. The commissioner shall contract with the department of human services to conduct annual studies of the extent to which the lottery creates a compulsive gambling problem among lottery players and the impact of gambling on affected families."

7. Page 13, line 4, by inserting after the word "division." the following: "The position of director is exempt from the provisions of chapter 19A."

8. Page 19, by striking lines 10 through 14 and inserting the following:

"Sec. ___. Section 422.43, subsection 2, Code 1985, is amended to read as follows:

2. There is imposed a tax of four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, operated or conducted within the state of Iowa, the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section. The tax shall also be imposed upon the gross receipts derived from the sale of lottery tickets or shares pursuant to chapter 99E. The tax on the lottery tickets or shares shall be included in the sales price and distributed to the general fund as provided in section 99E.10."

9. Page 20, by inserting after line 30 the following:

"DIVISION II

Sec. 201. NEW SECTION. 18.170 TITLE.

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

Sec. 202. NEW SECTION. 18.171 DEFINITIONS.
When used in sections 18.170 through 18.175, unless the context otherwise requires:
1. "Small business" means a business organized for profit which has its principal place of business in Iowa and which is neither dominant in its field of operation nor an affiliate or subsidiary of a business dominant in its field of operation.
2. "Dominant in its field of operation" means exercising a controlling or major influence in a business activity in which a number of businesses are engaged. The following businesses are dominant in their field of operation:
a. Manufacturing businesses which employ more than one hundred persons and whose gross receipts for the preceding three fiscal years exceeded a total of fifteen million dollars.
b. General construction businesses which had gross receipts exceeding a total of six million dollars in the preceding three fiscal years.
c. Speciality construction businesses which had gross receipts exceeding three million dollars in the preceding three fiscal years.
d. Nonmanufacturing businesses which employ more than twenty-five persons and which had gross receipts exceeding three million dollars in the preceding three fiscal years.
3. "Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least twenty percent owned by a business dominant in that field of operation, or by partners, officers, directors, majority shareholders, or their equivalent of a business dominant in that field of operation.
4. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of any of the following circumstances:
a. Cultural, social, or economic circumstances or background.
b. Physical location if the person resides or is employed in an area declared a labor surplus area by the United States department of commerce.
c. Other similar cause as defined by rules adopted by the director pursuant to chapter 17A.
Sec. 203. NEW SECTION. 18.172 PROCUREMENT FROM SMALL MINORITY BUSINESSES.
1. SMALL MINORITY BUSINESS SET-ASIDES.
Notwithstanding section 18.6, the director may designate and set aside for awarding to small

businesses owned and operated by socially or economically disadvantaged persons approximately five percent of the value of anticipated total state procurement of goods and services, including construction, but not including utility services pursuant to section 18.8, each fiscal year. The director may divide the procurements so designated into contract award units of economically feasible production runs to facilitate offers or bids from these small businesses. In designating set-aside procurements, the director may vary the included procurements so that a variety of goods and services produced by different small businesses may be set aside each year.

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

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

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

Sec. 204. NEW SECTION. 18.173 ROLE OF DEVELOPMENT COMMISSION.

The director of general services may assist the director of the Iowa development commission in publicizing the set-aside program, attempting to locate small businesses able to perform set-aside awards, and encouraging program participation. When the director of general services determines that a small minority business is unable to perform under a set-aside contract, the director of general services

shall inform the director of the Iowa development commission who shall assist the small business in attempting to remedy the causes of the inability to perform. In assisting the small business, the director of the Iowa development commission in cooperation with the director of general services may use any management or financial assistance programs available through state or governmental agencies or private sources. Primary responsibility under this section rests with the director of the Iowa development commission.

Sec. 205. NEW SECTION. 18.174 CERTIFICATION.

The director shall adopt by rule standards and procedures for certifying that small businesses owned and operated by socially or economically disadvantaged persons are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retains the ability to verify a self-certification. The director of general services shall maintain a current directory of small businesses which have been certified under this section.

Sec. 206. NEW SECTION. 18.175 REPORTS.

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

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

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

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

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

a. The efforts undertaken to publicize the set-aside program during the preceding year.

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

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

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

Sec. 207. Section 28.7, Code 1985, is amended by adding the following new subsection:

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

10. By striking page 20, line 31 through page 51, line 27 and inserting the following:

"DIVISION III

Sec. 301.

1. The treasurer of state shall, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. The first ten million five hundred ninety-two thousand dollars to the "Jobs Now Capitals" account.

b. After the allotment in paragraph "a", ten million dollars to the "Community Economic Betterment" account, eight million five hundred thousand dollars to the "Jobs Now" account, and twelve million five hundred thousand dollars to the "Education and Agriculture Research and Development" account.

c. After the allotments have been made under paragraphs "a" and "b", the excess is allotted equally to the community economic betterment account and to the "Surplus" account.

d. Before the treasurer makes the allotments under paragraphs "a", "b", and "c", the treasurer shall repay to the general fund the loan for start-up

purposes of the Iowa lottery, shall repay to the general fund the sum of one million twenty thousand dollars which was appropriated for the fiscal year beginning July 1, 1985 from the general fund to the department of general services for capitol building restoration and major repairs, and shall repay to the general fund the sum of five million two hundred fifty thousand dollars which was appropriated for the fiscal period beginning July 1, 1985 and ending June 30, 1989 from the general fund to the department of general services for the engineering, planning and construction of a new state historical building under 1984 Iowa Acts, chapter 1316, section 4.

329/ 2. There is appropriated, subject to subsection 9, from the allotment made to the community economic betterment account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the Iowa development commission the amount in that account, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project, unless at least two-thirds of the members of the commission vote for providing more. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the commission for a project from additional moneys credited to that account is not subject to the one million dollar

limitation.

An eligible road construction project is one involving highway improvements which support and assist economic development.

The commission shall take applications from state, city, or county government entities for road construction projects. The commission shall prioritize the projects and determine which projects shall be funded. However, the approval of the department of transportation is necessary for planning, design, construction and maintenance and other activities as provided in section 307.24. The commission shall make the final selection of which projects will be funded. Matching funds on a dollar-for-dollar basis for each project funded shall be required. The source of the matching funds shall be determined by the type of project. Thus a match from the primary road fund is required for a project involving a primary road. The department of transportation does not have the right to reject a project for which a match of primary road funds is required. If the department of transportation disapproves of a project for which a match of primary road funds is required, the reasons shall be supplied to the applicant and commission. But the commission may still approve such project, and once approved, matching funds are to be provided.

In prioritizing the road construction projects and determining which shall be funded, the commission shall consider the economic benefits of the project to the local community and the state as a whole, including but not limited to the number of direct and indirect jobs created.

337/ 3. There is appropriated, subject to subsection 9, from the allotment made to the jobs now account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the state conservation commission the sum of two million five hundred thousand (2,500,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside

for the acquisition of land for expansion or development of state forests and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards.

b. To the energy policy council the sum of one hundred fifty thousand (150,000) dollars to provide for energy management auditing services and administrative costs associated with the establishment of lease-purchase conservation projects for state buildings. The appropriation under this paragraph is contingent upon the passage and enactment into law of Senate File 303.

c. To the Iowa product development fund the sum of two million (2,000,000) dollars for the purposes provided in section 28.89.

d. To the office for planning and programming the sum of one million (1,000,000) dollars for additional and supplemental funding for the child care services program and the displaced homemakers program in connection and coordination with the federal Job Training Partnership Act of 1982 and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities, infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a listing of other sources of income, the staff to be employed, and the method to make the service or program self supporting within three years.

e. To the office for planning and programming the sum of two hundred fifty thousand (250,000) dollars for the purposes of the community cultural grants program established under 1983 Iowa Acts, chapter 207, section 92.

f. To the Iowa development commission the sum of two million six hundred thousand (2,600,000) dollars for the purposes designated as follows:

(1) Business incubators.

(2) Satellite centers under division VI of this Act.
(3) Federal procurement offices.
(4) Tourism and marketing.
(5) Iowa main street program.

4. There is appropriated, subject to subsection 9, from the allotment made to the education and agriculture research and development account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the Iowa college aid commission the sum of seven hundred fifty thousand (750,000) dollars for the forgivable loan program established in division VIII of this Act. However, funds shall not be transferred to the college aid commission until the college aid commission certifies to the treasurer of state that the association of private colleges and universities and the board of regents will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for the same fiscal year.

b. To the Iowa development commission the sum of three hundred thousand (300,000) dollars to develop and administer programs to encourage foreign trade. Prior to providing funds for any activity under this paragraph the Iowa development commission shall seek the input of public and private institutions of higher education, relevant government agencies, boards and departments, and private sector businesses involved in foreign trade for the purpose of coordinating trade related resources already available and those created pursuant to this Act in Iowa higher education institutions. The commission shall also, after seeking input from these entities, initiate the development of trade related curricula and curricula to support potential growth sectors and develop new programs to provide trade assistance to small and medium-sized Iowa businesses including, but not limited to, those created under this paragraph. The commission shall work with Iowa businesses engaged in foreign trade and public and private institutions of higher education to create a comprehensive plan designed to promote and develop the trade of Iowa's agricultural and manufactured products and services in foreign markets and shall coordinate the plan with other public and private foreign trade efforts including those created pursuant to this Act. The

Iowa development commission shall require, where feasible, that recipients of moneys appropriated in this section certify to the Iowa development commission that they will provide contributions, either in-kind or financial, equal to up to fifty percent of the moneys the recipient will receive under this section. The programs are as follows:

(1) To establish internships with Iowa businesses involved in foreign trade, with foreign businesses, with foreign governments, and with the Iowa development commission. A student who is enrolled in an Iowa institution of higher education in a course of study that could involve the student in foreign trade is eligible to apply for an internship. College credit will be given in a manner determined by the institution of enrollment. Money granted for internships shall be used for travel expenses and a stipend for the interns.

(2) To establish a program in which professors employed at Iowa institutions of higher education who are familiar with the language and customs of foreign countries are utilized as cultural advisors for the Iowa development commission and for Iowa businesses participating in trade missions and other foreign trade activities.

(3) To establish a program of short courses useful to assist Iowans in developing skills needed to participate in foreign trade, including but not limited to courses in foreign language, foreign culture and business practices, and foreign trade strategies. The short courses shall be developed in cooperation with Iowa institutions of higher education.

(4) To develop a data base of information useful in foreign trade.

(5) To establish a clearinghouse listing of state residents who have political, social, or business contacts in foreign countries.

(6) To provide assistance in foreign language translation for correspondence and other purposes.

(7) To establish a program for conducting a business risk analysis for Iowa businesses seeking markets in foreign countries. Iowa businesses would file requests for the risk analysis with the Iowa development commission. The Iowa development commission shall contract with an Iowa higher education institution for an analysis of conditions in a specific foreign country as requested by an Iowa business, including but not limited to, rate of exchange projections for the currency, political

climate, cultural mores relating to business etiquette, market climate, and assessment of the political and social status of the business' personal contacts.

c. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by the agricultural experiment station at Iowa state university of science and technology for value added research.

d. To the Iowa development commission the sum of ten million (10,000,000) dollars to be allocated by the Iowa development commission for economic development and research and development purposes at an institution of higher education under the control of the state board of regents or at an independent college or university of the state. The institutions under control of the state board of regents may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution, college or university that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, for institutions under its control, determine the specific proposals for which it requests funding and submit them to the Iowa development commission. An independent college or university shall submit requests directly to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions or an independent college or university the moneys for the various proposals requested unless the Iowa development commission disapproves of a specific proposal as inconsistent with the plan for economic development for this state. The applicants may submit additional proposals for those not approved by the Iowa development commission.

e. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by Iowa state university for the establishment of Iowa farm management program. The cooperative extension service shall administer the program with provisions for cooperation and assistance through the department of

public instruction. The program may be offered in conjunction with programs offered at the merged area schools and at school districts. The cooperative extension service may allocate moneys appropriated in this section for the program to area schools and school districts participating in the program. The cooperative extension service may accept gifts from other sources to supplement moneys appropriated in this section.

f. To the legislative council the sum of fifty thousand (50,000) dollars to be used by the alternative crops and livestock study committee created in this paragraph. There is established a twelve-member alternative crops and livestock study committee to study the feasibility of alternative crops and livestock enterprises. The members shall consist of three farmers, three representatives from the agriculture industry, two faculty members from the Iowa state university and four members of the general assembly. The majority and minority leaders of the senate shall each appoint two nonlegislative members and one legislative member from the senate and the speaker and minority leader of the house of representatives shall each appoint two nonlegislative members and one legislative member from the house. The appointers shall consult with each other before making their appointments to ensure the requirements of the makeup of the committee are met. Nonlegislative members shall receive a per diem of forty dollars and be reimbursed for their travel and other necessary expenses actually incurred in the performance of their official duties. Legislative members shall receive, when the general assembly is not in session, a per diem of forty dollars and their travel and other expenses incurred in the performance of their official duties from funds appropriated by section 2.12. The committee shall submit its final report along with any recommendations to the legislative council by January 1, 1986.

g. To the Iowa college aid commission for the summer institute program established pursuant to this paragraph the sum of one million (1,000,000) dollars. Institutions of higher education in the state may submit proposals to the council for post secondary education for eight week summer institute programs to upgrade the skills of Iowa teachers in the subject areas of math, science, foreign languages and such other areas as the department of public instruction has indicated a teaching shortage exists. The proposals shall provide for the institutional reimbursement for

the costs of instruction, materials, and room and board for the participants as well as for a weekly stipend of one hundred fifty dollars per week for each participant. The council for post secondary education shall select the institutions at which the summer institutes shall be conducted. The council for post secondary education in consultation with the Iowa college aid commission shall establish the criteria for the selection of the teachers to participate in the programs.

5. There is appropriated, subject to subsection 9, from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following council, office, and departments the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division V of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the construction of the state-owned portion of the Iowa world trade center as provided in division V of this Act.

b. To the department of public defense the sum of two hundred forty-three thousand thirty-five (243,035) dollars for the architect, engineering, equipment and construction of the armory in Carroll.

c. To the department of public instruction the sum of one million (1,000,000) dollars to be allocated to the merged area schools filing requests with the department for the purchase of equipment. The department of public instruction shall allocate moneys to an area school based upon the ability of the area school to provide matching contributions, either in-kind or financial, and the potential for creation of jobs and economic development. The maximum grant to an area school shall not exceed two hundred fifty thousand (250,000) dollars.

d. To the office of the governor the sum of one hundred thousand (100,000) dollars or so much as may be needed for a feasibility study of costs and benefits of a joint telecommunications partnership to be entered into between the state and private firms. The study shall be contracted out to a private firm in the state which is experienced in telecommunications and which has the capability to analyze the technical and economic potential and feasibility of a telecommunications satellite and fiber optics system

with state and worldwide capability. The study shall be developed to insure input from the telephone, banking, insurance, television, and other business sectors in the state as well as from the educational community.

6. If the moneys to be allotted to the economic betterment account, jobs now account or education and agriculture research and development account are less than the amount specified in subsection 1, paragraph "b", the moneys appropriated to the funds, agencies, boards or commissions for the purposes specified in subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5, except in subsection 3, paragraph "c", shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made from any of the accounts within the Iowa plan fund on June 30, 1986 shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

9. Notwithstanding that moneys are appropriated in subsections 2, 3, 4 and 5, no moneys shall be available to any agency, council, board, commission, office, or overseer of a fund to which moneys were appropriated in subsections 2, 3, 4, and 5 until the seventy-first general assembly during the 1986 session takes appropriate action to reaffirm the amount of each specific appropriation or to increase, decrease or eliminate the amount of each specific appropriation.

Sec. 302.

1. The treasurer of state shall, for the fiscal years beginning July 1, 1986, July 1, 1987, July 1,

1988, and July 1, 1989, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

3400 a. In each of the fiscal years beginning July 1, 1986 and July 1, 1987 the first ten million two hundred fifty thousand dollars, in the fiscal year beginning July 1, 1988 the first three million two hundred fifty thousand dollars and in the fiscal year beginning July 1, 1989 the first one million dollars to the jobs now capitals account.

b. In each of the four fiscal years after the allotment in paragraph "a", ten million dollars to the community economic betterment account, eight million five hundred thousand dollars to the jobs now account, and twelve million five hundred thousand dollars to the education and agriculture research and development account.

c. After the allotments have been made under paragraphs "a" and "b" in each of the fiscal years, the excess is allotted equally to the community economic betterment account and to the "Surplus" account.

2. There is appropriated moneys in the community economic betterment account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission to be used for the following purposes in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

3397 The conditions, criteria and limitations specified in section 301, subsection 2 of this Act applies to the providing of moneys under this subsection.

3. There is appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act to be used for the following purposes:

a. To the state conservation commission for the

purposes designated in section 301, subsection 3, paragraph "a" of this Act.

b. To the Iowa product development fund for the purposes provided in section 28.89.

c. To the office for planning and programming for the purposes designated in section 301, subsection 3, paragraphs "d" and "e" of this Act.

d. To the Iowa development commission for the purposes designated in section 301, subsection 3, paragraph "f" of this Act.

4. There is appropriated moneys in the education and agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act to be used for the following purposes:

a. To the Iowa college aid commission for the forgivable loan program established in division VIII of this Act.

b. To the Iowa development commission for the purposes and under the conditions specified in section 301, subsection 4, paragraphs "b" and "d" of this Act.

c. To the state board of regents for the purposes and under the conditions specified in section 301, subsection 4, paragraph "e" of this Act.

d. To the Iowa college aid commission for the purposes and under the conditions specified in section 301, subsection 4, paragraph "g" of this Act.

3400, 3391 5. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal years beginning July 1, 1986, July 1, 1987 and July 1, 1988 to the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division V of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars for each of the fiscal years beginning July 1, 1986 and July 1, 1987 and the sum of two million two hundred fifty thousand (2,250,000) dollars for the fiscal year beginning July 1, 1988 to fund the construction of the state-owned portion of the Iowa world trade center as provided in division V of this Act.

6. If the moneys to be allotted in a fiscal year to the community economic betterment account, jobs now account or education and agriculture research and development account is less than the amount specified for that fiscal year in subsection 1, paragraph "b"

the moneys appropriated for that fiscal year to the funds, agencies, boards or commissions for the purposes specified in subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5, except in subsection 3, paragraph "b", shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 303. For each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, the Iowa partnership for economic progress advisory committee established under division IV of this Act shall submit to the general assembly by March 1 preceding the beginning of the fiscal year planned expenditures from the allotment to be made for that fiscal year to the community economic betterment account, the jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards or commissions for the purposes specified in subsections 2, 3, and 4 of section 302 of this Act. The Iowa partnership for economic progress shall include a description of planned expenditures to be made of the moneys in the surplus account.

Plans may provide for increased or decreased expenditures if the allotment available for those appropriations is greater than or less than the allotment specified in subsection 1 of section 302 of this Act. In order to enable the Iowa partnership for

economic progress to prepare its plans for future expenditures, it has authority to review applications and uses of the moneys appropriated from each allotment. However, this authorized review does not authorize the Iowa partnership for economic progress to veto or deny any application or use and such review shall not cause any delay in the approval of an application or use.

DIVISION IV

Sec. 401. NEW SECTION. TITLE.

This chapter may be cited as the "Economic Development Reorganization Act".

Sec. 402. NEW SECTION. DEFINITIONS.

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

1. "Commission" means the Iowa development commission.

2. "Committee" or "advisory committee" means the Iowa partnership for economic progress advisory committee, established in section 405 of this Act.

3. "Programs and services" means economic development programs, services and agencies as described in section 403 of this Act.

Sec. 403. NEW SECTION. GOVERNOR'S REORGANIZATION PLAN.

By December 1, 1985, the governor shall submit to the general assembly a proposal for the reorganization and coordination of all state economic development programs and services under one comprehensive department of economic development. In the course of developing the reorganization plan, the governor shall consult with the advisory committee. For purposes of this chapter, economic development programs and services shall include, but are not limited to, those which provide one or more of the following:

a. Community development.

b. Planning and management assistance.

c. Technical assistance.

d. Education and job training.

e. Financial assistance for programs and services described in paragraphs "a" through "d" and other programs and services, including those that are federally funded but administered by the state, and other federal and local funding programs.

Sec. 404. NEW SECTION. INTERIM COORDINATING AGENCY.

Upon enactment of this chapter, and until the establishment of a central department of economic development, the Iowa development commission shall be the interim coordinating agency for federal, state and

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local economic development programs and services. The commission shall adopt, amend, and repeal rules under chapter 17A as it deems necessary to function as the interim coordinating agency. Statewide delivery of programs and services, except for programs and services under the federal Job Training Partnership Act of 1982, shall be accomplished through a network of sixteen regions which shall correspond to the merged areas or the boundaries of the federal Job Training Partnership Act of 1982 service delivery areas, which are already in existence. However, this section does not alter the administration and delivery network of the small business development centers and the center for industrial research and service program, with those programs retaining their administrative authority and providing managerial assistance to small business.

Sec. 405. NEW SECTION. ADVISORY COMMITTEE ESTABLISHED.

The Iowa partnership for economic progress is established to serve as an advisory committee to the commission pending the creation of a department of economic development, at which time the committee will act as an advisory body to the new department. The commission, and ultimately the department of economic development, shall provide the committee with administrative staff personnel in accordance with chapter 19A, and shall provide other assistance as necessary.

Sec. 406. NEW SECTION. COMPOSITION OF ADVISORY COMMITTEE.

1. The committee shall consist of thirteen members appointed by the governor subject to confirmation by the senate. Members shall be appointed for four-year terms beginning and ending in accordance with section 69.19.

2. Members shall be appointed from agriculture, local government, business, labor and education as follows:

a. Two members actively engaged in farming. Appointments shall be made from lists of nominees submitted by agricultural associations representing at least twenty-five members.

b. Six members from business, including one representative from small business, one representative from insurance and two representatives from agribusiness. Appointees shall be an owner, president, chief executive officer, board member or other senior officer of the firm or organization they represent. Appointments shall be made from lists of

nominees submitted by business, trade or industrial associations representing at least twenty-five members.

c. Two members from organized labor. Appointments shall be made from lists of nominees submitted by any organizations authorized to bargain on behalf of people employed in this state.

d. Two members from education. Appointments shall be made from lists of nominees submitted by the board of regents, the association of independent colleges and universities, or the association of community college trustees.

e. One member from local government. Appointment shall be made from lists of nominees submitted by the Iowa state association of counties and the league of municipalities.

Sec. 407. NEW SECTION. ADVISORY COMMITTEE DUTIES.

1. The committee's duties and responsibilities shall include, but are not limited to the following:

a. To provide assistance as needed or requested by the governor in the development of the governor's proposal for economic development reorganization and coordination. In order to facilitate the committee's assistance of the governor's office, all economic development agencies and programs shall submit reorganization and coordination proposals and recommendations to the committee within six months of the effective date of this chapter.

b. To submit plans to the general assembly relative to the disbursement of lottery revenues pursuant to division III of this Act.

c. To collaborate with the commission on the review of all disbursements of lottery revenues.

d. To assist the commission in the development and administration of a statewide regional delivery network for programs and services.

e. To review, coordinate and implement other economic development proposals that emerge from studies now underway or recently completed.

f. To assist in the coordination of federal, state, local and private sector programs and services.

g. To analyze, at regular and frequent intervals, the trends and growth opportunities in major sectors of the economy, particularly those represented in the Iowa economy.

h. To analyze, at regular and frequent intervals, the general economic, demographic, state fiscal and business climate indicators that define Iowa's position relative to regional and national trends.

i. To initiate special economic development

studies as deemed necessary.

Sec. 408. NEW SECTION. ORGANIZATION OF ADVISORY COMMITTEE.

The committee shall annually elect from its membership a chairperson and shall adopt rules to govern its proceedings. Election of the chairperson shall be held at the committee's first meeting in each calendar year. The committee shall meet at least once a month and otherwise as often as necessary. Members shall be compensated for their actual and necessary expenses incurred in the performance of their duties in accordance with section 28.2. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

Sec. 409. Notwithstanding the provisions of section 406 of this Act, of the initial appointees to the committee three members shall be appointed for one-year terms, three members shall be appointed for two-year terms, three members shall be appointed for three-year terms, and four members shall be appointed for four-year terms. The initial appointees' successors shall be appointed to terms of four years each except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the committee member replaced.

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DIVISION V

Sec. 501. NEW SECTION. 18C.1 DECLARATION OF POLICY AND PURPOSE FOR STATE INVOLVEMENT IN IOWA WORLD TRADE CENTER.

It is found and declared that there exists a need to promote, develop, maintain, and expand export and trade opportunities for agricultural, commercial, and manufactured products and services and any other products and services of the state in order to protect and advance the welfare and interests of residents of the state; that such export and trade opportunities with other nations can be promoted, developed, maintained, and expanded by the Iowa world trade center; that jobs can be maintained and created in the state as a result of increased export and trade opportunities; and that such economic results will benefit all residents of the state.

It is further found and declared that the promotion, development, maintenance, and expansion of exports and trade opportunities are public purposes and uses for which public moneys may be expended, advanced, loaned, or granted; that such activities serve a public purpose in improving export and trade opportunities or otherwise benefiting the people of this state; and that the state's purchase, operation

and marketing of a building or facility as part of a world trade center will aid in accomplishing these purposes.

Sec. 502. NEW SECTION. 18C.2 CREATION OF SELECTION ADVISORY COMMITTEE.

1. There is created an Iowa world trade center selection advisory committee, hereafter referred to as "the committee". The committee shall be comprised of five members with one member appointed by the governor, one member appointed by the speaker of the house of representatives, one member appointed by the minority leader of the house of representatives, one member appointed by the majority leader of the senate, and one member appointed by the minority leader of the senate. No two members shall be from the same congressional district. Vacancies shall be filled in the same manner as the appointment of the original members. Members shall not be compensated for their services.

2. The committee shall elect from among its members a chairperson. Meetings shall be held at the call of the chairperson or whenever two committee members request it. Three members shall constitute a quorum and the affirmative vote of three members shall be necessary for any action taken by the committee.

Sec. 503. NEW SECTION. 18C.3 DUTIES OF THE COMMITTEE.

1. It shall be the duty of the Iowa world trade center selection advisory committee to accept and review proposals from private groups to organize, construct, operate, and market the Iowa world trade center. In submitting a proposal, the private group shall also submit a study outlining the feasibility of its proposal. A private group submitting a proposal must include among its investors a significant number of Iowa-based companies and individuals. The committee is empowered to contract for an independent analysis of a proposal submitted. The committee is empowered to recommend for ratification by the executive council a proposal to obligate, but not in excess of thirty million dollars, the state in the construction of the Iowa world trade center under the recommended proposal. However, a proposal shall not be recommended unless the proposal provides that the private group shall provide moneys at least equal to the amount which the committee has recommended for obligation by the state. The proposal recommended by the committee must include an agreement from the private group that construction of the Iowa world trade center will begin no later than November 30,

1986, and that a nonprofit corporation will be created by the private group pursuant to section 18C.4 to facilitate the state's involvement in the construction, operation, and marketing of the Iowa world trade center. In approving a proposal of a private group, the committee may employ other selection criteria that are consistent with the above standards. Once the committee has recommended a contract proposal, it shall be submitted for ratification to the executive council. The committee shall present a proposal by August 1, 1986 for ratification by the executive council.

2. The committee shall cease to exist upon ratification of the contract submitted to the executive council.

3. The members of the committee, upon ratification of the contract by the executive council, shall automatically become the state's representatives on the board of directors of the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to section 18C.4.

Sec. 504. NEW SECTION. 18C.4 STATE PARTICIPATION IN THE WORLD TRADE CENTER.

1. The state recognizes the nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation and marketing of the Iowa world trade center. The board of directors of the nonprofit corporation shall consist of nine members.

2. State representation on the nonprofit corporation's board of directors shall consist of five directors serving six year terms. The initial directors shall be the five members appointed to the committee pursuant to section 18C.2. Vacancies shall be filled in the same manner as the appointment of the original directors.

3. Private representation on the nonprofit corporation's board of directors shall consist of four directors chosen pursuant to the corporation's articles of incorporation.

4. Amendments to the nonprofit corporation's articles of incorporation relating to the governance of the corporation shall not be made without all of the following:

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

b. A majority approval of the five directors appointed to represent the state interests.

c. A majority approval by the four directors

appointed to represent the private interests.

5. The nonprofit corporation shall:

a. Provide for the management, operation, and marketing of the state-owned portion of the Iowa world trade center. A fee may be negotiated which will be paid by the state for necessary services provided to or for the state-owned portion. The management, operation, and marketing may be done by entering into a service agreement with a management firm. If such an agreement is entered into, the board of directors shall require periodic reports from the firm on the operation, marketing, costs, and revenues of the state-owned portion.

b. Provide for the leasing of space in the state-owned portion to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in the Iowa world trade center.

c. Use, operate, and market the state-owned portion for the purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

6. The nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation, and marketing of the Iowa world trade center shall not be construed to be a state agency, board, commission, department, or other administrative unit of the state.

Sec. 505. Chapter 18, Code 1985, is amended by adding the following new section:

NEW SECTION. IOWA WORLD TRADE CENTER.

This chapter does not apply to the management, operation, and ownership of the Iowa world trade center.

Sec. 506. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts of all sales of goods, wares, or merchandise used, or from services rendered, furnished or performed in the construction and equipping of the Iowa world trade center for that portion of the project funded by the state of Iowa as authorized in division V of this Act. This subsection is repealed November 30, 1989.

DIVISION VI

Sec. 601. Section 28.7, Code 1985, is amended by adding the following new subsection:

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NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as provided in section 28.101.

Sec. 602. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "The Primary Research and Marketing Center for Business and International Trade". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center for business and international trade, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services unique to economic development offered by and purchased by businesses located in the state.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development and production of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export financing, including the use of bartering transactions.

f. Coordinating the satellite centers.

g. Training for and coordination of a computer system to be used by this center and its satellite centers. Wherever practicable the commission shall work with educational institutions involved with

either the primary research and marketing center for business and international trade or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

h. Coordinating the delivery of programs and services with other state, local, and federal economic development programs and activities including, but not limited to, those available at institutions of higher learning in this state, the United States department of commerce, and other appropriate agencies.

3371 2. To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the commission may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into sixteen regional economic delivery areas as determined by the boundaries of the federal Job Training Partnership Act of 1982 service delivery areas, in existence on the effective date of this section. Each regional delivery area wishing to receive a grant from the commission to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the Iowa development commission. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the Iowa partnership for economic progress created in division IV of this Act. The Iowa partnership for economic progress may rescind its approval of a regional coordinating plan upon thirty days notice, if the Iowa partnership for economic progress determines that the stated purpose of the plan is not being carried out. The Iowa partnership for economic progress may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The center director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Communicating with the primary research and marketing center for business and international trade.

d. Coordinating local marketing activities and efforts of local business.

e. Coordinating delivery of all federal, state, and local economic development programs and services within the area. However, this duty and responsibility does not alter the administration and delivery network of the small business development centers and the center for industrial research and service.

f. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local colleges, universities, and businesses in developing primary research programs. Primary and secondary research shall be used for analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications of products and services to meet the changes.

A regional coordinating council may enter into an agreement under chapter 28E with other regional coordinating councils for the purpose of fostering tourism within their areas. Regional coordinating councils shall be considered public agencies for purposes of chapter 28E.

The regional coordinating council of each regional economic delivery area shall consist of at least six members who shall be selected from state and local government, business, and education which are representative of the region. Beginning with the fiscal year beginning July 1, 1987, only applications from political subdivisions located within regions with an approved regional coordinating plan will be accepted for moneys from the community betterment account established in the Iowa plan fund for economic development in division III of this Act. A political subdivision shall submit a copy of the application to the regional coordinating council at the same time as the application is submitted to the Iowa development commission.

DIVISION VII

Sec. 701. NEW SECTION. 261.64 FORGIVABLE LOAN PROGRAM.

There is established a forgivable student loan program to be administered by the college aid commission. An individual is eligible for the reimbursement payments plan under the program if the individual meets all of the following conditions:

1. Is an Iowa resident student enrolled at an accredited private institution as defined in section 261.9, subsection 5 or at an institution under the control of the state board of regents.

2. Has filed an application for the loan with the college aid commission, using the procedures specified in section 261.16.

3. Meets the requirements for a tuition grant.

Sec. 702. NEW SECTION. 261.65 FORGIVABLE LOAN ADMINISTRATION.

The college aid commission shall administer the forgivable loan program in the same manner as specified in section 261.15 for the tuition grant program. The maximum loan that a student is eligible to receive is an amount equal to the maximum tuition grant awarded by the commission for the same fiscal year. A student is eligible to receive both a tuition grant and a forgivable loan. The interest rate for the forgivable loan shall be equal to the interest rate being collected by an eligible lender under the Iowa guaranteed student loan program for the year in which the forgivable loan is made.

Sec. 703. NEW SECTION. 261.66 INTEREST AND PRINCIPAL PAYMENT.

A student receiving a forgivable loan under section 261.64 shall begin paying the annual cost of interest immediately following graduation on an annual basis for five years. If the student remains an Iowa resident and is employed in a teaching position in an area in which a teaching shortage exists, as determined by the department of public instruction, for five years immediately following graduation, the student is not responsible for payment of the principal amount of the loan and shall not pay interest on the loan. If the commission determines that the student does not meet the criteria for elimination of the principal and interest payments, the commission shall establish by rule a plan for repayment of the principal and interest over a ten-year period. If a student who is required to make the repayment does not make the required payments, the commission shall provide for collecting the payments.

There is created a forgivable loan repayment fund for deposit of payments made by the recipients. Payments made by the recipients of the loans shall be credited to the fund and may be used to make additional loans under the program. Moneys in the fund shall not revert to the general fund of the state at the close of a fiscal year.

Sec. 704. This Act, being deemed of immediate

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Page Thirty

1 importance, takes effect from and after its
2 publication in The Clinton Herald, a newspaper
3 published in Clinton, Iowa, and in The Altoona Herald-
4 Mitchellville Index, a newspaper published in Altoona,
5 Iowa."
6 11. Title page, line 4, by inserting after the
7 word "activities;" the following: "providing for set-
8 asides in state procurement contracts for small
9 minority businesses;".
10 12. Title page, line 13, by striking the word
11 "board" and inserting the following: "selection
12 advisory committee".
13 13. Title page, line 17, by inserting after the
14 words "and to" the following: "become part of the
15 nonprofit corporation formed to".
16 14. Title page, by striking line 20 and inserting
17 the following: "a".
18 15. Title page, lines 22 and 23, by striking the
19 words "either employed as a teacher or in the private
20 sector" and inserting the following: "employed as a
21 teacher".
22 16. By renumbering, relettering, or redesignating
23 and correcting internal references as necessary.

H-3386 FILED MARCH 21, 1985 RECEIVED FROM THE SENATE
CONCURRED IN THE SENATE AMENDMENT AS AMENDED by 3391, 3397, & 3403 (p. 979)
Reconsidered, further amended by 3412, 3413, & 3417 3/22 (p. 1000)

HOUSE FILE 225

H-3397

1 Amend the Senate amendment H-3386 to House File 225
2 as amended, passed and reprinted by the House as
3 follows:
4 1. Page 13, line 48, by striking the letter "s"
5 and inserting the word "as".

H-3397 FILED MARCH 21, 1985 BY PARKER of Jasper
ADOPTED BY UNANIMOUS CONSENT (p. 971)

HOUSE FILE 225

H-3391

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 1, line 49 through page 2, line 3.

2. Page 2, line 20, by striking the words "annual studies" and inserting the following: "a study".

3. Page 2, by striking lines 27 through 44.

4. Page 7, line 14, by striking the words ", subject to subsection 9,".

5. Page 7, by inserting after line 29 the following:

"e. Road construction projects."

6. Page 8, line 34, by striking the words ", subject to subsection 9,".

7. Page 10, line 6, by striking the words ", subject to subsection 9,".

8. Page 10, line 16, by striking the figure "VIII" and inserting the following: "VII".

9. Page 14, line 11, by striking the words ", subject to subsection 9,".

10. Page 15, line 16, by striking the words ", except in subsection 3, paragraph "c",".

11. Page 15, by striking lines 38 through 47.

12. Page 16, by inserting after line 39 the following:

"e. Road construction projects."

13. Page 17, line 31, by inserting after the figure "5." the following: "a."

14. Page 17, line 20, by striking the figure "VIII" and inserting the following: "VII".

15. Page 17, by inserting after line 45 the following:

"b. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 to the department of public instruction the sum of one million (1,000,000) dollars for the purposes and under the conditions specified in section 301, subsection 5, paragraph "c" of this Act."

16. Page 18, line 7, by striking the words ", except in subsection 3, paragraph "b",".

17. Page 20, by striking lines 8 through 17 and inserting the following: "of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

18. Page 20, line 46, by striking the words "two representatives" and inserting the following: "one representative".

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Page Two

19. Page 24, line 1, by striking the figure "1986" and inserting the figure "1985".
20. Page 24, line 11, by striking the figure "1986" and inserting the figure "1985".
21. Page 27, by striking lines 17 through 21 and inserting the following: "state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section. Each regional delivery area wishing to".
22. Page 28, by striking lines 7 through 11 and inserting the following: "within the area."

BY CONNOLLY of Dubuque
OLLIE of Clinton
PARKER of Jasper
GRONINGA of Cerro Gordo

H-3391 FILED MARCH 21, 1985
DIVISIONS A AND B ADOPTED (pp. 970, 971)

HOUSE FILE 225

H-3400

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:
1. Page 6, lines 36 and 37, by striking the words "ten million five hundred ninety-two thousand" and inserting the following: "one million three hundred forty-two thousand".
2. Page 14, line 15, by striking the word "council,".
3. Page 14, by striking lines 18 through 25.
4. Page 16, lines 6 and 7, by striking the words "ten million two hundred fifty thousand" and inserting the following: "one million".
5. Page 16, lines 8 and 9, by striking the words "three million two hundred fifty thousand" and inserting the following: "one million".
6. Page 17, by striking lines 31 through 45.
7. By striking page 22, line 26 through page 25, line 47.
8. Page 30, by striking lines 10 through 15 and inserting the following:
"___. Title page, by striking lines 13 through 17.

BY LONERGAN of Boone
SPEAR of Lee
OSTERBERG of Linn
RUNNING of Linn
PONCY of Wapello
McKEAN of Jones
LAGESCHULTE of Bremer
SHONING of Woodbury
KREMER of Buchanan

H-3400 FILED MARCH 21, 1985
LOST (p. 973)

HOUSE FILE 225

H-3402

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 6, line 29 through page 22, line 25 and inserting the following:

"Sec. 301. There is appropriated, subject to section 303, from the Iowa plan fund for economic development created in section 99E.10 for each fiscal year of the fiscal period beginning July 1, 1985 and ending June 30, 1990 to the Iowa development commission the sum of ten million (10,000,000) dollars, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Business equity investments.

d. Grants and loans to aid in economic development.

e. Site development or infrastructure costs directly related to a project resulting in new employment.

f. SBA loan participation program.

Except for paragraph "f", only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project.

The commission may establish an SBA loan participation program. This program shall allow for the purchase by the commission of up to ninety percent participation in loans made by financial institutions in this state to small businesses which loans have been guaranteed by the United States small business administration. Before participating in any loan, the commission may enter into an agreement with the financial institution on the interest rate that will be applied to the state's participation and that this rate will be passed on to the borrower. The

commission may establish rules for the program which may include, but not be limited to, the amount in dollars of the state's participation in any loan, the type and size of the small business eligible, the number of new jobs as a result of a loan, and a risk rating system which, if set up, shall be done in conjunction with banks familiar with these types of loans.

Sec. 302. There is appropriated, subject to section 303, from the Iowa plan fund for economic development created in section 99E.10 to the following state agencies for each fiscal year of the fiscal biennium beginning July 1, 1985, and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used in the manner designated:

	1985-1986 Fiscal Year	1986-1987 Fiscal Year
1. BOARD OF REGENTS:		
a. For allocation to the Iowa state university of science and technology for construction of a home economics building	$3,500,000	$
b. For allocation to the Iowa state university of science and technology for remodeling Gillman Hall	$	$1,000,000
c. For allocation to the Iowa state university of science and technology for remodeling of the agriculture diversification center	$ 45,000	$
d. For allocation to the Iowa state university of science and technology for remodeling of the food crop research center	$ 350,000	$
e. For allocation to the state university of Iowa for chemistry/botany remodeling	$	$1,250,000
f. For allocation to the university of northern Iowa for remodeling of Latham Hall	$	$ 750,000
2. DEPARTMENT OF PUBLIC DEFENSE:		
a. For construction of an armory at Carroll, Iowa	$ 245,000	$
b. For construction of an addition to the armory facility at Cedar Rapids, Iowa	$ 265,000	$
c. For construction of an armory & maintenance shop at Mason City, Iowa	$	$ 425,000
3. STATE CONSERVATION COMMISSION:		

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Page Three

For construction, replacement, development and alterations to state parks and preserves, state forest facilities and state waters including artificial lake development; shoreline erosion and siltation control; river, stream and lake access; and engineering and planning services or to supplement any prior appropriation for such purpose ..... $1,000,000 $ 750,000

4. DEPARTMENT OF GENERAL SERVICES:

For capital improvements on buildings in the capital complex including the Lucas state office building ..... $ 750,000 $ 475,000

5. COMMISSION FOR THE BLIND:

To correct code and life safety deficiencies, correct inefficient building utilization and incorporate energy conservation practices ..... $ 345,000 $ 350,000

6. DEPARTMENT OF CORRECTIONS:

For capital maintenance projects at institutions under the control of the department ..... $ 500,000 $

Sec. 7. Unobligated or unencumbered funds remaining on June 30, 1988 from funds appropriated by this section shall revert to the Iowa plan fund for economic development on September 30, 1988.

Sec. 303.

9. Notwithstanding that moneys are appropriated in sections 301 and 302, no moneys shall be available to any agency, council, board, commission, office, or overseer of a fund to which moneys were appropriated in sections 301 and 302 until the seventy-first general assembly during the 1986 session takes appropriate action to reaffirm the amount of each specific appropriation or to increase, decrease or eliminate the amount of each specific appropriation.

Sec. 304. All moneys in the Iowa plan fund for economic development created in section 99E.10 not needed for the appropriations and purposes in sections 301 and 302 shall be transferred to the state general fund at the end of each fiscal year.

Sec. 304. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale after July 1, 1985 of farm machinery and equipment, including parts which are depreciable for state and federal income tax purposes, if the following conditions are met:

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Page Four

a. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

b. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements.

Vehicles subject to registration, as defined in section 423.1, or replacement parts for such vehicles, shall not be eligible for this exemption."

2. Page 30, by inserting after line 9 the following:

"___. Title page, by striking lines 5 through 12 and inserting the following: "for the exemption of the sale of farm machinery and equipment from the state sales, services and use tax;".

H-3402 FILED MARCH 21, 1985 BY HANSON of Delaware
LOST (p. 978)

HOUSE FILE 225

H-3403

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 20, line 41, by striking the word "shall" and inserting the following: "may".

2. Page 20, line 41, by inserting after the word "nominees" the following: "which shall be".

3. Page 20, line 50, by striking the word "shall" and inserting the following: "may".

4. Page 21, line 1, by inserting after the word "nominees" the following: "which shall be".

5. Page 21, line 5, by striking the word "shall" and inserting the following: "may".

6. Page 21, line 5, by inserting after the word "nominees" the following: "which shall be".

7. Page 21, line 8, by striking the word "shall" and inserting the following: "may".

8. Page 21, line 9, by inserting after the word "nominees" the following: "which shall be".

9. Page 21, line 14, by striking the word "shall" and inserting the following: "may".

10. Page 21, line 14, by inserting after the word "nominees" the following: "which shall be".

11. Page 21, by inserting after line 16 the following:

"f. Each list of nominees submitted shall contain an equal number of females and males."

BY DODERER of Johnson
CARPENTER of Polk
FEY of Scott
BRAMMER of Linn
SWARTZ of Marshall
HANSON of Delaware
CHAPMAN of Linn
O'KANE of Woodbury
MULLINS of Kossuth
BUHR of Polk
ROSENBERG of Story
JAY of Appanoose

H-3403 FILED MARCH 21, 1985
ADOPTED (p. 974)

H-3413

HOUSE FILE 225

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 23, line 50, by striking the word and numeral "November 30" and inserting the following: "December 15".

BY PARKER of Jasper
SHERZAN of Polk

H-3413 FILED MARCH 22, 1985
ADOPTED (J. 778)

H-3412

HOUSE FILE 225

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 6, line 36, by striking the words "ten million five hundred" and inserting the following: "eleven million".

2. Page 14, by inserting after line 29 the following:

"___. To the department of public defense for the purposes and in the amounts designated as follows:

(1) To connect the armory in Cedar Rapids to the city water and sewer lines and for related architect and engineering services the sum of two hundred thirty-four thousand three hundred thirty-five (234,335) dollars.

(2) For the architect, engineering, equipment and construction of an addition to the armory in Cedar Rapids the sum of two hundred sixty-four thousand sixty-four (264,064) dollars."

BY PARKER of Jasper
GRONINGA of Cerro Gordo
CONNOLLY of Dubuque
OLLIE of Clinton

H-3412 FILED MARCH 22, 1985
ADOPTED (J. 777)

HOUSE FILE 225

H-3417

Amend Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. Page 2, line 50, by striking the words "small minority" and inserting the words "female and minority small".

2. Page 3, by striking lines 47 and 48 and inserting the following: "FEMALE AND MINORITY SMALL BUSINESSES.

1. FEMALE AND MINORITY SMALL BUSINESS SET-ASIDES."

3. Page 4, line 1, by inserting after the word "by" the words "females and".

4. Page 4, line 49, by striking the words "small minority" and inserting the words "female or minority".

5. Page 5, line 15, by inserting after the word "by" the words "females and".

6. Page 5, line 38, by inserting after the word "by" the words "females and".

7. Page 6, line 10, by inserting after the word "by" the words "females and".

8. Page 6, line 24, by inserting after the word "by" the words "females and".

H-3417 FILED MARCH 22, 1985 BY DODERER of Johnson

ADOPTED (p. 995)

HOUSE FILE 225

H-3422

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 2, line 48 through page 6, line 25 and inserting the following:

"Sec. 201. NEW SECTION. PROCUREMENT FROM SMALL BUSINESS.

1. Notwithstanding section 18.6, the director shall designate and set aside for awarding to small businesses five percent of the value of anticipated total state procurement of all goods and services each fiscal year. For purposes of this section, "small business" means the same as defined in section 220.1, subsection 28. The director may use either a negotiated price or bid contract procedure in the awarding of a contract under this set-aside program.

2. The director shall adopt by rule standards and procedures for certifying that small businesses are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retain the ability to verify a self-certification. The director of general services shall maintain a current director of small businesses which have been certified under this section. Rules shall also be adopted by the director for carrying out the purposes of this section.""

2. Page 30, line 9, by striking the word "minority".

Lost 3/22 (p. 998)

H-3422 FILED MARCH 22, 1985

SENATE 3
3-25-85

459

House Amendment to Senate Amendment to

HOUSE FILE 225

Amend the Senate amendment H-3386 to House File 225 as amended, passed and reprinted by the House as follows:

1. By striking page 1, line 49 through page 2, line 3.

2. Page 2, line 20, by striking the words "annual studies" and inserting the following: "a study".

3. Page 2, by striking lines 27 through 44.

4. Page 2, line 50, by striking the words "small minority" and inserting the words "female and minority small".

5. Page 3, by striking lines 47 and 48 and inserting the following: "FEMALE AND MINORITY SMALL BUSINESSES.

1. FEMALE AND MINORITY SMALL BUSINESS SET-ASIDES."

6. Page 4, line 1, by inserting after the word "by" the words "females and".

7. Page 4, line 49, by striking the words "small minority" and inserting the words "female or minority".

8. Page 5, line 15, by inserting after the word "by" the words "females and".

9. Page 5, line 38, by inserting after the word "by" the words "females and".

10. Page 6, line 10, by inserting after the word "by" the words "females and".

11. Page 6, line 24, by inserting after the word "by" the words "females and".

12. Page 6, line 36, by striking the words "ten million five hundred" and inserting the following: "eleven million".

13. Page 7, line 14, by striking the words ", subject to subsection 9,".

14. Page 7, by inserting after line 29 the following:

"e. Road construction projects."

15. Page 8, line 34, by striking the words ", subject to subsection 9,".

16. Page 10, line 6, by striking the words ", subject to subsection 9,".

17. Page 10, line 16, by striking the figure "VIII" and inserting the following: "VII".

18. Page 13, line 48, by striking the letter "s" and inserting the word "as".

19. Page 14, line 11, by striking the words ", subject to subsection 9,".

20. Page 14, by inserting after line 29 the following:

"___. To the department of public defense for the purposes and in the amounts designated as follows:

(1) To connect the armory in Cedar Rapids to the city water and sewer lines and for related architect and engineering services the sum of two hundred thirty-four thousand three hundred thirty-five (234,335) dollars.

(2) For the architect, engineering, equipment and construction of an addition to the armory in Cedar Rapids the sum of two hundred sixty-four thousand sixty-four (264,064) dollars."

21. Page 15, line 16, by striking the words ", except in subsection 3, paragraph "c",".

22. Page 15, by striking lines 38 through 47.

23. Page 16, by inserting after line 39 the following:

"e. Road construction projects."

24. Page 17, line 20, by striking the figure "VIII" and inserting the following: "VII".

25. Page 17, line 31, by inserting after the figure "5." the following: "a."

26. Page 17, by inserting after line 45 the following:

"b. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 to the department of public instruction the sum of one million (1,000,000) dollars for the purposes and under the conditions specified in section 301, subsection 5, paragraph "c" of this Act."

27. Page 18, line 7, by striking the words ", except in subsection 3, paragraph "b",".

28. Page 20, by striking lines 8 through 17 and inserting the following: "of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

29. Page 20, line 41, by striking the word "shall" and inserting the following: "may".

30. Page 20, line 41, by inserting after the word "nominees" the following: "which shall be".

31. Page 20, line 46, by striking the words "two representatives" and inserting the following: "one representative".

32. Page 20, line 50, by striking the word "shall" and inserting the following: "may".

33. Page 21, line 1, by inserting after the word "nominees" the following: "which shall be".

34. Page 21, line 5, by striking the word "shall" and inserting the following: "may".

35. Page 21, line 5, by inserting after the word "nominees" the following: "which shall be".

36. Page 21, line 8, by striking the word "shall" and inserting the following: "may".

37. Page 21, line 9, by inserting after the word "nominees" the following: "which shall be".

38. Page 21, line 14, by striking the word "shall" and inserting the following: "may".

39. Page 21, line 14, by inserting after the word "nominees" the following: "which shall be".

40. Page 21, by inserting after line 16 the following:

"f. Each list of nominees submitted shall contain an equal number of females and males."

41. Page 23, line 50, by striking the word and numeral "November 30" and inserting the following: "December 15".

42. Page 24, line 1, by striking the figure "1986" and inserting the figure "1985".

43. Page 24, line 11, by striking the figure "1986" and inserting the figure "1985".

44. Page 27, by striking lines 17 through 21 and inserting the following: "state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section. Each regional delivery area wishing to".

45. Page 28, by striking lines 7 through 11 and inserting the following: "within the area."

46. By renumbering, relettering, or redesignating and correcting internal references as necessary.

S-3459 Filed March 22, 1985

RECEIVED FROM THE HOUSE

Senate concurred 3-22-85 (p. 984)

HOUSE FILE 225

AN ACT

RELATING TO ECONOMIC DEVELOPMENT BY CREATING A FIVE-YEAR STATE LOTTERY, PROVIDING PENALTIES, AND PROVIDING REVENUES FROM THE STATE LOTTERY TO BE USED FOR CERTAIN ECONOMIC DEVELOPMENT PROGRAMS AND ACTIVITIES; PROVIDING FOR SET-ASIDES IN STATE PROCUREMENT CONTRACTS FOR SMALL MINORITY BUSINESSES; PROVIDING FOR THE REORGANIZATION OF STATE ECONOMIC DEVELOPMENT PROGRAMS AND ACTIVITIES WITH THE IOWA DEVELOPMENT COMMISSION ACTING AS THE INTERIM COORDINATING AGENCY FOR ECONOMIC DEVELOPMENT UNTIL THE NEW DEPARTMENT OF ECONOMIC DEVELOPMENT IS CREATED; CREATING AN IOWA PARTNERSHIP FOR ECONOMIC PROGRESS ADVISORY COMMITTEE TO ADVISE THE IOWA DEVELOPMENT COMMISSION AND THE GENERAL ASSEMBLY ON ECONOMIC DEVELOPMENT MATTERS AND THE USES TO BE MADE OF THE REVENUES FROM THE STATE LOTTERY; CREATING AN IOWA WORLD TRADE CENTER SELECTION ADVISORY COMMITTEE TO ACCEPT PROPOSALS FROM PRIVATE GROUPS ON THE CONSTRUCTION OF THE IOWA WORLD TRADE CENTER, TO SELECT FROM THOSE PROPOSALS ONE PROPOSAL UNDER WHICH THE STATE WILL PURCHASE SPACE IN THE IOWA WORLD TRADE CENTER, AND TO BECOME PART OF THE NONPROFIT CORPORATION FORMED TO OPERATE, MANAGE AND LEASE THIS STATE-OWNED SPACE; ESTABLISHING A PRIMARY RESEARCH AND MARKETING CENTER

Item Veto in Division IV

HF 225 Sec. 106, 110, 301d, 303, 602 amended by HF 642 Sec. 14, 9, 10, 12, 13
Also amended Sec. 110 & 122 by SF 395 Sec. 7, 114, 115, 116

FOR BUSINESS AND INTERNATIONAL TRADE AND SATELLITE CENTERS; CREATING A FORGIVABLE LOAN PROGRAM FOR LOANS TO STUDENTS WHO REMAIN RESIDENTS OF IOWA AND ARE EMPLOYED AS A TEACHER UNDER CERTAIN CIRCUMSTANCES; MAKING APPROPRIATIONS FOR ECONOMIC DEVELOPMENT PROGRAMS AND ACTIVITIES; AND PROVIDING AN EFFECTIVE DATE.

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

DIVISION I

Section 101. NEW SECTION. 99E.1 TITLE.

This chapter may be cited as the "Iowa Lottery Act".

Sec. 102. NEW SECTION. 99E.2 DEFINITIONS.

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

1. "Commissioner" means the commissioner of the lottery.

2. "Director" means the director of each of the three divisions of the lottery agency operating under the commissioner.

3. "Lottery" means the lottery created and operated under this chapter.

4. "Board" means the Iowa lottery board.

5. "Licensee" means the person issued a license by the commissioner to sell lottery tickets or shares. The licensee is responsible for the licensee's employees' conduct which is within the scope of this chapter.

6. "Ticket" means any tangible evidence issued by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

7. "Share" means any intangible manifestation authorized by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

8. "On-line lotto" means a lottery game hooked up to a central computer via telecommunications lines in which the player selects a specified group of numbers out of a predetermined range of numbers.

9. "Instant lottery" means a game that offers preprinted tickets that indicate immediately whether the player has won.

Sec. 103. NEW SECTION. 99E.3 ESTABLISHMENT OF LOTTERY -- APPOINTMENT OF COMMISSIONER -- OTHER EMPLOYEES.

1. A state agency is established to be known as the Iowa lottery agency. Except as provided in section 99E.9, subsection 3, paragraph "b", the Iowa lottery agency is subject to chapter 17A. It is a separate agency of state government whose head is the commissioner.

2. The commissioner shall be qualified by training and experience to direct the lottery. The commissioner shall be appointed by the governor within thirty days after the effective date of this Act subject to confirmation by the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the commissioner shall be filled in the same manner as the original appointment. Section 2.32 applies to the appointment of the commissioner. The commissioner shall devote time and attention solely to the duties of the office and shall not be engaged in any other profession or occupation. The commissioner shall receive a salary determined by the governor within salary range five as set by the general assembly.

3. The commissioner may employ clerks, stenographers, inspectors, agents, and other employees pursuant to chapter 19A as necessary to carry out this chapter, except as provided in section 99E.14, subsection 2.

Sec. 104. NEW SECTION. 99E.4 COMMISSIONER'S OATH -- BOND -- EMPLOYEES -- BONDING OF EMPLOYEES.

1. Before taking office, the commissioner shall take an oath to faithfully execute the duties of the office according to the laws of the state, and shall give bond with sufficient surety to be approved by the governor in the sum of not less than twenty-five thousand dollars, conditioned upon faithful execution and performance of the duties of the office. The bond when fully executed and approved shall be filed in the office of the secretary of state. When in the governor's

opinion the bond has become or is likely to become invalid or insufficient, the governor shall require the commissioner to renew the bond in an amount approved by the governor but not less than twenty-five thousand dollars. The cost of a bond given shall be part of the necessary expenses of the lottery.

2. The commissioner shall employ personnel necessary to implement this chapter. The commissioner may require lottery agency employees to give bond in an amount the commissioner determines. Each bond when fully executed and approved shall be filed in the office of the secretary of state. The cost of each bond given shall be part of the necessary expenses of the lottery. The commissioner may obtain a blanket bond to cover personnel of the lottery agency for which the commissioner requires a bond.

Sec. 105. NEW SECTION. 99E.5 LOTTERY BOARD.

An Iowa lottery board is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The governor shall appoint the board members within sixty days of the effective date of this Act. The term of each member shall begin and end as provided in section 69.19. A vacancy on the board shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

Sec. 106. NEW SECTION. 99E.6 BOARD QUALIFICATIONS.

Board members shall be residents of this state. At least one member of the board shall be a person who has been a law enforcement officer for not less than five years, one member shall be an attorney admitted to the practice of law in Iowa for not less than five years, and one member shall be a certified public accountant who has practiced accountancy in Iowa for not less than five years.

Sec. 107. NEW SECTION. 99E.7 BOARD MEETINGS.

The board shall hold at least one meeting each month and as often as necessary. The board shall select a chairperson from

its membership at the first regular meeting of the board and shall thereafter select a chairperson at the first regular meeting of each fiscal year. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the board constitutes a quorum.

Sec. 108. NEW SECTION. 99E.8 EXPENSES -- SALARY.

Members of the board shall be compensated at a rate of six thousand dollars per year. Members shall also be allowed the actual and necessary expenses incurred in the performance of their duties. The expenses incurred by members of the board and the salaries paid to members of the board are part of the necessary expenses of the lottery agency.

Sec. 109. NEW SECTION. 99E.9 DUTIES OF THE BOARD -- RULES -- COMMISSIONER.

1. The board and the commissioner shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, except that the board may by rule designate classes of contracts other than major procurements which do not require prior approval by the board. A major procurement shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract for a major procurement is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest of the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this

investigation. A contract for a major procurement awarded or entered into by the commissioner with an individual or business organization shall require that individual or business organization to establish a permanent office in this state. As used in this subsection, "major procurement" means consulting agreements and the major procurement contract with a business organization for the printing of tickets, or for purchase or lease of equipment or services essential to the operation of a lottery game.

3. Except as provided in subsection 3, paragraph "b", the board shall make rules in accordance with chapter 17A for implementing and enforcing this chapter. The rules shall include but are not limited to the following subject matters:

a. The fees charged for a license to sell lottery tickets or shares. Revenue received by the lottery from license fees shall be transferred to the lottery fund immediately after the cost of processing license applications is deducted.

b. The types of lottery games to be conducted. Rules governing the operation of a class of games are subject to chapter 17A. However, rules governing the particular features of specific games within a class of games are not subject to chapter 17A. Such rules may include, but are not limited to, setting the name and prize structure of the game and shall be made available to the public prior to the time the games go on sale and shall be kept on file at the office of the commissioner. The board shall authorize instant lottery and on-line lotto games and may authorize the use of any type of lottery game that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve the revenue objectives of the lottery and is consistent with subsection 1. However, the board shall not authorize a game using electronic computer terminals or other devices if the terminals or devices dispense coins or currency upon the winning of a prize. In a game utilizing instant tickets, each ticket in the game shall bear a unique consecutive serial

number distinguishing it from every other ticket in the game, and each lottery number or symbol shall be accompanied by a confirming caption consisting of a repetition of a symbol or a description of the symbol in words. In the game other than an instant game which uses tangible evidence of participation, each ticket shall bear a unique serial number distinguishing it from every other ticket in the game.

c. The price of tickets or shares in the lottery, including but not limited to authorization of sales of tickets or shares at a discount for marketing purposes.

d. The number and size of the prizes on the winning tickets or shares, including but not limited to prizes of free tickets or shares in lottery games conducted by the lottery and merchandise prizes. The lottery agency shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale or the estimated odds of winning the prizes and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination which were awarded.

e. The method of selecting the winning tickets or shares and the manner of payment of prizes to the holders of winning tickets or shares. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Lottery employees shall examine claims and shall not pay any prize for altered, stolen, or counterfeit tickets or shares nor tickets or shares which fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If the commissioner determines that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes directly by the licensee.

f. The methods of validation of the authenticity of winning tickets or shares.

g. The frequency of selection of winning tickets or shares. Drawings shall be held in public. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by lottery agency employees and an independent certified public accountant prior to and after each public drawing.

h. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

i. The locations at which tickets or shares may be sold.

j. The method to be used in printing and selling tickets or shares. An elected official's name shall not be printed on the tickets. The overall estimated odds of winning a prize in a given game shall be printed on each ticket if the games have either preprinted winners or fixed odds. Estimated odds of winning a prize are not required to be printed on tickets in lottery games of a pari-mutuel nature. As used in this paragraph, "games of a pari-mutuel nature" means a game in which the amount of the winnings and the odds of winning are determined by the number of participants in the game.

k. The issuing of licenses to sell tickets or shares. In addition to any other rules made regarding the qualifications of an applicant for a license, a person shall not be issued a license unless the person meets the criteria established in section 99E.16, subsection 7.

l. The compensation to be paid licensees including but not limited to provision for variable compensation based on sales volume or incentive considerations.

m. The form and type of marketing, informational, and educational material to be permitted. Marketing material and campaigns shall include the concept of investing in Iowa's economic development and show the economic development initiatives funded from lottery revenue.

n. Subject to section 99E.10, the apportionment of the annual revenues accruing from the sale of lottery tickets or shares and from other sources for the payment of prizes to the holders of winning tickets or shares and for the following:

(1) The payment of costs incurred in the operation and administration of the lottery and the lottery agency, including the expenses of the lottery and the cost resulting from contracts entered into for consulting or operational services, or for marketing.

(2) Actual and necessary expenses of all audits performed pursuant to section 99E.20, subsection 3.

(3) Incentive programs for lottery licensees and lottery employees.

(4) Payment of compensation to licensees necessary to provide for the adequate availability of tickets, shares, or services to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

4. The board and the commissioner may enter into written agreements or compacts with another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

5. Whenever possible when the lottery agency awards a contract under subsection 2, for the lease, purchase, or servicing of a machine to be used in the conducting of a lottery game including, but not limited to, a video lottery machine or machine used in lotto, the lottery agency shall give preference to awarding the contract to a person whose primary place of business is in Iowa.

Sec. 110. NEW SECTION. 99E.10 ALLOCATION AND APPROPRIATION OF FUNDS GENERATED -- IOWA PLAN FUND.

1. Upon receipt of any revenue, the commissioner shall deposit the moneys in the lottery fund created pursuant to section 99E.20. As nearly as is practicable, forty-five percent of the projected annual revenue computed on a year-

round average basis for each type of lottery game accruing from the sale of tickets or shares is appropriated for payment of prizes to the holders of winning tickets. After the payment of prizes, all of the following shall be deducted from lottery revenue prior to disbursement:

a. An amount equal to one half of one percent of the gross lottery revenue shall be deposited in a gamblers assistance fund in the office of the treasurer of state. Moneys in the fund shall be administered by the commissioner of human services and used to provide assistance and counseling to individuals and families experiencing difficulty as a result of gambling losses and to promote awareness of gamblers anonymous and similar assistance programs.

b. The expenses of conducting the lottery including the reasonable expenses incurred by the attorney general's office in enforcing this chapter.

c. The contractual expenses required in this paragraph. The division of criminal investigation shall be the primary state agency responsible for investigating criminal violations of the law under this chapter. The commissioner shall contract with the department of public safety for investigative services, including the employment of special agents and support personnel, and procurement of necessary equipment to carry out the responsibilities of the division of criminal investigation under the terms of the agreement and this chapter.

Lottery agency expenses for marketing, educational, and informational material shall not exceed four percent of the lottery revenue.

The Iowa plan fund for economic development, also to be known as the Iowa plan fund, is created in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa plan fund on a quarterly basis. However, upon the request of the commissioner and subject to approval by the treasurer of state, an amount sufficient to cover the foreseeable

administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery revenue. Prior to the quarterly transfer to the Iowa plan fund, the commissioner may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state or invested in the manner provided in section 452.10. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the Iowa plan fund in the same manner as other lottery revenue. Money in the Iowa plan fund shall be deposited in interest bearing accounts in financial institutions in this state or invested in the manner provided in section 452.10. The interest or earnings on the deposits or investments shall be considered part of the Iowa plan fund and shall be retained in the fund unless appropriated by the general assembly.

2. Funds transferred to the Iowa plan fund shall be used for economic development initiatives. As used in this subsection "economic development initiatives" means initiatives which encourage development of capital, research and development of new products, and development of jobs in this state by expanding existing business and industry, upgrade academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encourage the conservation of energy in order to create new jobs and attract new business and industry, develop alternate methods for the disposal of solid or hazardous waste, develop markets for products grown or produced or manufactured in the state including the promotion of Iowa and Iowa products, and make grants and loans available to local communities for local economic development initiatives. "Economic development initiatives" does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

3. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general

fund from the receipts of the sale of tickets or shares not later than July 1, 1986. The comptroller shall not include lottery revenues in the comptroller's fiscal year revenue estimates. Moneys in the Iowa plan fund shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 111. NEW SECTION. 99E.11 REPORTS.

1. The commissioner shall report quarterly to the governor, the treasurer of state, and the general assembly. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter. The fourth quarter report shall be included in the annual report made pursuant to subsection 2.

2. The commissioner also shall report annually to the governor, the treasurer of state, and the general assembly. The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the commissioner deems necessary or desirable. The annual report shall be submitted within ninety days after the close of a fiscal year.

3. The commissioner shall report immediately to the governor, the treasurer of state, and the general assembly any matters that require immediate changes in the law in order to prevent abuses or evasions of this chapter or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

Sec. 112. NEW SECTION. 99E.12 STUDIES.

1. The commissioner shall make a continuous study of the lottery to ascertain any defects of this chapter or in the rules which could result in abuses in the administration and operation of the lottery or in any evasion of this chapter or the rules of the commissioner and make recommendations for improvement in this chapter.

2. The commissioner shall make a continuous study of the operation and the administration of similar laws in effect in other states, written material on the subject which is published or available, federal laws which may affect the

operation of the lottery, and the reaction of citizens to existing and potential features of the lottery in order to recommend changes that will serve the purposes of this chapter.

3. The commissioner shall make a demographic study of lottery players.

4. The commissioner shall contract with the department of human services to conduct a study of the extent to which the lottery creates a compulsive gambling problem among lottery players and the impact of gambling on affected families.

Sec. 113. NEW SECTION. 99E.13 CONFLICT OF INTEREST -- PENALTY.

1. A member of the board, the commissioner, or an employee of the lottery shall not directly or indirectly, individually, as a member of a partnership or other association, or as a shareholder, director, or officer of a corporation have an interest in a business which contracts for the operation and marketing of the lottery as authorized by section 99E.9, subsection 2.

2. A member of the board, the commissioner, an employee of the lottery, or a member of their immediate family shall not ask for, offer to accept, or receive a gift, gratuity, or other thing of more than fifty dollars in value from a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery or from an applicant for a license to sell tickets or shares in the lottery or from a licensee.

3. A person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery, an applicant for a license to sell tickets or shares in the lottery, or a licensee shall not offer a member of the board, the commissioner, an employee of the lottery, or a member of their immediate family a gift, gratuity, or other thing of more than fifty dollars in value.

4. A board member, commissioner, or employee of the lottery who violates a provision of this section, or if a

member of their immediate family violates a provision of this section, shall be immediately removed from the office or position.

5. A violation of this section is a serious misdemeanor.

6. As used in this section, "member of their immediate family" means a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent of the board member, the commissioner, or the employee.

7. Enforcement of this section against a board member or commissioner shall be by the attorney general who upon finding a violation shall initiate an action to remove the board member or commissioner.

8. In addition to the prohibitions of this section, the prohibitions of sections 722.1 and 722.2 are applicable.

Sec. 114. NEW SECTION. 99E.14 LOTTERY DIVISIONS -- DIRECTORS.

1. The Iowa lottery agency has three divisions:

a. A security and licensing division.

b. An administrative division.

c. A marketing, education, and information division.

2. Each division is under the supervision of a director appointed by the commissioner and each director shall have expertise in the functions of the division. The position of director is exempt from the provisions of chapter 19A. The commissioner shall designate one of the directors to serve as acting commissioner during the commissioner's absence.

3. Departments, boards, commissions, or other agencies of this state shall provide reasonable assistance to the lottery upon the request of the commissioner.

Sec. 115. NEW SECTION. 99E.15 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY -- SUBPOENA.

The commissioner or the commissioner's designee authorized to conduct an inquiry, investigation, or hearing under this chapter may administer oaths and take testimony under oath relative to the matter of inquiry, investigation, or hearing.

At a hearing ordered by the commissioner, the commissioner or the designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the hearing.

Sec. 116. NEW SECTION. 99E.16 LICENSING -- BONDS.

1. The commissioner shall license persons to sell lottery tickets or shares to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets or shares. However, the board may approve a special license to permit a licensee or the lottery agency itself to sell lottery tickets or shares to the public at special events approved by the board. Before issuing a license the commissioner shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point-of-purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is sufficient cause for revocation of a person's license.

2. A licensee shall sell tickets or shares only on the premises stated in the license. The licensee shall only sell a ticket or share in person and not over a telephone. The licensee shall accept payment in cash only. The licensee shall not extend or arrange credit for the purchase of a ticket or share. As used in this subsection "cash" means United States currency. "Cash" does not mean any other form of payment including, but not limited to, check, credit card, or a negotiable instrument.

3. A licensee shall display the license or a copy of the license together with the lottery rules wherever tickets or shares are sold. A license is not assignable or transferable. The commissioner may issue a temporary license when deemed necessary.

4. The commissioner may require a bond from a licensee in an amount as provided in the rules graduated according to the volume of expected sales of lottery tickets or shares by the licensee, or may require a licensee to furnish evidence of financial responsibility.

5. A bond shall not be canceled by a surety on less than thirty days' notice in writing to the commissioner. If a bond is canceled and the licensee fails to file a new bond with the commissioner in the required amount on or before the effective date of cancellation, the licensee's license shall be automatically suspended. A suspended license shall be revoked if the requirements of this subsection are not met within thirty days of the license suspension. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

6. Subject to the approval of the board, the commissioner may authorize compensation to licensees in the manner and amounts and subject to the limitations the commissioner determines if the commissioner finds that compensation is necessary to assure adequate availability of lottery tickets or shares.

7. A license shall be granted only after the commissioner finds all of the following:

a. The applicant is at least eighteen years of age.

b. The person has not been convicted of a fraud or a felony.

c. The person has not been convicted or found to have committed a violation of this chapter.

d. The person has not previously had a license issued under this chapter revoked.

e. The person has not had a license to sell lottery tickets or shares in another jurisdiction suspended or revoked by the authority regulating a lottery or by a court of that jurisdiction.

f. The applicant has demonstrated financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

g. The applicant is the true owner of the proposed lottery business and that all persons holding at least a ten percent ownership interest in the applicant's business has been disclosed.

h. The applicant has not knowingly made a false statement of material fact to the commission.

8. If after a license is granted the commissioner finds that the licensee has violated this section, then the commissioner shall revoke the license.

Sec. 117. NEW SECTION. 99E.17 SUSPENSION OR REVOCATION OF LICENSE -- HEARINGS -- HEARING BOARD.

1. The commissioner may suspend or revoke the license of a licensee who violates a provision of this chapter or a rule adopted pursuant to this chapter. If the commissioner suspends or revokes a license, or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the commissioner. Upon receipt of the request for hearing, the commissioner shall set a hearing date within thirty days of receipt of the request, and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The commissioner may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. A three-member hearing board for the purpose of conducting hearings relating to controversies concerning the issuance, suspension, or revocation of licenses is created. One member shall be a designee of the board, one member shall be the treasurer of state or a designee of the treasurer of state, and one member shall be the commissioner of public safety or a designee of the commissioner of public safety. The lottery board shall adopt rules and procedures for conducting the hearings.

3. A license shall be suspended for a period deemed appropriate by the commissioner. A former licensee whose license is revoked is not eligible to receive another license.

Sec. 118. NEW SECTION. 99E.18 PROHIBITED SALES OF TICKETS OR SHARES -- FORGERY -- PENALTIES.

1. A ticket or share shall not be sold at a price greater than that fixed by the board and the commissioner and a sale shall not be made other than by a licensee or an employee of the licensee who is authorized by the licensee to sell tickets or shares. A person who violates a provision of this subsection is guilty of a simple misdemeanor.

2. A ticket or share shall not be sold to a person who has not reached the age of eighteen. This does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a person who has not reached the age of eighteen. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a person who has not reached the age of eighteen is guilty of a simple misdemeanor. In addition the license of a licensee shall be suspended. A prize won by a person who has not reached the age of eighteen but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

3. A ticket or share shall not be purchased by and a prize shall not be paid to the commissioner, a board member or employee of the lottery agency, or to a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent residing as a member of the same household in the principal residence of the commissioner, a board member, or an employee. A ticket or share purchased in violation of this subsection is void.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket or share is guilty of a class D felony.

Sec. 119. NEW SECTION. 99E.19 DISTRIBUTION OF PRIZES -- UNCLAIMED PRIZES -- PAYMENT PER WINNING TICKET.

1. The commissioner shall award the designated prize to the ticket or share holder upon presentation of the winning ticket or confirmation of a winning share.

All prizes awarded are Iowa earned income. All lottery winnings are subject to state and federal income tax laws. An amount deducted from the prize for payment of a state tax shall be transferred by the commissioner to the state department of revenue on behalf of the prize winner. Unclaimed prize money for the prize on a winning ticket or share shall be retained for a period deemed appropriate by the commissioner, subject to approval by the board. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets or shares in addition to amounts already allocated.

2. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The commissioner is discharged of all further liability upon payment of a prize pursuant to this subsection. This section does not prohibit the making of a gift of a lottery ticket or share to a person.

Sec. 120. NEW SECTION. 99E.20 DEPOSIT OF RECEIPTS FROM TICKET OR SHARE SALES -- LOTTERY FUND -- QUARTERLY AUDITS.

1. The board shall adopt rules for the deposit as soon as possible in the lottery fund of money received by licensees from the sale of tickets or shares less the amount of compensation, if any, authorized under section 99E.16, subsection 6. Subject to approval of the board, the commissioner may require licensees to file with the commissioner reports of receipts and transactions in the sale of tickets or shares. The reports shall be in the form and contain the information the commissioner requires.

2. A lottery fund is created in the office of the treasurer of state. The fund consists of all revenues received from the sale of lottery tickets or shares and all

other moneys lawfully credited or transferred to the fund. The commissioner shall certify quarterly that portion of the fund that is transferred to the Iowa plan fund under section 99E.10 and shall cause that portion to be transferred to the Iowa plan fund of the state.

3. The auditor of state or a certified public accounting firm appointed by the auditor shall conduct quarterly and annual audits of all accounts and transactions of the lottery and other special audits as the auditor of state, the general assembly, or the governor deems necessary. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees necessary to determine compliance with this chapter and the rules adopted pursuant to this chapter.

Sec. 121. NEW SECTION. 99E.21 LIABILITY AND FUNDING.

The board and the commissioner shall operate the lottery so that after the initial state appropriation, it shall be self-sustaining and self-funded. A claim for the payment of an expense of the lottery and the payment of a lottery prize shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets or shares. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

Sec. 122. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The gross receipts from the sales of lottery tickets or shares in lottery games conducted pursuant to chapter 99E.

Sec. 123. Section 537A.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized

by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket or share in the state lottery in compliance with chapter 99E.

Sec. 124. Section 692.2, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. The state lottery agency for purposes of section 99E.9, subsection 2.

Sec. 125. Section 725.12, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If any person make or aid in making or establishing, or advertise or make public ~~any~~ a scheme for ~~any~~ a lottery; or advertise, offer for sale, sell, negotiate, dispose of, purchase, or receive ~~any~~ a ticket or part of a ticket in ~~any~~ a lottery or number ~~thereof~~ of a ticket in a lottery; or have in the person's possession ~~any~~ a ticket, part of a ticket, or paper purporting to be the number of ~~any~~ a ticket of ~~any~~ a lottery, with intent to sell or dispose of the ~~same~~ ticket, part of a ticket, or paper on the person's own account or as the agent of another, the person commits a serious misdemeanor. However, this section does not prohibit the possession by a person of a lottery ticket, part of a ticket, or number of a lottery ticket from a lottery legally operated or permitted under the laws of another jurisdiction.

Sec. 126. Section 725.15, Code 1985, is amended to read as follows:

725.15 EXCEPTIONS FOR LEGAL GAMBLING.

Sections 725.5 to 725.10 and ~~section~~ 725.12 ~~shall~~ do not apply to ~~any~~ a game, activity, ticket or device when lawfully possessed, used, conducted or participated in pursuant to chapter 99B or chapter 99E.

Sec. 127. The commissioner shall file an initial report with the governor, treasurer of state, and the general assembly by January 15, 1986 detailing the commissioner's efforts regarding the establishment of a lottery and the status of the lottery.

Sec. 128. The commissioner shall initiate and operate instant lottery games by September 15, 1985 and on-line lotto games by May 1, 1986.

Sec. 129. It is the intent of the general assembly that this Act shall have temporary effect only, that chapter 99E is repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa lottery board. The amendments to sections 537A.4 and 725.15 made in this Act shall be stricken when chapter 99E is repealed.

DIVISION II

Sec. 201. NEW SECTION. 18.170 TITLE.

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

Sec. 202. NEW SECTION. 18.171 DEFINITIONS.

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

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

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

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

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

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

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

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

4. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of any of the following circumstances:

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

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

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

Sec. 203. NEW SECTION. 18.172 PROCUREMENT FROM FEMALE AND MINORITY SMALL BUSINESSES.

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

2. NEGOTIATED PRICE OR BID CONTRACT. The director may use either a negotiated price or bid contract procedure in the awarding of a contract under this set-aside program. The

amount of an award shall not exceed by more than five percent the director's estimated price for the goods or services, if they were to be purchased on the open market or under the competitive bidding procedures of section 18.6, and not under this set-aside program. Surety bonds guaranteed by the federal small business administration are acceptable security for a construction award under this section.

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

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

Sec. 204. NEW SECTION. 18.173 ROLE OF DEVELOPMENT COMMISSION.

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

Sec. 205. NEW SECTION. 18.174 CERTIFICATION.

The director shall adopt by rule standards and procedures for certifying that small businesses owned and operated by females and socially or economically disadvantaged persons are eligible to participate in the set-aside program. The procedure for determination of eligibility may include self-certification by a business, provided the director retains the ability to verify a self-certification. The director of general services shall maintain a current directory of small businesses which have been certified under this section.

Sec. 206. NEW SECTION. 18.175 REPORTS.

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

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

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

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

2. DIRECTOR OF THE IOWA DEVELOPMENT COMMISSION. The director of the Iowa Development Commission shall submit an

annual report to the governor and the general assembly with a copy to the director of general services. The report shall include the following information:

a. The efforts undertaken to publicize the set-aside program during the preceding year.

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

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

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

Sec. 207. Section 28.7, Code 1985, is amended by adding the following new subsection:

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

DIVISION III

Sec. 301.

1. The treasurer of state shall, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. The first eleven million ninety-two thousand dollars to the "Jobs Now Capitals" account.

b. After the allotment in paragraph "a", ten million dollars to the "Community Economic Betterment" account, eight million five hundred thousand dollars to the "Jobs Now" account, and twelve million five hundred thousand dollars to the "Education and Agriculture Research and Development" account.

c. After the allotments have been made under paragraphs "a" and "b", the excess is allotted equally to the community economic betterment account and to the "Surplus" account.

d. Before the treasurer makes the allotments under paragraphs "a", "b", and "c", the treasurer shall repay to the general fund the loan for start-up purposes of the Iowa lottery, shall repay to the general fund the sum of one million twenty thousand dollars which was appropriated for the fiscal year beginning July 1, 1985 from the general fund to the department of general services for capitol building restoration and major repairs, and shall repay to the general fund the sum of five million two hundred fifty thousand dollars which was appropriated for the fiscal period beginning July 1, 1985 and ending June 30, 1989 from the general fund to the department of general services for the engineering, planning and construction of a new state historical building under 1984 Iowa Acts, chapter 1316, section 4.

2. There is appropriated from the allotment made to the community economic betterment account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the Iowa development commission the amount in that account, or so much thereof as may be necessary, to be used for the following purposes:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

e. Road construction projects.

Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the commission specifying the purpose for which the funds will be used. In ranking applications for funds, the commission shall consider

the proportion of political subdivision match to be provided, the proportion of private contributions to be provided, the total number of jobs to be created, the recapture, if any, of these funds by the political subdivision that will occur, level of need in the political subdivision, and impact of proposed project on the economy of the political subdivision. The commission shall not provide more than one million dollars for any project, unless at least two thirds of the members of the commission vote for providing more. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the commission for a project from additional moneys credited to that account is not subject to the one million dollar limitation.

An eligible road construction project is one involving highway improvements which support and assist economic development.

The commission shall take applications from state, city, or county government entities for road construction projects. The commission shall prioritize the projects and determine which projects shall be funded. However, the approval of the department of transportation is necessary for planning, design, construction and maintenance and other activities as provided in section 307.24. The commission shall make the final selection of which projects will be funded. Matching funds on a dollar-for-dollar basis for each project funded shall be required. The source of the matching funds shall be determined by the type of project. Thus a match from the primary road fund is required for a project involving a primary road. The department of transportation does not have the right to reject a project for which a match of primary road funds is required. If the department of transportation disapproves of a project for which a match of primary road funds is required, the reasons shall be supplied to the applicant and commission. But the commission may still approve such project, and once approved, matching funds are to be provided.

In prioritizing the road construction projects and determining which shall be funded, the commission shall consider the economic benefits of the project to the local community and the state as a whole, including but not limited to the number of direct and indirect jobs created.

3. There is appropriated from the allotment made to the jobs now account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies, boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the state conservation commission the sum of two million five hundred thousand (2,500,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside for the acquisition of land for expansion or development of state forests and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards.

b. To the energy policy council the sum of one hundred fifty thousand (150,000) dollars to provide for energy management auditing services and administrative costs associated with the establishment of lease-purchase conservation projects for state buildings. The appropriation under this paragraph is contingent upon the passage and enactment into law of Senate File 303.

c. To the Iowa product development fund the sum of two million (2,000,000) dollars for the purposes provided in section 28.89.

d. To the office for planning and programming the sum of one million (1,000,000) dollars for additional and supplemental funding for the child care services program and the displaced homemakers program in connection and coordination with the federal Job Training Partnership Act of 1982 and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities, infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a listing of other sources of income, the staff to be employed, and the method to make the service or program self-supporting within three years.

e. To the office for planning and programming the sum of two hundred fifty thousand (250,000) dollars for the purposes of the community cultural grants program established under 1983 Iowa Acts, chapter 207, section 92.

f. To the Iowa development commission the sum of two million six hundred thousand (2,600,000) dollars for the purposes designated as follows:

(1) Business incubators.

(2) Satellite centers under division VI of this Act.

(3) Federal procurement offices.

(4) Tourism and marketing.

(5) Iowa main street program.

4. There is appropriated from the allotment made to the education and agriculture research and development account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following funds, agencies,

boards or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the Iowa college aid commission the sum of seven hundred fifty thousand (750,000) dollars for the forgivable loan program established in division VII of this Act. However, funds shall not be transferred to the college aid commission until the college aid commission certifies to the treasurer of state that the association of private colleges and universities and the board of regents will provide an equivalent amount of seven hundred fifty thousand (750,000) dollars for the forgivable loan program for the same fiscal year.

b. To the Iowa development commission the sum of three hundred thousand (300,000) dollars to develop and administer programs to encourage foreign trade. Prior to providing funds for any activity under this paragraph the Iowa development commission shall seek the input of public and private institutions of higher education, relevant government agencies, boards and departments, and private sector businesses involved in foreign trade for the purpose of coordinating trade related resources already available and those created pursuant to this Act in Iowa higher education institutions. The commission shall also, after seeking input from these entities, initiate the development of trade related curricula and curricula to support potential growth sectors and develop new programs to provide trade assistance to small and medium-sized Iowa businesses including, but not limited to, those created under this paragraph. The commission shall work with Iowa businesses engaged in foreign trade and public and private institutions of higher education to create a comprehensive plan designed to promote and develop the trade of Iowa's agricultural and manufactured products and services in foreign markets and shall coordinate the plan with other public and private foreign trade efforts including those created pursuant to this Act. The Iowa development commission

shall require, where feasible, that recipients of moneys appropriated in this section certify to the Iowa development commission that they will provide contributions, either in-kind or financial, equal to up to fifty percent of the moneys the recipient will receive under this section. The programs are as follows:

(1) To establish internships with Iowa businesses involved in foreign trade, with foreign businesses, with foreign governments, and with the Iowa development commission. A student who is enrolled in an Iowa institution of higher education in a course of study that could involve the student in foreign trade is eligible to apply for an internship. College credit will be given in a manner determined by the institution of enrollment. Money granted for internships shall be used for travel expenses and a stipend for the interns.

(2) To establish a program in which professors employed at Iowa institutions of higher education who are familiar with the language and customs of foreign countries are utilized as cultural advisors for the Iowa development commission and for Iowa businesses participating in trade missions and other foreign trade activities.

(3) To establish a program of short courses useful to assist Iowans in developing skills needed to participate in foreign trade, including but not limited to courses in foreign language, foreign culture and business practices, and foreign trade strategies. The short courses shall be developed in cooperation with Iowa institutions of higher education.

(4) To develop a data base of information useful in foreign trade.

(5) To establish a clearinghouse listing of state residents who have political, social, or business contacts in foreign countries.

(6) To provide assistance in foreign language translation for correspondence and other purposes.

(7) To establish a program for conducting a business risk analysis for Iowa businesses seeking markets in foreign countries. Iowa businesses would file requests for the risk analysis with the Iowa development commission. The Iowa development commission shall contract with an Iowa higher education institution for an analysis of conditions in a specific foreign country as requested by an Iowa business, including but not limited to, rate of exchange projections for the currency, political climate, cultural mores relating to business etiquette, market climate, and assessment of the political and social status of the business' personal contacts.

c. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by the agricultural experiment station at Iowa state university of science and technology for value added research.

d. To the Iowa development commission the sum of ten million (10,000,000) dollars to be allocated by the Iowa development commission for economic development and research and development purposes at an institution of higher education under the control of the state board of regents or at an independent college or university of the state. The institutions under control of the state board of regents may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution, college or university that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, for institutions under its control, determine the specific

proposals for which it requests funding and submit them to the Iowa development commission. An independent college or university shall submit requests directly to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions or an independent college or university the moneys for the various proposals requested unless the Iowa development commission disapproves of a specific proposal as inconsistent with the plan for economic development for this state. The applicants may submit additional proposals for those not approved by the Iowa development commission.

e. To the state board of regents the sum of two hundred thousand (200,000) dollars to be used by Iowa state university for the establishment of Iowa farm management program. The cooperative extension service shall administer the program with provisions for cooperation and assistance through the department of public instruction. The program may be offered in conjunction with programs offered at the merged area schools and at school districts. The cooperative extension service may allocate moneys appropriated in this section for the program to area schools and school districts participating in the program. The cooperative extension service may accept gifts from other sources to supplement moneys appropriated in this section.

f. To the legislative council the sum of fifty thousand (50,000) dollars to be used by the alternative crops and livestock study committee created in this paragraph. There is established a twelve-member alternative crops and livestock study committee to study the feasibility of alternative crops and livestock enterprises. The members shall consist of three farmers, three representatives from the agriculture industry, two faculty members from the Iowa state university and four members of the general assembly. The majority and minority leaders of the senate shall each appoint two nonlegislative members and one legislative member from the senate and the speaker and minority leader of the house of representatives

shall each appoint two nonlegislative members and one legislative member from the house. The appointers shall consult with each other before making their appointments to ensure the requirements of the makeup of the committee are met. Nonlegislative members shall receive a per diem of forty dollars and be reimbursed for their travel and other necessary expenses actually incurred in the performance of their official duties. Legislative members shall receive, when the general assembly is not in session, a per diem of forty dollars and their travel and other expenses incurred in the performance of their official duties from funds appropriated by section 2.12. The committee shall submit its final report along with any recommendations to the legislative council by January 1, 1986.

g. To the Iowa college aid commission for the summer institute program established pursuant to this paragraph the sum of one million (1,000,000) dollars. Institutions of higher education in the state may submit proposals to the council for postsecondary education for eight-week summer institute programs to upgrade the skills of Iowa teachers in the subject areas of math, science, foreign languages and such other areas as the department of public instruction has indicated a teaching shortage exists. The proposals shall provide for the institutional reimbursement for the costs of instruction, materials, and room and board for the participants as well as for a weekly stipend of one hundred fifty dollars per week for each participant. The council for postsecondary education shall select the institutions at which the summer institutes shall be conducted. The council for postsecondary education in consultation with the Iowa college aid commission shall establish the criteria for the selection of the teachers to participate in the programs.

5. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1985 and ending June 30, 1986 to the following council, office, and departments the following

amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division V of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars to fund the construction of the state-owned portion of the Iowa world trade center as provided in division V of this Act.

b. To the department of public defense the sum of two hundred forty-three thousand thirty-five (243,035) dollars for the architect, engineering, equipment and construction of the armory in Carroll.

c. To the department of public defense for the purposes and in the amounts designated as follows:

(1) To connect the armory in Cedar Rapids to the city water and sewer lines and for related architect and engineering services the sum of two hundred thirty-four thousand three hundred thirty-five (234,335) dollars.

(2) For the architect, engineering, equipment and construction of an addition to the armory in Cedar Rapids the sum of two hundred sixty-four thousand sixty-four (264,064) dollars.

d. To the department of public instruction the sum of one million (1,000,000) dollars to be allocated to the merged area schools filing requests with the department for the purchase of equipment. The department of public instruction shall allocate moneys to an area school based upon the ability of the area school to provide matching contributions, either in-kind or financial, and the potential for creation of jobs and economic development. The maximum grant to an area school shall not exceed two hundred fifty thousand (250,000) dollars.

e. To the office of the governor the sum of one hundred thousand (100,000) dollars or so much as may be needed for a feasibility study of costs and benefits of a joint telecommunications partnership to be entered into between the

state and private firms. The study shall be contracted out to a private firm in the state which is experienced in telecommunications and which has the capability to analyze the technical and economic potential and feasibility of a telecommunications satellite and fiber optics system with state and worldwide capability. The study shall be developed to insure input from the telephone, banking, insurance, television, and other business sectors in the state as well as from the educational community.

6. If the moneys to be allotted to the economic betterment account, jobs now account or education and agriculture research and development account are less than the amount specified in subsection 1, paragraph "b", the moneys appropriated to the funds, agencies, boards or commissions for the purposes specified in subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made from any of the accounts within the Iowa plan fund on June 30, 1986 shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 302.

1. The treasurer of state shall, for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, make allotments of the moneys within the Iowa plan fund for economic development created in section 99E.10 to separate accounts within that fund as follows:

a. In each of the fiscal years beginning July 1, 1986 and July 1, 1987 the first ten million two hundred fifty thousand dollars, in the fiscal year beginning July 1, 1988 the first three million two hundred fifty thousand dollars and in the fiscal year beginning July 1, 1989 the first one million dollars to the jobs now capitals account.

b. In each of the four fiscal years after the allotment in paragraph "a", ten million dollars to the community economic betterment account, eight million five hundred thousand dollars to the jobs now account, and twelve million five hundred thousand dollars to the education and agriculture research and development account.

c. After the allotments have been made under paragraphs "a" and "b" in each of the fiscal years, the excess is allotted equally to the community economic betterment account and to the "Surplus" account.

2. There is appropriated moneys in the community economic betterment account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa development commission to be used for the following purposes in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act:

a. Principal buy-down program to reduce the principal of a business loan.

b. Interest buy-down program to reduce the interest on a business loan.

c. Grants and loans to aid in economic development.

d. Site development or infrastructure costs directly related to a project resulting in new employment.

e. Road construction projects.

The conditions, criteria and limitations specified in section 301, subsection 2 of this Act applies to the providing of moneys under this subsection.

3. There is appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act to be used for the following purposes:

a. To the state conservation commission for the purposes designated in section 301, subsection 3, paragraph "a" of this Act.

b. To the Iowa product development fund for the purposes provided in section 28.89.

c. To the office for planning and programming for the purposes designated in section 301, subsection 3, paragraphs "d" and "e" of this Act.

d. To the Iowa development commission for the purposes designated in section 301, subsection 3, paragraph "f" of this Act.

4. There is appropriated moneys in the education and agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 303 of this Act to be used for the following purposes:

a. To the Iowa college aid commission for the forgivable loan program established in division VII of this Act.

b. To the Iowa development commission for the purposes and under the conditions specified in section 301, subsection 4, paragraphs "b" and "d" of this Act.

c. To the state board of regents for the purposes and under the conditions specified in section 301, subsection 4, paragraph "e" of this Act.

d. To the Iowa college aid commission for the purposes and under the conditions specified in section 301, subsection 4, paragraph "g" of this Act.

5. a. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal years beginning July 1, 1986, July 1, 1987 and July 1, 1988 to the executive council for allocation to the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to division V of this Act the sum of nine million two hundred fifty thousand (9,250,000) dollars for each of the fiscal years beginning July 1, 1986 and July 1, 1987 and the sum of two million two hundred fifty thousand (2,250,000) dollars for the fiscal year beginning July 1, 1988 to fund the construction of the state-owned portion of the Iowa world trade center as provided in division V of this Act.

b. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988 and July 1, 1989 to the department of public instruction the sum of one million (1,000,000) dollars for the purposes and under the conditions specified in section 301, subsection 5, paragraph "d" of this Act.

6. If the moneys to be allotted in a fiscal year to the community economic betterment account, jobs now account or education and agriculture research and development account is less than the amount specified for that fiscal year in subsection 1, paragraph "b" the moneys appropriated for that fiscal year to the funds, agencies, boards or commissions for the purposes specified in subsection 2, 3 or 4, as applicable, shall be reduced by the same percentage decrease in the appropriate allotment.

7. The moneys appropriated in subsections 2, 3, 4 and 5 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the fund to which moneys are appropriated has made a

request to the treasurer for use of moneys appropriated to it and the amount needed for that use. The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

8. The agency, board, commission, or overseer of the fund to which moneys are appropriated under this section shall make every effort to maximize the impact of these moneys through government and private matching funds.

Sec. 303. For each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, the Iowa partnership for economic progress advisory committee established under division IV of this Act shall submit to the general assembly by March 1 preceding the beginning of the fiscal year planned expenditures from the allotment to be made for that fiscal year to the community economic betterment account, the jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards or commissions for the purposes specified in subsections 2, 3, and 4 of section 302 of this Act. The Iowa partnership for economic progress shall include a description of planned expenditures to be made of the moneys in the surplus account.

Plans may provide for increased or decreased expenditures if the allotment available for those appropriations is greater than or less than the allotment specified in subsection 1 of section 302 of this Act. In order to enable the Iowa partnership for economic progress to prepare its plans for future expenditures, it has authority to review applications

and uses of the moneys appropriated from each allotment. However, this authorized review does not authorize the Iowa partnership for economic progress to veto or deny any application or use and such review shall not cause any delay in the approval of an application or use.

DIVISION IV

* Sec. 401. NEW SECTION. TITLE.

This chapter may be cited as the "Economic Development Reorganization Act".

* Sec. 402. NEW SECTION. DEFINITIONS.

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

1. "Commission" means the Iowa development commission.

2. "Committee" or "advisory committee" means the Iowa partnership for economic progress advisory committee, established in section 405 of this Act.

3. "Programs and services" means economic development programs, services and agencies as described in section 403 of this Act.

Sec. 403. NEW SECTION. GOVERNOR'S REORGANIZATION PLAN.

By December 1, 1985, the governor shall submit to the general assembly a proposal for the reorganization and coordination of all state economic development programs and services under one comprehensive department of economic development. In the course of developing the reorganization plan, the governor shall consult with the advisory committee.

* For purposes of this chapter, economic development programs and services shall include, but are not limited to, those which provide one or more of the following:

a. Community development.

b. Planning and management assistance.

c. Technical assistance.

d. Education and job training.

e. Financial assistance for programs and services described in paragraphs "a" through "d" and other programs and services, including those that are federally funded but

* Item Vetoed

administered by the state, and other federal and local funding programs.

Sec. 404. NEW SECTION. INTERIM COORDINATING AGENCY.

Upon enactment of this chapter, and until the establishment of a central department of economic development, the Iowa development commission shall be the interim coordinating agency for federal, state and local economic development programs and services. The commission shall adopt, amend, and repeal rules under chapter 17A as it deems necessary to function as the interim coordinating agency. Statewide delivery of programs and services, except for programs and services under the federal Job Training Partnership Act of 1982, shall be accomplished through a network of fifteen subregions which shall correspond to the merged areas as defined in section 280A.2 and which are already in existence.

Sec. 405. NEW SECTION. ADVISORY COMMITTEE ESTABLISHED.

The Iowa partnership for economic progress is established to serve as an advisory committee to the commission pending the creation of a department of economic development, at which time the committee will act as an advisory body to the new department. The commission, and ultimately the department of economic development, shall provide the committee with administrative staff personnel in accordance with chapter 19A, and shall provide other assistance as necessary.

Sec. 406. NEW SECTION. COMPOSITION OF ADVISORY COMMITTEE.

1. The committee shall consist of thirteen members appointed by the governor subject to confirmation by the senate. Members shall be appointed for four-year terms beginning and ending in accordance with section 69.19.

2. Members shall be appointed from agriculture, local government, business, labor and education as follows:

a. Two members actively engaged in farming. Appointments may be made from lists of nominees which shall be submitted by agricultural associations representing at least twenty-five members.

b. Six members from business, including one representative from small business, one representative from insurance and one representative from agribusiness. Appointees shall be an owner, president, chief executive officer, board member or other senior officer of the firm or organization they represent. Appointments may be made from lists of nominees which shall be submitted by business, trade or industrial associations representing at least twenty-five members.

c. Two members from organized labor. Appointments may be made from lists of nominees which shall be submitted by any organizations authorized to bargain on behalf of people employed in this state.

d. Two members from education. Appointments may be made from lists of nominees which shall be submitted by the board of regents, the association of independent colleges and universities, or the association of community college trustees.

e. One member from local government. Appointment may be made from lists of nominees which shall be submitted by the Iowa state association of counties and the league of municipalities.

f. Each list of nominees submitted shall contain an equal number of females and males.

Sec. 407. NEW SECTION. ADVISORY COMMITTEE DUTIES.

1. The committee's duties and responsibilities shall include, but are not limited to the following:

a. To provide assistance as needed or requested by the governor in the development of the governor's proposal for economic development reorganization and coordination. In order to facilitate the committee's assistance of the governor's office, all economic development agencies and programs shall submit reorganization and coordination proposals and recommendations to the committee within six months of the effective date of this chapter.

b. To submit plans to the general assembly relative to the disbursement of lottery revenues pursuant to division III of this Act.

* Item Vetoed

c. To collaborate with the commission on the review of all disbursements of lottery revenues.

d. To assist the commission in the development and administration of a statewide regional delivery network for programs and services.

e. To review, coordinate and implement other economic development proposals that emerge from studies now underway or recently completed.

f. To assist in the coordination of federal, state, local and private sector programs and services.

g. To analyze, at regular and frequent intervals, the trends and growth opportunities in major sectors of the economy, particularly those represented in the Iowa economy.

h. To analyze, at regular and frequent intervals, the general economic, demographic, state fiscal and business climate indicators that define Iowa's position relative to regional and national trends.

i. To initiate special economic development studies as deemed necessary.

* Sec. 408. NEW SECTION. ORGANIZATION OF ADVISORY COMMITTEE.

The committee shall annually elect from its membership a chairperson and shall adopt rules to govern its proceedings. Election of the chairperson shall be held at the committee's first meeting in each calendar year. The committee shall meet at least once a month and otherwise as often as necessary. Members shall be compensated for their actual and necessary expenses incurred in the performance of their duties in accordance with section 28.2. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

* Sec. 409. Notwithstanding the provisions of section 406 of this Act, of the initial appointees to the committee three members shall be appointed for one-year terms, three members shall be appointed for two-year terms, three members shall be appointed for three-year terms, and four members shall be

* Item Vetoed

appointed for four-year terms. The initial appointees' successors shall be appointed to terms of four years each except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the committee member replaced.

DIVISION V

Sec. 501. NEW SECTION. 18C.1 DECLARATION OF POLICY AND PURPOSE FOR STATE INVOLVEMENT IN IOWA WORLD TRADE CENTER.

It is found and declared that there exists a need to promote, develop, maintain, and expand export and trade opportunities for agricultural, commercial, and manufactured products and services and any other products and services of the state in order to protect and advance the welfare and interests of residents of the state; that such export and trade opportunities with other nations can be promoted, developed, maintained, and expanded by the Iowa world trade center; that jobs can be maintained and created in the state as a result of increased export and trade opportunities; and that such economic results will benefit all residents of the state.

It is further found and declared that the promotion, development, maintenance, and expansion of exports and trade opportunities are public purposes and uses for which public moneys may be expended, advanced, loaned, or granted; that such activities serve a public purpose in improving export and trade opportunities or otherwise benefiting the people of this state; and that the state's purchase, operation and marketing of a building or facility as part of a world trade center will aid in accomplishing these purposes.

Sec. 502. NEW SECTION. 18C.2 CREATION OF SELECTION ADVISORY COMMITTEE.

1. There is created an Iowa world trade center selection advisory committee, hereafter referred to as "the committee". The committee shall be comprised of five members with one member appointed by the governor, one member appointed by the speaker of the house of representatives, one member appointed

by the minority leader of the house of representatives, one member appointed by the majority leader of the senate, and one member appointed by the minority leader of the senate. No two members shall be from the same congressional district. Vacancies shall be filled in the same manner as the appointment of the original members. Members shall not be compensated for their services.

2. The committee shall elect from among its members a chairperson. Meetings shall be held at the call of the chairperson or whenever two committee members request it. Three members shall constitute a quorum and the affirmative vote of three members shall be necessary for any action taken by the committee.

Sec. 503. NEW SECTION. 18C.3 DUTIES OF THE COMMITTEE.

1. It shall be the duty of the Iowa world trade center selection advisory committee to accept and review proposals from private groups to organize, construct, operate, and market the Iowa world trade center. In submitting a proposal, the private group shall also submit a study outlining the feasibility of its proposal. A private group submitting a proposal must include among its investors a significant number of Iowa-based companies and individuals. The committee is empowered to contract for an independent analysis of a proposal submitted. The committee is empowered to recommend for ratification by the executive council a proposal to obligate, but not in excess of thirty million dollars, the state in the construction of the Iowa world trade center under the recommended proposal. However, a proposal shall not be recommended unless the proposal provides that the private group shall provide moneys at least equal to the amount which the committee has recommended for obligation by the state. The proposal recommended by the committee must include an agreement from the private group that construction of the Iowa world trade center will begin no later than December 15, 1985, and that a nonprofit corporation will be created by the private group pursuant to section 18C.4 to facilitate the

state's involvement in the construction, operation, and marketing of the Iowa world trade center. In approving a proposal of a private group, the committee may employ other selection criteria that are consistent with the above standards. Once the committee has recommended a contract proposal, it shall be submitted for ratification to the executive council. The committee shall present a proposal by August 1, 1985 for ratification by the executive council.

2. The committee shall cease to exist upon ratification of the contract submitted to the executive council.

3. The members of the committee, upon ratification of the contract by the executive council, shall automatically become the state's representatives on the board of directors of the nonprofit corporation organized to facilitate the state's involvement in the Iowa world trade center pursuant to section 18C.4.

Sec. 504. NEW SECTION. 18C.4 STATE PARTICIPATION IN THE WORLD TRADE CENTER.

1. The state recognizes the nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation and marketing of the Iowa world trade center. The board of directors of the nonprofit corporation shall consist of nine members.

2. State representation on the nonprofit corporation's board of directors shall consist of five directors serving six-year terms. The initial directors shall be the five members appointed to the committee pursuant to section 18C.2. Vacancies shall be filled in the same manner as the appointment of the original directors.

3. Private representation on the nonprofit corporation's board of directors shall consist of four directors chosen pursuant to the corporation's articles of incorporation.

4. Amendments to the nonprofit corporation's articles of incorporation relating to the governance of the corporation shall not be made without all of the following:

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

b. A majority approval of the five directors appointed to represent the state interests.

c. A majority approval by the four directors appointed to represent the private interests.

5. The nonprofit corporation shall:

a. Provide for the management, operation, and marketing of the state-owned portion of the Iowa world trade center. A fee may be negotiated which will be paid by the state for necessary services provided to or for the state-owned portion. The management, operation, and marketing may be done by entering into a service agreement with a management firm. If such an agreement is entered into, the board of directors shall require periodic reports from the firm on the operation, marketing, costs, and revenues of the state-owned portion.

b. Provide for the leasing of space in the state-owned portion to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in the Iowa world trade center.

c. Use, operate, and market the state-owned portion for the purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

6. The nonprofit corporation organized pursuant to the contract ratified by the executive council as the entity that will facilitate the state's involvement in the construction, operation, and marketing of the Iowa world trade center shall not be construed to be a state agency, board, commission, department, or other administrative unit of the state.

Sec. 505. Chapter 18, Code 1985, is amended by adding the following new section:

NEW SECTION. IOWA WORLD TRADE CENTER.

This chapter does not apply to the management, operation, and ownership of the Iowa world trade center.

Sec. 506. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts of all sales of goods, wares, or merchandise used, or from services rendered, furnished or performed in the construction and equipping of the Iowa world trade center for that portion of the project funded by the state of Iowa as authorized in division V of this Act. This subsection is repealed November 30, 1989.

DIVISION VI

Sec. 601. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as provided in section 28.101.

Sec. 602. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "The Primary Research and Marketing Center for Business and International Trade". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center for business and international trade, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services unique to economic development offered by and purchased by businesses located in the state.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development and production of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export financing, including the use of bartering transactions.

f. Coordinating the satellite centers.

g. Training for and coordination of a computer system to be used by this center and its satellite centers. Wherever practicable the commission shall work with educational institutions involved with either the primary research and marketing center for business and international trade or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

h. Coordinating the delivery of programs and services with other state, local, and federal economic development programs and activities including, but not limited to, those available at institutions of higher learning in this state, the United States department of commerce, and other appropriate agencies.

2. To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the commission may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in existence on the effective date of this section.

Each regional delivery area wishing to receive a grant from the commission to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the Iowa development commission. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the Iowa partnership for economic progress created in division IV of this Act. The Iowa partnership for economic progress may rescind its approval of a regional coordinating plan upon thirty days notice, if the Iowa partnership for economic progress determines that the stated purpose of the plan is not being carried out. The Iowa partnership for economic progress may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The center director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Communicating with the primary research and marketing center for business and international trade.

d. Coordinating local marketing activities and efforts of local business.

e. Coordinating delivery of all federal, state, and local economic development programs and services within the area.

f. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local

colleges, universities, and businesses in developing primary research programs. Primary and secondary research shall be used for analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications of products and services to meet the changes.

A regional coordinating council may enter into an agreement under chapter 28E with other regional coordinating councils for the purpose of fostering tourism within their areas. Regional coordinating councils shall be considered public agencies for purposes of chapter 28E.

The regional coordinating council of each regional economic delivery area shall consist of at least six members who shall be selected from state and local government, business, and education which are representative of the region. Beginning with the fiscal year beginning July 1, 1987, only applications from political subdivisions located within regions with an approved regional coordinating plan will be accepted for moneys from the community betterment account established in the Iowa plan fund for economic development in division III of this Act. A political subdivision shall submit a copy of the application to the regional coordinating council at the same time as the application is submitted to the Iowa development commission.

DIVISION VII

Sec. 701. NEW SECTION. 261.64 FORGIVABLE LOAN PROGRAM.

There is established a forgivable student loan program to be administered by the college aid commission. An individual is eligible for the reimbursement payments plan under the program if the individual meets all of the following conditions:

1. Is an Iowa resident student enrolled at an accredited private institution as defined in section 261.9, subsection 5 or at an institution under the control of the state board of regents.

2. Has filed an application for the loan with the college aid commission, using the procedures specified in section 261.16.

3. Meets the requirements for a tuition grant.

Sec. 702. NEW SECTION. 261.65 FORGIVABLE LOAN ADMINISTRATION.

The college aid commission shall administer the forgivable loan program in the same manner as specified in section 261.15 for the tuition grant program. The maximum loan that a student is eligible to receive is an amount equal to the maximum tuition grant awarded by the commission for the same fiscal year. A student is eligible to receive both a tuition grant and a forgivable loan. The interest rate for the forgivable loan shall be equal to the interest rate being collected by an eligible lender under the Iowa guaranteed student loan program for the year in which the forgivable loan is made.

Sec. 703. NEW SECTION. 261.66 INTEREST AND PRINCIPAL PAYMENT.

A student receiving a forgivable loan under section 261.64 shall begin paying the annual cost of interest immediately following graduation on an annual basis for five years. If the student remains an Iowa resident and is employed in a teaching position in an area in which a teaching shortage exists, as determined by the department of public instruction, for five years immediately following graduation, the student is not responsible for payment of the principal amount of the loan and shall not pay interest on the loan. If the commission determines that the student does not meet the criteria for elimination of the principal and interest payments, the commission shall establish by rule a plan for repayment of the principal and interest over a ten-year period. If a student who is required to make the repayment does not make the required payments, the commission shall provide for collecting the payments.

There is created a forgivable loan repayment fund for deposit of payments made by the recipients. Payments made by the recipients of the loans shall be credited to the fund and may be used to make additional loans under the program.

Moneys in the fund shall not revert to the general fund of the state at the close of a fiscal year.

Sec. 704. This Act, being deemed of immediate importance, takes effect from and after its publication in The Clinton Herald, a newspaper published in Clinton, Iowa, and in The Altoona Herald-Mitchellville Index, a newspaper published in Altoona, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 225, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Item Veto
Approved April 18, 1985

TERRY E. BRANSTAD
Governor

Now HF 225

SB 13

ECONOMIC DEVELOPMENT

Now House 225

Study Bill 13

Economic Development: (Iowa Lottery Act Subcommittee) Connolly, Chair; Arnould, Connors, Halvorson of Webster, Hummel, Kremer and Paulin.

DIVISION I LOTTERY

DIVISION II APPROPRIATIONS

DIVISION III COMMUNITY AND ECONOMIC DEVELOPMENT AUTHORITY

DIVISION IV WORLD TRADE CENTER

DIVISION V PRIMARY RESEARCH & MARKETING CENTER

DIVISION VI EXPORT LOAN PROGRAM

DIVISION VII INVESTMENTS IN VENTURE CAPITAL FIRMS

DIVISION VIII CURRENCY AND BARTER EXCHANGE

DIVISION IX SMALL BUSINESS LOAN REDUCTION & GUARANTEE PROGRAM

DIVISION X CHILD SAFETY COMMISSION

Study Bill 13

Economic Development: (Community and Business Development Subcommittee) Groninga, Chair: Baxter, Black, Hanson, McIntee and Swartz.

Study Bill 13

Economic Development: (Education and Agriculture Research and Development Subcommittee) Ollie, Chair; Bennett, Cochran, Koenigs, Miller, Schnekloth and Varn.

Study Bill 13

Economic Development: (State Economic Development Authority Subcommittee) Parker, Chair: Branstad, Connolly, Jochum, Metcalf and Norland.

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MARGINS c

DIVISION I

MARGINS L

Section 101. NEW SECTION. 99E.1 TITLE.

This chapter may be cited as the "Iowa Lottery Act".

Sec. 102. NEW SECTION. 99E.2 DEFINITIONS.

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

1. "Commissioner" means the commissioner of the lottery.

2. "Director" means the director of each of the three divisions of the lottery agency operating under the commissioner.

3. "Lottery" means the lottery created and operated under this chapter.

4. "Board" means the Iowa lottery board.

5. "Licensee" means the person issued a license by the commissioner to sell lottery tickets or shares. The licensee is responsible for the licensee's employees' conduct which is within the scope of this chapter.

6. "Ticket" means any tangible evidence issued by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

7. "Share" means any intangible manifestation authorized by the Iowa lottery agency to prove participation in a game conducted by the state lottery agency.

Sec. 103. NEW SECTION. 99E.3 ESTABLISHMENT OF LOTTERY==APPOINTMENT OF COMMISSIONER==OTHER EMPLOYEES.

1. A state agency is established to be known as the Iowa lottery agency. The Iowa lottery agency is subject to chapter 17A. It is a separate agency of state government whose head is the commissioner.

2. The commissioner shall be qualified by training and experience to direct the lottery. The commissioner shall

be appointed by the governor within thirty days after the effective date of this Act subject to confirmation by the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the commissioner shall be filled in the same manner as the original appointment. Section 2.32 applies to the appointment of the commissioner. The commissioner shall devote time and attention solely to the duties of the office and shall not be engaged in any other profession or occupation. The commissioner shall receive a salary determined by the governor within salary range five as set by the general assembly.

3. The commissioner may employ clerks, stenographers, inspectors, agents, and other employees pursuant to chapter 19A as necessary to carry out this chapter.

Sec. 104. NEW SECTION. 99E.4 COMMISSIONER'S OATH==BOND==EMPLOYEES==BONDING OF EMPLOYEES.

1. Before taking office, the commissioner shall take an oath to faithfully execute the duties of the office according to the laws of the state, and shall give bond with sufficient surety to be approved by the governor in the sum of not less than twenty=five thousand dollars, conditioned upon faithful execution and performance of the duties of the office. The bond when fully executed and approved shall be filed in the office of the secretary of state. When in the governor's opinion the bond has become or is likely to become invalid or insufficient, the governor shall require the commissioner to renew the bond in an amount approved by the governor but not less than twenty=five thousand dollars. The cost of a bond given shall be part of the necessary expenses of the lottery.

2. The commissioner shall employ personnel necessary to implement this chapter. The commissioner shall require lottery agency employees to give bond in an amount the commissioner determines. Each bond when fully executed and approved shall be filed in the office of the secretary of state. The cost of each bond given shall be part of the necessary expenses of the lottery.

Sec. 105. NEW SECTION. 99E.5 LOTTERY BOARD.

An Iowa lottery board is created to consist of five members, not more than three of whom shall be from the same political party, and who shall be appointed by the governor subject to confirmation by the senate. The governor shall appoint the board members within sixty days of the effective date of this Act. The term of each member shall begin and end as provided in section 69.19. A vacancy on the board shall be filled in the same manner as regular appointments are made and the term shall be for the unexpired portion of the regular term.

Sec. 106. NEW SECTION. 99E.6 BOARD QUALIFICATIONS.

Board members shall be residents of this state. At least one member of the board shall be a person who has been a law enforcement officer for not less than five years, one member shall be an attorney admitted to the practice of law in Iowa for not less than five years, and one member shall be a certified public accountant who has practiced accountancy in Iowa for not less than five years.

Sec. 107. NEW SECTION. 99E.7 BOARD MEETINGS.

The board shall hold at least one meeting each month and as often as necessary. The board shall select a chairperson from its membership at the first regular meeting of the board and shall thereafter select a chairperson at the first regular meeting of each fiscal year. Written notice of the time and place of each meeting shall be given to each member of the board. A majority of the board constitutes a quorum.

Sec. 108. NEW SECTION. 99E.8 EXPENSES==SALARY.

Members of the board shall be compensated at a rate of forty dollars per diem while on official business of the board. Members shall also be allowed the actual and necessary expenses incurred in the performance of their duties. The expenses incurred by members of the board and the salaries paid to

members of the board are part of the necessary expenses of the lottery agency.

Sec. 109. NEW SECTION. 99E.9 DUTIES OF THE BOARD== RULES==COMMISSIONER.

1. The board and the commissioner shall supervise the lottery in order to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, including contracts with individuals or business organizations experienced in the design and operation of state administered lotteries of other states. A contract awarded or entered into by the commissioner shall not be assigned by the contract holder except upon the written approval of the board.

3. The commissioner shall make rules which are subject to the approval of the board and in accordance with chapter 17A for implementing and preventing violations of this chapter. The rules shall include but are not limited to the following subject matters:

a. The fees charged for a license to sell lottery tickets or shares. The commissioner shall determine the cost incurred in processing applications for a license and set the license fee to cover that cost except a license fee shall not be less than fifty dollars per year. Revenue received by the lottery from license fees shall be transferred to the lottery fund immediately after the cost of processing license applications is deducted.

b. The types of lottery games to be conducted. The board may authorize the use of any type of lottery game, including video lottery games, that on the effective date of this Act has been conducted by a state lottery of another state in the United States, or any game that the board determines will achieve the revenue

objectives of the lottery and is consistent with subsection 1. However, the board shall not authorize a game using electronic computer terminals or other devices if the terminals or devices dispense coins or currency upon the winning of a prize. In a game utilizing instant tickets or other tangible evidence of participation, each ticket in the game shall bear a unique consecutive serial number distinguishing it from every other ticket in the game, and each lottery number or symbol shall be accompanied by a confirming caption consisting of a repetition of a symbol or a description of the symbol in words.

c. The price of tickets or shares in the lottery, including but not limited to authorization of sales of tickets or shares at a discount for marketing purposes.

d. The number and size of the prizes on the winning tickets or shares, including but not limited to prizes of free tickets or shares in lottery games conducted by the lottery and merchandise prizes. The lottery agency shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination which were awarded.

e. The method of selecting the winning tickets or shares and the manner of payment of prizes to the holders of winning tickets or shares. The rules may provide for payment by the purchase of annuities in the case of prizes payable in installments. Lottery employees shall examine claims and shall not pay any prize for altered, stolen, or counterfeit tickets or shares nor tickets or shares which

fail to meet validation rules established for a lottery game. A prize shall not be paid more than once. If the commissioner determines that more than one person is entitled to a prize, the sole remedy of the claimants is to receive an equal share in the single prize. The rules may provide for payment of prizes up to five hundred dollars directly by the licensee.

f. The methods of validation of the authenticity of winning tickets or shares.

g. The frequency of selection of winning tickets or shares. Drawings shall be held in public, and the actual selection of winning tickets or shares shall not be performed by an employee of the lottery agency. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by lottery agency employees and an independent certified public accountant prior to and after each public drawing.

h. Requirements for eligibility for participation in runoff drawings, including but not limited to requirements for submission of evidence of eligibility.

i. The locations at which tickets or shares may be sold.

j. The method to be used in printing and selling tickets or shares.

An elected official's name shall not be printed on the tickets. The overall estimated odds of winning a prize in a given game shall be printed on each ticket if the games have either preprinted winners or fixed odds. Estimated odds of winning a prize are not required to be printed on tickets in lottery games of a pari=mutuel nature.

As used in this paragraph, "games of a pari=mutuel nature" means a game in which the amount of the winnings and the odds of winning are determined by the number of participants in the game.

k. The issuing of licenses to sell tickets or shares. In addition to any other rules made regarding the qualifications of an applicant for a license, a person shall not be issued a license if one or more of the following applies:

(1) The person is under the age of eighteen.

(2) The person has been convicted of fraud or a felony.

(3) The person has not been a licensee and has been convicted or found to have committed a violation of this chapter.

(4) The person has previously been issued a license under this chapter and the license was revoked.

l. The compensation to be paid licensees including but not limited to provision for variable compensation based on sales volume or incentive considerations.

m. The form and type of marketing, informational, and educational material to be permitted. Marketing materials shall be designed to be consistent with subsection 1 and shall promote public awareness of the concept of investing in Iowa's economic development through a lottery.

n. Subject to section 99E.10, the apportionment of the annual revenues accruing from the sale of lottery tickets or shares and from other sources for the payment of prizes to the holders of winning tickets or shares and for the following:

(1) The payment of costs incurred in the operation and administration of the lottery, including the expenses of the lottery and the cost resulting from contracts entered into for consulting or operational services, or for marketing.

(2) Independent audits which shall be performed annually in addition to the audits required by section 99E.20, subsection 3.

(3) Incentive programs for lottery licensees and lottery employees.

(4) Payment of compensation to licensees necessary to provide for the adequate availability of tickets, shares, or services

to prospective buyers and for the convenience of the public.

(5) The purchase or lease of lottery equipment, tickets, and materials.

Sec. 1010. NEW SECTION. 99E.10 ALLOCATION AND APPROPRIATION OF FUNDS GENERATED==IOWA PLAN FUND.

1. Upon receipt of any revenue, the commissioner shall deposit the moneys in the lottery fund created pursuant to section 99E.20. As nearly as is practicable, forty=five percent of the annual revenue computed on a year=round average basis for each type of lottery game accruing from the sale of tickets or shares is appropriated for payment of prizes to the holders of winning tickets. After the payment of prizes, the expenses of conducting the lottery shall be determined. The reasonable expenses incurred by the attorney general's office in enforcing this chapter are lottery expenses and shall be paid for out of lottery revenue prior to disbursement. Lottery agency expenses for marketing, educational, and informational material shall not exceed four percent of the lottery revenue.

The Iowa plan fund for economic development, also to be known as the Iowa plan fund, is created in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa plan fund on a quarterly basis. Prior to the quarterly transfer to the Iowa plan fund, the commissioner may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state. Interest paid on the deposits is considered lottery revenue and shall be transferred to the Iowa plan fund in the same manner as other lottery revenue.

2. Funds transferred to the Iowa plan fund shall

be used for economic development initiatives. The community economic development authority is responsible for the administration of the Iowa plan fund. As used in this subsection "economic development initiatives" means initiatives which encourage development of capital, research and development of new products, and development of jobs in this state by expanding existing business and industry, upgrade academic institutions in order to maintain and attract business and industry, creating new businesses and industries, encourage the conservation of energy in order to create new jobs and attract new business and industry, develop alternate methods for the disposal of solid waste, develop markets for products grown or produced or manufactured in the state including the promotion of Iowa and Iowa products, and make grants and loans available to local communities for local economic development initiatives. "Economic development initiatives" does not include providing loans, grants, bonds, or any other incentive or assistance for the construction of a racetrack or other facility where gambling will be permitted.

3. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets or shares not later than July 1, 1986. The comptroller shall not include lottery revenues in the comptroller's fiscal year revenue estimates. Moneys in the Iowa plan fund shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 1011. NEW SECTION.

99E.11 REPORTS.

1. The commissioner shall report quarterly to the governor, the treasurer of state, and the general assembly. The quarterly report shall include the total lottery revenue, prize disbursements, and other expenses for the preceding quarter. The fourth quarter report shall be included in the annual report made pursuant to subsection 2.

2. The commissioner also shall report annually to the governor, the treasurer of state, and the general assembly. The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law which the commissioner deems necessary or desirable. The annual report shall be submitted within ninety days after the close of a fiscal year.

3. The commissioner shall report immediately to the governor, the treasurer of state, and the general assembly any matters that require immediate changes in the law in order to prevent abuses or evasions of this chapter or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

Sec. 1012. NEW SECTION. 99E.12 STUDIES.

1. The commissioner shall make a continuous study of the lottery to ascertain any defects of this chapter or in the rules which could result in abuses in the administration and operation of the lottery or in any evasion of this chapter or the rules of the commissioner and make recommendations for improvement in this chapter.

2. The commissioner shall make a continuous study of the operation and the administration of similar laws in effect in other states, written material on the subject which is published or available, federal laws which may affect the operation of the lottery, and the reaction of citizens to existing and potential features of the lottery in order to recommend changes that will serve the purposes of this chapter.

3. The commissioner shall make a demographic study of lottery players.

Sec. 1013. NEW SECTION. 99E.13 CONFLICT OF INTEREST==PENALTY.

1. A member of the board, the commissioner, or an employee of the lottery shall not directly or indirectly, individually, as a member of a partnership or other

association, or as a shareholder, director, or officer of a corporation have an interest in dealing in a lottery or in the ownership or leasing of property used by or for a lottery.

2. A member of the board, the commissioner, an employee of the lottery, or a member of the immediate family shall not ask for, offer to accept, or receive any gift, gratuity, or other thing of value from a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery or from an applicant for a license to sell tickets or shares in the lottery or from a licensee.

3. A person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of a lottery, an applicant for a license to sell tickets or shares in the lottery, or a licensee shall not offer a member of the board, the commissioner, an employee of the lottery, or a member of their immediate families any gift, gratuity, or other thing of value.

4. A board member, commissioner, or employee of the lottery who violates a provision of this section, or immediate family member violates a provision of this section, shall be immediately removed from the office or position.

5. A violation of this section is a serious misdemeanor.

6. As used in this section, "member of their immediate family" means a spouse, child, stepchild, brother, brother=in=law, stepbrother, sister, sister=in=law, stepsister, parent, parent=in=law, or stepparent residing as a member of the same household in the principal residence of the board member, the commissioner, or the employee.

7. This section does not prohibit a board member from holding or acquiring a pecuniary interest in a licensee.

8. Enforcement of this section against a board

member or commissioner shall be by the attorney general who upon finding a violation shall initiate an action to remove the board member or commissioner.

Sec. 1014. NEW SECTION. 99E.14 LOTTERY DIVISIONS==DIRECTORS.

1. The Iowa lottery agency has three divisions:

a. A security and licensing division.

b. A personnel, data processing, and accounting division.

c. A marketing, education, and information division.

2. Each division is under the supervision of a director appointed by the commissioner and each director shall have expertise in the functions of the division. The commissioner shall designate one of the directors to serve as acting commissioner during the commissioner's absence.

3. Departments, boards, commissions, or other agencies of this state at their discretion shall provide reasonable assistance to the lottery upon the request of the commissioner.

Sec. 1015. NEW SECTION. 99E.15 POWER TO ADMINISTER OATHS AND TAKE TESTIMONY==SUBPOENA.

The commissioner or the commissioner's designee authorized to conduct an inquiry, investigation, or hearing under this chapter may administer oaths and take testimony under oath relative to the matter of inquiry, investigation, or hearing. An inquiry, investigation or hearing under this section is not a contested case under the Iowa administrative procedure Act, chapter 17A. At a hearing ordered by the commissioner, the commissioner or the designee may subpoena witnesses and require the production of records, papers, and documents pertinent to the hearing.

Sec. 1016. NEW SECTION. 99E.16 LICENSING==BONDS.

1. The commissioner shall license persons to sell lottery

tickets or shares to best serve public convenience. A licensee shall not engage in business exclusively to sell lottery tickets or shares. A licensee's profits from the sale of lottery tickets or shares shall not exceed ten percent of the profits of the licensee's overall business operations. Before issuing a license the commissioner shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point=of=purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is sufficient cause for revocation of a person's license.

2. A licensee shall sell tickets or shares only on the premises stated in the license. A licensee shall display the license or a copy of the license together with the lottery rules wherever tickets or shares are sold. A license is not assignable or transferable. The commissioner may issue a temporary license when deemed necessary.

3. The commissioner shall require a bond from a licensee in an amount as provided in the rules graduated according to the volume of expected sales of lottery tickets or shares by the licensee, or may require a licensee to furnish evidence of financial responsibility.

4. A bond shall not be canceled by a surety on less than thirty days' notice in writing to the commissioner. If a bond is canceled and the licensee fails to file a new bond with the commissioner in the required amount on or before the effective date of cancellation, the licensee's license shall be automatically suspended. A suspended license shall be revoked if the requirements of this subsection are not met within thirty days of the license suspension.

The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

5. Subject to the approval of the board, the commissioner may authorize compensation to licensees in the manner and amounts and subject to the limitations the commissioner determines if the commissioner finds that compensation is necessary to assure adequate availability of lottery tickets or shares.

6. A license shall not be granted to an applicant if there is substantial evidence of any of the following:

a. A license of the applicant to sell lottery tickets or shares has been suspended or revoked in another jurisdiction by the authority regulating a lottery or by a court of that jurisdiction.

b. The applicant has not demonstrated financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

c. The applicant is not the true owner of the proposed lottery business.

d. The applicant has not disclosed the identity of all persons with an ownership interest in the business of the applicant.

e. The applicant has knowingly made a false statement of material fact to the commissioner.

7. The commissioner shall revoke the license of a licensee who violates any condition listed in this section.

Sec. 1017. NEW SECTION. 99E.17 SUSPENSION OR REVOCATION OF LICENSE==HEARINGS==HEARING BOARD.

1. The commissioner may suspend or revoke the license of a licensee who violates a provision of this chapter or a rule adopted pursuant to this chapter. If the commissioner suspends or revokes a license, or refuses to grant a license, the aggrieved party is entitled to a hearing by filing a written request with the commissioner. Upon receipt of the

request for hearing, the commissioner shall set a hearing date within thirty days of receipt of the request and shall notify the aggrieved party, in writing, at least seven days in advance of the hearing date. The commissioner may stay the revocation or suspension of a license pending the outcome of the hearing, when a stay is requested with the request for hearing.

2. A three=member hearing board for the purpose of conducting hearings relating to controversies concerning the issuance, suspension, or revocation of licenses is created. One member shall be a designee of the board, one member shall be the treasurer of state or a designee of the treasurer of state, and one member shall be the commissioner of public safety or a designee of the commissioner of public safety. The hearing board shall adopt rules and procedures for conducting the hearings.

3. A license shall not be suspended for less than one hundred twenty days. A former licensee whose license is revoked is not eligible to receive another license.

4. Section 17A.18 does not apply to a revocation or suspension under this section and a hearing held under this section is not a contested case under the Iowa administrative procedure Act, chapter 17A.

Sec. 1018. NEW SECTION. 99E.18 PROHIBITED SALES OF TICKETS OR SHARES=
=FORGERY==PENALTIES.

1. A ticket or share shall not be sold at a price greater than that fixed by the board and the commissioner and a sale shall not be made other than by a licensee or an employee of the licensee who is authorized by the licensee to sell tickets or shares.
A person who violates a provision of this subsection is guilty of a simple misdemeanor.

2. A ticket or share shall not be sold to a person defined as a minor in section 599.1. This does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a minor. A licensee

or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a minor is guilty of a simple misdemeanor. A prize won by a person who is a minor but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

3. A ticket or share shall not be purchased by and a prize shall not be paid to the commissioner, a board member or employee of the lottery agency, or to a spouse, child, stepchild, brother, brother=in=law, stepbrother, sister, sister=in=law, stepsister, parent, parent=in=law, or stepparent residing as a member of the same household in the principal residence of the commissioner, a board member, or an employee. A ticket or share purchased in violation of this subsection is void.

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, or counterfeits a lottery ticket or share is guilty of a class D felony.

Sec. 1019. NEW SECTION. 99E.19 DISTRIBUTION OF PRIZES==UNCLAIMED PRIZES==PRIZES OF MINORS==NONASSIGNABILITY OF PRIZE RIGHT.

1. The commissioner shall award the designated prize to the ticket or share holder upon presentation of the winning ticket or confirmation of a winning share.

All cash prizes awarded are Iowa earned income. Before a prize of six hundred dollars or more is awarded the commissioner or the commissioner's designee shall deduct an amount equal to that amount necessary to pay the estimated state and federal taxes on the prize. An amount deducted from the prize for payment of a federal tax shall be transferred by the commissioner to the federal internal revenue service on behalf of the prize winner. An amount deducted from the prize

for payment of a state tax shall be transferred by the commissioner to the state department of revenue on behalf of the prize winner. Unclaimed prize money for the prize on a winning ticket or share shall be retained by the commissioner for ninety days after the drawing in which the prize was won in the case of a drawing prize and for ninety days after the announced end of the game in the case of a prize determined in a manner other than by drawing. If a valid claim is not made for the money within the applicable period, the prize money shall be added to future prize pools and given to holders of winning tickets or shares in addition to amounts already allocated.

2. The right of a person to a prize drawn is not assignable, except that payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order. The commissioner is discharged of all further liability upon payment of a prize pursuant to this subsection.

This section does not prohibit the making of a gift of a lottery ticket or share to a person if the gift is made before it is determined whether it is a winning ticket or share.

Sec. 1020. NEW SECTION. 99E.20 DEPOSIT OF RECEIPTS FROM TICKET OR SHARE SALES==LOTTERY FUND==QUARTERLY AUDITS.

1. Subject to the approval of the board, the commissioner may require licensees to deposit to the credit of the lottery agency in financial institutions designated by the commissioner, money received by licensees from sale of tickets or shares, less the amount of compensation, if any, authorized under section 99E.16, subsection 5, and to file with the commissioner reports of receipts and transactions in the sale of tickets or shares, in the form and containing the information the commissioner requires.

2. A lottery fund is created. The fund consists of all revenues received from the sale of lottery tickets or shares and all

other moneys lawfully credited or transferred to the fund. The commissioner shall certify quarterly that portion of the fund that is transferred to the Iowa plan fund under section 99E.10 and shall cause that portion to be transferred to the Iowa plan fund of the state.

3. The auditor of state or a certified public accounting firm appointed by the auditor shall conduct quarterly audits of all accounts and transactions of the lottery and other special audits as the auditor of state, the general assembly, or the governor deems necessary. The auditor or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees.

Sec. 1021. NEW SECTION. 99E.21 LIABILITY AND FUNDING.

The board and the commissioner shall operate the lottery so that after the initial state appropriation, it shall be self=sustaining and self=funded. A claim for the payment of an expense of the lottery and the payment of a lottery prize shall not be made unless it is against the lottery fund or money collected from the sale of lottery tickets or shares. Except for the initial appropriation to the lottery, funds of the state shall not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

Sec. 1022. Section 537A.4, unnumbered paragraph 2, Code Supplement 1983, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari=mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket or share in the state lottery in compliance with chapter 99E.

Sec. 1023. Section 725.12, unnumbered

paragraph 1, Code 1985, is amended to read as follows:

MARGINS L

If any person make or aid in making or establishing, or advertise or make public ~~any~~ a scheme for ~~any~~ a lottery; or advertise, offer for sale, sell, negotiate, dispose of, purchase, or receive ~~any~~ a ticket or part of a ticket in ~~any~~ a lottery or number ~~thereof~~ of a ticket in a lottery; or have in the person's possession ~~any~~ a ticket, part of a ticket, or paper purporting to be the number of ~~any~~ a ticket of ~~any~~ a lottery, with intent to sell or dispose of the ~~same~~ ticket, part of a ticket, or paper on the person's own account or as the agent of another, the person commits a serious misdemeanor. However, this section does not prohibit the possession by a person of a lottery ticket, part of a ticket, or number of a lottery ticket from a lottery operated or permitted by a state of the United States or the District of Columbia.

Sec. 1024. Section 725.15, Code 1983, is amended to read as follows:

725.15 EXCEPTIONS FOR LEGAL GAMBLING.

Sections 725.5 to 725.10 and ~~section~~ 725.12 ~~shall~~ do not apply to ~~any~~ a game, activity, ticket or device when lawfully possessed, used, conducted or participated in pursuant to chapter 99B or chapter 99E.

Sec. 1025. The commissioner shall file an initial report by January 15, 1986 detailing the commissioner's efforts regarding the establishment of a lottery and the status of the lottery.

Sec. 1026. It is the intent of the general assembly

that subject to the approval of the board, the commissioner shall initiate and operate a lottery at the earliest possible time.

Sec. 1027. It is the intent of the general assembly that this Act shall have temporary effect only, that chapter 99E is repealed on July 1, 1990 other than to implement the winding down of the operations of the Iowa lottery board. The amendments to sections 537A.4 and 725.15 made in this Act shall be stricken when chapter 99E is repealed.

Sec. 1028. This Act, being deemed of immediate importance, takes effect from and after its publication in _____, a newspaper published in _____, Iowa, and in _____, a newspaper published in _____, Iowa.

MARGINS C

DIVISION II

MARGINS L

Sec. 201.

1. There is appropriated from the Iowa plan fund for economic development created in section 99E.10 for the fiscal year beginning July 1, 1985 and ending June 30, 1986, to the following funds, agencies, boards, or commissions the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

a. To the state soil conservation committee the sum of three million five hundred (3,500,000) dollars to be used to provide state cost=sharing funds for soil and water conservation practices under section 467A.48 and to provide moneys for the conservation practices revolving fund established under section 467A.71 for loans as provided in section 467A.71. The state soil conservation committee shall determine the amount of the appropriation that is to be used for each purpose.

b. To the state conservation commission the sum of four million two hundred fifty thousand (4,250,000) dollars to provide moneys for the public outdoor recreation and resources fund and the county conservation board fund established

in section 107.17 for the purposes set out in sections 111.79 and 107.19, respectively. The state conservation commission shall determine the amount of the appropriation that is to be credited to each fund.

c. To the Iowa housing finance authority the sum of five million (5,000,000) dollars to be used for the purpose of the small business loan reduction and guarantee program established in division IX of this Act. Before the Iowa housing finance authority may provide funds from this appropriation for a project under the small business loan reduction and guarantee program, the project must be approved by the Iowa development commission.

d. To the Iowa development commission the sum of four million two hundred fifty thousand (4,250,000) dollars to provide grants to local area organizations to establish satellite centers as provided in division V of this Act.

e. To the Iowa high technology council the sum of one million seven hundred thousand (1,700,000) dollars to provide grants to state board of regents institutions and area community colleges for agricultural research or agricultural programs related to the development of an economically viable third crop and other agricultural diversifications, biotechnology and microelectronics, horticultural research, meat institute research, the agricultural experiment station at the Iowa state university of science and technology, a food crops research center, farm stress management, development of farm management and young farmers, and capital expenditures needed for the aforementioned research and programs.

f. To the energy policy council the sum of five million (5,000,000) dollars to provide grants for research in the use of alternative energy sources or programs for the use of or the encouragement of the use of alternative energy sources such as Iowa coal, solar, wind, and hydroelectric power.

g. To the department of public instruction the sum of

four million two hundred fifty thousand (4,250,000) dollars of which two million two hundred fifty thousand (2,250,000) dollars is to provide grants under the kindergarten through twelve education research and development program and of which two million (2,000,000) dollars is to provide loans under the foreign language revolving loan fund program. The grants under the kindergarten through twelve education research and development program shall be provided for projects to improve education through, but not limited to, long=term research into basic educational practices; establishment of linkages with regional research labs and institutes; programs to attract college students to teaching, especially in areas of critical shortages; teacher career development programs; and helping rural or small districts provide excellence in advanced courses of math, science, and foreign languages. The foreign language revolving loan fund program is established to encourage the education and training in languages of developing trade markets, including but not limited to, Arabic, Chinese, and Japanese. The loans under the foreign language revolving loan fund program shall be made to students, teachers, or business people for the purpose of obtaining or providing such education and training. Before providing a loan under this program, the department of public instruction shall consult with the college aid commission as to the desirability of making the loan, the rate of interest, if any, and the repayment schedule.

h. To the Iowa child safety commission established in division X of this Act the sum of one million seven hundred thousand (1,700,000) dollars to provide funding for the purposes specified for funding under division X of this Act.

i. To the Iowa development commission the sum of six million (6,000,000) dollars to provide grants to the state board of regents institutions for economic development projects.

j. To the Iowa world trade center board established

in division IV of this Act the sum of nine million three hundred fifty thousand (9,350,000) dollars of which eight million five hundred thousand (8,500,000) dollars is to fund the state's acquisition of a portion of the Iowa world trade center as provided for in division IV of this Act and of which eight hundred fifty thousand (850,000) dollars is to be used to fund the operational costs of the state's portion of the Iowa world trade center as provided in division IV of this Act.

2. The treasurer of state shall distribute a portion of each appropriation made under subsection 1 on the first of each month of the fiscal year beginning September 1, 1985. The portion that shall be distributed is a percent of the specific appropriation equal to the percent that the specific appropriation is of the total appropriations made under subsection 1. Notwithstanding section 8.33, moneys remaining of the appropriations made under subsection 1 on June 30, 1986 shall not revert to the Iowa plan fund for economic development but shall be used for the purposes for which they were appropriated.

MARGINS C

DIVISION III

MARGINS L

Sec. 301. NEW SECTION. 28H.1 DEFINITIONS.

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

1. "Authority" means the Iowa community and economic development authority established in section 28H.2.

Sec. 302. NEW SECTION. 28H.2 ESTABLISHMENT OF AUTHORITY.

1. The Iowa community and economic development authority is established, and constituted a public instrumentality and agency of the

state exercising public and essential governmental functions, to undertake programs and activities which assist in community and economic development. The powers of the authority are vested in and shall be exercised by a board of nine members appointed by the governor subject to confirmation by the senate. No more than five members shall belong to the same political party.

MARGINS L

2. Members of the authority shall be appointed by the governor for staggered terms of six years beginning and ending as provided in section 69.19. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the authority may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

MARGINS L

3. Five members of the authority constitute a quorum and the affirmative vote of a majority of the appointed members is necessary for any substantive action taken by the authority. The majority shall not include any member who has a conflict of interest and a

8890 statement by a member of a conflict
8900 of interest shall be conclusive for this
8910 purpose. A vacancy in the membership
8920 does not impair
8930 the right of a quorum to exercise all
8940 rights and perform all duties of the
8950 authority.
8960 MARGINS L
8970 4. Members of the authority are
8980 entitled to receive forty dollars per
8990 diem for each day spent in performance
9000 of duties as members, and shall be
9010 reimbursed for all actual and necessary
9020 expenses incurred in the performance
9030 of duties as members.
9040 MARGINS L
9050 5. Members of the authority and the
9060 executive director shall give bond
9070 as required for public officers in
9080 chapter 64.
9090 MARGINS L
9100 6. Meetings of the authority shall
9110 be held at the call of the chairperson
9120 or whenever two members so request.
9130 MARGINS L
9140 7. Members shall elect a chairperson
9150 and vice chairperson annually, and other
9160 officers as they determine, but the
9170 executive director shall serve as
9180 secretary
9190 to the authority.
9200 MARGINS L
9210 8. The net earnings of the
9220 authority, beyond that necessary for
9230 retirement
9240 of its notes, bonds or other
9250 obligations, or to implement the public

purposes and programs herein authorized, shall not inure to the benefit of any person other than the state. Upon termination of the existence of the authority, title to all property owned by the authority, including net earnings of the authority, shall vest in the state. The state reserves the right at any time to alter, amend, repeal, or otherwise change the structure, organization, programs or activities of the authority, including the power to terminate the authority, except that no law shall ever be passed impairing the obligation of any contract or contracts entered into by the authority to the extent that the law would contravene article I, section 21 of the Constitution of the State of Iowa or article I, section 10 of the Constitution of the United States.

Sec. 303. NEW SECTION. 28H.3 GENERAL POWERS. MARGINS L

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

1. Sue and be sued in its own name. MARGINS L

2. Have and alter a corporate seal. MARGINS L

3. Make and alter bylaws for its management consistent with

this chapter.

MARGINS L

4. Make and execute agreements, contracts and other instruments, with any public or private entity. All political subdivisions, public agencies and state departments and agencies may enter into contracts and otherwise cooperate with the authority.

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5. Acquire, hold, improve, mortgage, lease and dispose of real and personal property, including, but not limited to, the power to sell at public or private sale, with or without public bidding, any such property, mortgage loan, or other obligation held by it.

MARGINS L

6. Procure insurance against any loss in connection with its operations and property interests.

MARGINS L

7. Fix and collect fees and charges for its services.

8. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.

MARGINS L

9. Provide technical assistance and counseling related to the authority's purposes, to public and private entities.

MARGINS L

10. In cooperation with other local, state or federal governmental agencies, conduct research studies and gather and compile data useful to facilitate decision making.

11. Contract with attorneys, accountants, and finance experts, and other advisors. However, the authority may enter into contracts or agreements for such services with local, state or federal governmental agencies.

MARGINS L

12. Make, alter and repeal rules consistent with the provisions of this chapter, and subject to chapter 17A.

Sec. 304. NEW SECTION. 28H.4 STAFF.

1. The governor, subject to confirmation by the senate, shall appoint an executive director of the authority, who shall serve at the pleasure of the governor. The executive director shall be selected primarily for administrative ability and knowledge in the field of economic development, without regard to political affiliation. The executive director shall not, directly or indirectly, exert influence to induce any other officers or employees of the state to adopt a political view, or to favor a political candidate for office.

MARGINS L

2. The executive director shall advise the authority on matters relating to community and economic development, carry out all directives from the authority, and hire and supervise the authority's staff pursuant to its directions and under the provisions of chapter 19A.

3. The executive director, as secretary of the authority, shall keep a record of the proceedings of the authority and shall be custodian of all books, documents and papers filed with the authority and of its minute book and seal. The executive director shall have authority to cause to be made copies of all minutes and other records and documents of the authority and to give certificates under the seal of the authority to the effect that such copies are true copies and all persons dealing with the authority may rely upon such certificates.

Sec. 305. NEW SECTION. 28H.5 ANNUAL REPORT.

1. The authority shall submit to the governor and to the general assembly, not later than January 15 each year, a complete report setting forth:

MARGINS L

a. Its operations and accomplishments.

MARGINS L

b. Its receipts and expenditures during the fiscal year, in accordance with the classifications it establishes for its operating and capital accounts.

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c. Its assets and liabilities at the end of its fiscal year and the status of reserve, special and other funds.

d. A statement of its proposed and projected activities.

MARGINS L

e. Recommendations to the general assembly, as it deems necessary.

MARGINS L

f. An analysis of current development needs in the state.

MARGINS L

2. The annual report shall identify performance goals of the authority, and clearly indicate the extent of progress during the reporting period, in attaining the goals. Where possible, results shall be expressed in terms of the number of permanent jobs created.

Sec. 306. NEW SECTION. 28H.6 DUTIES.

The duties of the authority consist of the responsibilities, activities and programs of the state government relating to trade promotion and development, community and economic development, and financial assistance to trade promotion and development and community and economic development. Such responsibilities, activities, and programs are transferred to the activity from the following:

1. Iowa development commission.
2. Iowa housing finance authority.
3. Office for planning and programming.
4. Iowa department of agriculture.
5. Iowa railway finance authority.

Sec. 307. NEW SECTION. 28H.7 STRUCTURE.

There shall be established at least three divisions within the authority. These divisions are the export

services division, the community and economic development division, and the finance division.

Sec. 308. NEW SECTION. 28H.8 DIVISION CREATED--OBJECT AND PURPOSES.

There is established an export services division within the authority. The governor shall appoint, subject to confirmation of the senate, a director of the division. The director shall serve at the pleasure of the governor. The primary objective of the export services division is to facilitate trade from the state and to serve as the focal point for services that will facilitate this trade. The primary function of this division is to serve as the lead agency of the public sector by providing the policy direction and guidance for the public sector in implementing an overall state trade promotion and development plan. This plan is designed to promote and develop trade of Iowa's agricultural and manufactured products in both the domestic and foreign marketplaces.

The purposes and responsibilities of the division include, but are not limited to, the following:

1. Enhance exports from Iowa.

2. Consolidate trade development and marketing resources that are spread across several state agencies.

3. Establish single points of contact for those seeking export assistance in both marketing and financing.

4. Create new opportunities for developing resources in trade facilitation and finance and develop unified programs.

Sec. 309. NEW SECTION. 28H.9 DEFINITIONS.

For purposes of this division, unless the context otherwise requires:

1. "Division" means the export services division established in this chapter.

2. "Plan" or "trade plan" means the overall state trade promotion and development strategy designed un-

der this division to promote and develop trade of the state's agricultural and manufactured products in both the domestic and foreign marketplaces.

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

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

Sec. 310. NEW SECTION. 28H.10 LEGISLATIVE FINDINGS.

The general assembly finds and declares as follows:

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

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

3. Small and medium=sized companies have difficulty identifying foreign markets for trade development.

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

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

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

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

8. There is limited post=export, buyer, financing available in Iowa.

9. Few firms in Iowa engage in countertrade which involves barter or use of noncurrency payment for their products.

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

11. While Iowa's physical infrastructure, highway, rail, and waterway transportation systems are adequate for exporting, passenger air transportation service is limited and needs to be addressed in the future.

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

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

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

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

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

17. The services sector represents a high=growth sector both nationally and in Iowa.

18. Small and medium=sized businesses remain a relatively untapped potential for exporting.

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

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

Sec. 311. NEW SECTION. 28H.11 GUIDING PRINCIPLES.

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

1. The division shall address three interrelated goals as follows:

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

b. Diversify and stabilize Iowa's agricultural and manufacturing base by broadening its manufacturing base beyond the state's current strengths in agribusiness and agriculture=related equipment manufacturing.

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

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

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

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

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

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

a. Education and training.

b. Marketing and promotion.

c. Financing.

d. Sales.

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

Sec. 312. NEW SECTION. 28H.12 TRADE RELATED PROGRAMS.

A major component of the trade plan shall be the trade related programs described and developed as provided in this section.

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

The export services division has primary responsibility in the following education and training program areas and shall create programs in these areas as soon as practicable:

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

b. SEMINARS AND WORKSHOPS. The division shall provide on a regular basis seminars and workshops on various aspects of trade and conduct industry specific seminars and workshops to identify and focus resources on the potential sectors and markets that have promising growth potentials for the state.

Topics covered shall include the mechanics of trade, uses of export management companies and export trade companies, sources and methods of export financing, and overseas marketing and market potential.

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

d. TRAINING AND RECRUITING. The division shall advise the trade consortium on curriculum development, develop training programs on the mechanics of exporting, and assist in the training and recruitment for Iowa businesses.

2. Marketing and promotion programs include market research into sources of supply in the domestic market, as well as an examination of market potential both domestically and abroad. Marketing assistance may also include representatives around the country and overseas, establishment of a trade lead service, trade missions, catalog shows, and trade fairs. Permanent out=of=state representation can make contacts with industrial prospects, provide buyers with contact names, provide industrial investors with information on location and the state's business climate, and generally assist in identifying sites for plants. Reverse investment and state product sales efforts may be combined. These promotion efforts may be conducted both domestically and abroad with a variety of methods including promotional films, temporary and permanent exhibition centers, luncheons, direct mailings, media advertising, and targeting of specific firms.

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

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

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

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

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

b. OVERSEAS REPRESENTATION. Assessing the feasibility of strengthening Iowa's overseas representation and identifying the strategic markets in which overseas representation would be desirable by increasing the commitment of resources to present and other potential locations to strengthen the state's function in marketing Iowa products in the customer's marketplace and in providing onsite market research. The representatives abroad shall aggressively work to provide up=to=date information on trade leads. The division shall make a determination of whether such representation is more feasible if provided by the state or through the private sector.

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

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

3. Trade financing programs shall combine public and private sources. In addition to preexport and postexport financing by a few of Iowa's major banks, the division shall seek sources of funds at both the federal and state levels. The programs shall inform businesses about federal financing programs such as those offered by the small business administration, the export=import bank, and the United States department of agriculture. Financing assistance may take the form of direct loans or loan guarantees.

The division has a secondary role in export financing and shall support the private sector advisory board in the following areas:

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

b. Engaging in trade development feasibility studies.

c. Educating Iowa businesses as to sources of financing within and without the state.

d. Examining the feasibility of establishing a countertrade or barter exchange.

4. Sales programs shall not involve the division in direct sales but shall encourage the development of the middleman structure necessary for the small and medium=sized businesses to consummate sales and support and expand overseas sales through the division's marketing functions.

Sec. 313. NEW SECTION. 28H.13 POWERS==COOPERATION.

In the performing of its duties, the division may make and enter into contracts, and do all things in its judgment necessary, proper and expedient in accomplishing its objectives. However, as far as practicable in performing its duties in connection with the collection and assembling of information, the division shall cooperate with boards, commissions, agencies and institutions of this state, and shall be given access to records, data, information and statistics of other boards, commissions, agencies and institutions of this state, and shall have studies and research conducted as necessary and proper, the cost to be paid out of the funds budgeted for the division.

Sec. 314. NEW SECTION. 28I.1 CONSORTIUM ESTABLISHED.

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

Sec. 315. NEW SECTION. 28I.2 COMPOSITION OF BOARD.

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

1. Three persons representing the state's major institutions of higher education, not more than one each from the university of Iowa, university of northern Iowa, and Iowa

state university.

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

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

4. One person representing the state board of regents.

5. One person representing the department of public instruction.

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

Appointment shall be for three=year terms beginning July 1 in the year of appointment. Vacancies shall be filled for an unexpired term by appointment of the legislative council. Members shall serve no more than three terms or nine years, whichever is least.

The consortium shall organize annually and elect a chairperson. At least one meeting of the consortium per year shall be held at the seat of government. The members of the consortium shall be paid forty dollars per diem and actual and necessary expenses from funds appropriated by the general assembly.

Sec. 316. NEW SECTION. 28I.3 DUTIES.

The objectives of the consortium are to coordinate trade=related resources already available in Iowa higher education institutions, serve as a focal point for the educational community for trade=related topics and courses, initiate the development of trade=related curricula and curricula to support potential growth sectors, develop new programs providing trade assistance to small and medium=sized businesses, and serve as a point of contact for coordinating trade activities among itself, the export services division of the Iowa community and economic development authority, and the private sector.

The consortium's major activities shall be in the areas of education, training, marketing, and promotion,

and working with the export services division of the Iowa community and economic development authority in expanding trade marketing assistance and in promoting Iowa's products. Specifically, the consortium shall:

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

2. Work with the export services division in preparing and presenting export=related seminars and workshops on pertinent and timely export trade topics.

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

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

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

6. Facilitate the penetration of foreign markets by establishing an "alumni ambassador" program and capitalizing on the network of the state's higher education alumni who are situated around the world.

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

Sec. 317. NEW SECTION. 28J.1 PRIVATE SECTOR ADVISORY BOARD CREATED==MEMBERSHIP.

1. A private sector advisory board is created to provide advice to the export services division of the Iowa community and economic development authority. The board consists of eighteen members of whom three shall be from each of the following groups:

a. Farmers or farm organizations.

b. Manufacturers.

c. Local world trade organizations.

d. The Iowa district export council.

e. Trade associations including agricultural trade associations.

f. Local or area chambers of commerce.

2. Members of the advisory board shall be appointed by the governor subject to confirmation by the senate. Members shall be residents of the state. Not more than ten members shall belong to the same political party. In appointing members to the advisory board, the governor shall attempt to obtain a wide spectrum of interests from within the exporting community and shall look at the factors of geographic spread, rural=urban mix, size of export operations, type of product exported and other relevant factors in making appointments.

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

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

Sec. 318. NEW SECTION. 28J.2 DUTIES.

1. The primary role of the private sector advisory board is to advise the export services division of the Iowa community and economic development authority on business needs and to facilitate the actual buying and selling of products in the private sector.

2. The board shall:

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

b. Provide a mechanism to provide assistance from experienced exporters to businesses that are new or inexperienced in exporting.

c. Advise the export services division of the Iowa community and economic development authority on its plans for market research, overseas representation, trade missions, and other promotional activities.

d. Assess the feasibility of establishing a counter-trade exchange center in Iowa.

e. Assess and advise regarding the development of a research and development center.

Sec. 319. Notwithstanding section 317 of this Act, the governor shall appoint initial members of the commission established under that section to staggered terms. One member from each group shall be appointed to a one=year term, one member from each group shall be appointed to a two=year term, and one member from each group shall be appointed to a three= year term. The governor shall appoint initial members in the same manner as vacancies, subject to section 2.32.

Sec. 320. Division III of this Act takes effect July 1, 1986.

Sec. 321. By January 15, 1986, the governor shall submit to the general assembly proposed legislation relating to the transfer to the Iowa community and economic development authority of trade promotion and development programs, community and economic development programs, and financial assistance programs for trade promotion and development and community and economic development from existing state agencies, departments and commissions.

MARGINS C

DIVISION IV

MARGINS L

Sec. 401. NEW SECTION. 18C.1 DECLARATION OF POLICY.

It is found and declared that there exists a need to promote, develop, maintain, and expand export and trade opportunities for agricultural, commercial, and manufactured products and services and any other products and services of the state in order to protect and advance the welfare and interests of residents of the state; that such export and trade opportunities with other nations can be promoted, developed, maintained, and expanded by the Iowa world trade center; that jobs can be maintained and created in the state as a result of increased export and trade opportunities; and that such economic results

will benefit all residents of the state.

It is further found and declared that the promotion, development, maintenance, and expansion of exports and trade opportunities are public purposes and uses for which public moneys may be expended, advanced, loaned, or granted, that such activities serve a public purpose in improving export and trade opportunities or otherwise benefiting the people of this state, and that the state's purchase of a building or facility as part of a world trade center will aid in accomplishing these purposes.

Sec. 402. NEW SECTION. 18C.2 CREATION OF BOARD.

1. There is created an Iowa world trade center board consisting of five commissioners, hereafter referred to as "the board", appointed by the governor subject to confirmation by the senate.

2. The commissioners shall be appointed by the governor for staggered terms of four years beginning and ending as provided in section 69.19, except that for the initial board two commissioners shall be appointed for four years and three commissioners shall be appointed for six years. Not more than three commissioners shall be of the same political party. Not more than one commissioner shall be from the same congressional district. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A commissioner is eligible for reappointment. A commissioner may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

3. The board shall elect from among its members a chairperson and a vice chairperson annually and other officers as it may determine. Meetings shall be held at the call of the chairperson or whenever two commissioners so request. Three commissioners

of the board shall constitute a quorum and the affirmative vote of three commissioners shall be necessary for any action taken by the board. A vacancy in the membership of the board shall not impair the right of a quorum to exercise all the rights and perform all the duties of the board.

4. Commissioners shall serve without compensation.

Sec. 403. NEW SECTION. 18C.3 DUTIES OF THE BOARD.

It shall be the duty of the board to:

1. Provide for the management and operation of the building or facility owned by the state in a world trade center. Negotiate a fee which will be paid by the state for necessary services provided to or for the building or facility owned by the state to the city in which the building or facility is located. The management and operation may be done by entering into a service agreement with a management firm. If such management agreement is entered into, the board shall require periodic reports from the firm on the operation, costs, and revenues of the building or facility owned by the state.

2. Provide for the leasing of space in the state's building or facility to the extent space is available and the leasing of it will fulfill the purposes of the state's involvement in a world trade center.

3. Use and operate the building or facility for the purposes or promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services and other products and services of the state in order to protect and advance the welfare and interests of residents of the state.

Sec. 404. NEW SECTION. 18C.4 POWERS.

In the performing of its duties, the board is empowered and authorized to make and enter into contracts, and to generally do all such things as in its judgment may be necessary, proper and expedient in accomplishing its duties. However, the board shall not sign a contract

for the acquisition of a building or facility within or as part of the Iowa world trade center unless the contract is first approved by the executive council. If the contract is not approved by the executive council or signed by the board, the temporary negotiating board shall resume negotiation. The board is authorized to seek advice and counsel of informed individuals, or any agricultural, industrial, professional, labor or trade association, or business or civic group in the accomplishment of the aims and objectives of this chapter. The board is authorized to employ and fix the compensation of architects, engineers, attorneys, accountants, building construction and financial experts and advisors, and other advisors, consultants, and agents as may be necessary in the board's judgment, and shall employ such persons upon request of the temporary negotiating board, to assist the temporary negotiating board in its negotiations.

Sec. 405. NEW BOARD. 18C.5 TEMPORARY NEGOTIATING BOARD.

1. There is established a temporary board of negotiators for the purpose of serving as the negotiating agent of the state for matters relating to the contract with the builder of the Iowa world trade center under which the state will purchase a building or facility within or as part of the Iowa world trade center. The various issues that may be negotiated include, but are not limited to, the site location and preparation, the construction and design of the building or facility, the building or facility being part of a condominium regime, and the rights, including air or support rights, the state will have or grant as a result of the purchase of the building or facility, and other aspects of the contract or building or facility. The temporary board shall not negotiate a provision or matters relating to a provision in a contract for the acquisition by lease of a building or facility within or as part of the Iowa

world trade center.
The amount of payment provided for in the contract for the acquisition of the building or facility shall not include the cost of materials that are used in anticipation or expectation of the expansion outward or upward from the state's building or facility. The contract shall provide that the state also acquires title to the land located under the building or facility.

2. The temporary board shall consist of three negotiators appointed by an appointing committee consisting of the governor, the majority leader of the senate and the speaker of the house of representatives. Each appointee shall receive the unanimous approval of the three members of the appointing committee. The majority leader and speaker shall consult with the minority leader of their respective house before granting the approval or disapproval of a proposed member of the temporary board. The negotiators shall serve at the pleasure of the governor. Vacancies shall be filled in the same manner as the appointment of the original negotiators. Members of the temporary board may also serve as members of the board.

3. The temporary board shall cease to exist upon the completion of the Iowa world trade center.

Sec. 406. Section 427.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. STATE PROPERTY IN THE IOWA WORLD TRADE CENTER. The land, grounds, and the building or facility owned by the state which is within or part of the Iowa world trade center.

MARGINS C

DIVISION V

MARGINS L

Sec. 501. Section 28.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Establish, oversee, and operate, to the extent practicable, a centrally located marketing center as

provided in section 28.101.

Sec. 502. Chapter 28, Code 1985, is amended by adding the following new section as a separate division:

NEW SECTION. 28.101 PRIMARY RESEARCH AND MARKETING CENTER.

1. The commission shall establish as soon as practicable a marketing center within the commission, to be known as "the primary research and marketing center". The purpose of this center is to provide, in a central location, an inventory of the products and services of Iowa businesses. This information is to provide Iowa businesses with a source for locating and contacting potential buyers of their products and services; to aid in opening new markets for Iowa businesses; and to provide a marketing center for new businesses to utilize within the state. The director of the commission is the executive director of the center and shall coordinate activities at the satellite centers. In operating and overseeing the primary research and marketing center, the duties and responsibilities of the commission include the following:

a. Cataloging the products and services offered by businesses located in the state. To the extent possible, the catalog of products and services should be placed on a computer which will interface with similar computers located at the satellite centers as provided in subsection 2.

b. Developing a marketing plan to include a listing of target markets within the state, the United States, and international communities for specific products and services already available within the state and products and services which could be made available within the state.

c. Stimulating research in and development of new products by state businesses.

d. Marketing management which includes keeping abreast of the changing market demands, developing new approaches to tap potential markets, and financing.

e. Providing a support sales team to promote Iowa products and services in the state, the United States, and foreign countries.

f. Assisting Iowa businesses to enter the international marketplace through the development of export sales strategies and the procurement of export financing, including the use of bartering transactions.

g. Coordinating the satellite centers.

h. Training for and coordination of a computer system to be used by this center and its satellite centers.

Wherever practical the commission shall work with educational institutions involved with either the primary research and marketing center or the satellite centers to develop methods and programs that will allow the involvement of students in the development of a computer cataloging system.

i. Coordinating the delivery of programs and services with other state, local, and federal economic development programs and activities.

2. To aid in fulfilling the purpose of the primary research and marketing center, the commission may provide grants to local area organizations to establish satellite centers throughout the state. A local area wishing to establish a satellite center in its area shall create an organization to establish a center and submit application for a grant to the Iowa development commission. The centers should be located, if practical, in communities where there is a college or university. If a local area organization is awarded a grant for a satellite center, the organization shall employ a center director at the satellite center. The center director's duties and responsibilities include the following:

a. Overseeing the center's computer system and computer data input including the entry of the cataloged products and services of businesses located in the area.

b. Managing the center.

c. Coordinating the activities of the business community and higher education resource board with the center.

d. Communicating with the primary research and marketing

center.

e. Coordinating local marketing activities and efforts.

f. Providing economic counseling to area businesses.

g. Performing other duties and responsibilities assigned to the center by the primary center.

Each satellite center's duties and responsibilities involve conducting primary and secondary research or assisting local colleges, universities, and businesses in developing primary research programs. Primary research involves the developing of data presently not available. Secondary research involves the gathering, review, and analysis of existing data. Primary and secondary research shall be used for, among other things, analyzing changes in the marketplace, forecasting changes in consumer wants and needs, and possible modifications to products and services to meet the changes.

A volunteer group to be known as "the business community and higher education resource board" shall be appointed by the commission for each satellite center and for the primary center. Each board shall consist of six or more members who shall not receive compensation or reimbursement of any kind for their service on the board. The director of the commission shall compile a list of persons volunteering to serve on the boards and provide the list to the commission. The commission shall appoint the members from the list. The members of this board shall be chosen on the basis of diversity of knowledge in areas, including but not limited to, foreign languages and cultures, international trade, product development, international law, or finance, which would assist the primary or satellite center to carry out its duties and purposes. At least three of the members shall be from the business community and at least three of the members shall be from a college or university located near the center. The primary responsibility of each board is to identify and update references to target markets throughout the state, the United States, and foreign countries. Each board is responsible for advising the sales team through the primary research and marketing center in regard to products and services available in the board's area.

The commission may contract with educational institutions, economic development organizations, or private contractors for the delivery of services. These groups will be encouraged to cooperate with the commission when feasible and practical. Control, supervision, and management of programs within institutions which currently offer the services shall remain within those institutions.

MARGINS C

DIVISION VI

MARGINS L

Sec. 601. Section 220.1, subsection 27, Code 1985, is amended to read as follows:

27. "Iowa small business loan program" or "loan program" means the program for lending moneys to small business established under sections 220.61 to ~~220.65~~ 220.66.

Sec. 602. Section 220.26, subsection 1, Code 1985, is amended to read as follows:

MARGINS L

1. The authority may issue its negotiable bonds and notes in principal amounts as, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. However, the authority shall not have a total principal amount of bonds and notes outstanding at any time in excess of ~~six~~ seven hundred

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

Sec. 603. Section 220.61, subsection 1, paragraph d, Code 1985, is amended to read as follows:

d. Private financing for small businesses at low interest rates is unavailable to assist small business expansion and development. The Iowa small business loan program is necessary to encourage the investment of private capital in small business expansion and development through the use of public financing as provided in this section and sections 220.62 to ~~220.65~~ 220.66.

Sec. 604. Section 220.61, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. It is important to the viability, expansion, and development of the small business community

that the export business of small businesses be encouraged and expanded.

Sec. 605. Section 220.61, subsection 2, Code 1985, is amended by adding the following new lettered paragraph:

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

Sec. 606. Section 220.63, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Purchase and enter into commitments to purchase all or part of export loans and to lend funds to export trade companies and financial institutions which agree to use the funds immediately to make export loans under section 220.66, if the authority determines that conventional loans are unavailable on reasonably equivalent terms and conditions.

Sec. 607. Chapter 220, Code 1985, is amended by adding the following new section after section 220.65

NEW SECTION. 220.66 EXPORT LOAN PROGRAM.

1. For purposes of this section:

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

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

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

d. "Financial institution" means a bank, savings and loan association, credit union, insurance company, finance company, mortgage banker, community development corporation, small business investment corporation, pension fund or other

lender which provides commercial loans in this state.

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

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

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

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

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

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

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

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

e. The financial institution or export trade company obtains insurance against default from the export=import bank of the United States or the foreign credit insurance association or obtains similar insurance approved by the authority.

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

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

5. a. The authority shall

adopt rules and procedures under chapter 17A to implement subsection 4.

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

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

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

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

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

MARGINS C

DIVISION VII

MARGINS L

Sec. 701. Section 511.8, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Shares or equity interests in venture capital firms which agree to use their best effort to make investments in small businesses having their principal offices within this state and having either more than one=half of their assets within this state or more than one=half of their employees employed within this state. A company shall not invest more than five percent of its legal reserve under this subsection. For purposes of this subsection, "venture capital firm" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, and whose principal business is or will be the making of investments in small businesses which meet the appropriate small business administration definition of small business and which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally

available in this state and "equity interests" means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

Sec. 702. Section 515.35, subsection 4, Code 1985, is amended by adding the following new lettered paragraph after lettered paragraph "l" and relettering the remaining paragraphs:

NEW LETTERED PARAGRAPH. m. Shares or equity interests in venture capital firms which agree to use their best effort to make investments in small businesses having their principal offices within this state and having either more than one=half of their assets within this state or more than one=half of their employees employed within this state. A company shall not invest more than five percent of its capital and surplus under this paragraph. For purposes of this paragraph, "venture capital firm" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, and whose principal business is or will be the making of investments in small businesses which meet the appropriate small business administration definition of small business and which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available in this state and "equity interests" means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

Sec. 703. Section 524.901, subsection 3, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. Shares or equity interests in venture capital firms which agree to use their best effort to make investments in small businesses having their principal offices within this state and having either more than one=half of their assets within this state or more than one=half of their employees employed within this state. A state bank shall not invest

more than five percent of its capital and surplus under this paragraph. For purposes of this paragraph, "venture capital firm" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, and whose principal business is or will be the making of investments in small businesses which meet the appropriate small business administration definition of small business and which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available in this state and "equity interests" means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

Sec. 704. Section 534.213, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. VENTURE CAPITAL FIRMS.

Shares or equity interests in venture capital firms which agree to use their best effort to make investments in small businesses having their principal offices within this state and having either more than one=half of their assets within this state or more than one=half of their employees employed within this state. An association shall not invest more than five percent of its assets under this subsection. For purposes of this subsection, "venture capital firm" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, and whose principal business is or will be the making of investments in small businesses which meet the appropriate small business administration definition of small business and which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available in this state and "equity interests" means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean

general partnership interests or other interests involving general liability.

MARGINS C

DIVISION VIII

MARGINS L

Sec. 801. NEW SECTION. INTERNATIONAL CURRENCY AND BARTER EXCHANGE.

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

2. The initial central office of the first exchange shall be located in Polk county. This exchange may enter into a cooperative working arrangement with the greater Des Moines foreign trade zone no. 107. This cooperative arrangement may include, but is not limited to, the sharing of physical facilities, personnel, and information. The initial exchange may relocate its central office and may establish additional offices as provided in subsection 3. This subsection does not prohibit the formation of other exchanges if the initial exchange to be located in Polk county is not created by July 1, 1988.

3. Each exchange created under this section may locate its central office in any area of the state and may have additional offices around the state as the exchange deems necessary. The comptroller shall determine whether such locations or such additional offices will be in the public

interest.

4. The purpose of the exchange is to provide a marketplace for the negotiation, arrangement, exchange, sale, purchase, brokerage, syndication, underwriting, and all activities incidental to them, of foreign currency and exchange, and of services, goods, commodities, raw materials, and interests therein, in an institutionalized, and, to the maximum extent possible, self=regulated fashion.

5. Within thirty days following a determination by the director of the Iowa development commission that the exchange could operate in an economic and beneficial manner, a committee shall be appointed to write the constitution and bylaws of the exchange. The committee shall consist of fifteen members, eleven to be appointed by the governor, two to be appointed by the speaker of the house of representatives, and two to be appointed by the president of the senate. A chairperson shall be elected from the members of the committee by a majority of the committee. The committee shall submit a proposed constitution, bylaws, and other recommendations to the state comptroller for approval no later than ninety days following the first meeting of the committee. In reviewing the constitution and the bylaws of the exchange, as well as other recommendations made to the state comptroller by the committee, the state comptroller shall consider whether the constitution, bylaws, and recommendations are consistent with the public interest and the efficient functioning of the exchange. The state comptroller shall approve the constitution and bylaws of the exchange if the state comptroller finds that they describe the types of activity and transactions the exchange will conduct, that the business activities do not violate state or federal law, that the form of the business organization of the exchange complies with statutory requirements, and that the interest of the members of the exchange and their customers will be adequately protected. The state comptroller shall have thirty days within which to approve or reject the constitution and bylaws. The state comptroller may adopt rules allowing for review

of recommendations made by the committee. The state comptroller shall work closely with the committee on the development of the constitution and bylaws of the exchange.

6. The exchange may function sixty days after its constitution and bylaws are approved by the state comptroller. The initial board of governors of the exchange shall consist of the members of the committee who shall serve until the first election of the board of governors by the members of the exchange pursuant to the constitution and bylaws. If the constitution and bylaws are disapproved by the state comptroller, the committee, in consultation with the state comptroller, shall have sixty days from the date of the disapproval within which to submit an alternative constitution and bylaws. The state comptroller shall have thirty days within which to approve or reject the alternative constitution and bylaws.

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

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

b. The principal offices of the exchange and the principal offices of its members shall be located within this state for the purpose of conducting the type of business described in subsection 4.

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

d. The state comptroller shall require each member of the exchange who holds custody of any funds or property belonging to a person or entity other than a member, which person or entity is transacting business through the exchange, to post a security bond for the protection of all the transacting persons or entities. The amount of the security bond shall be determined by the state comptroller by rule. The security bond shall be in a form acceptable to the state comptroller and the surety for the bond shall be a surety company authorized to

do business in the state. In lieu of the security bond, the state comptroller may require another form of protection or insurance, provided that the amount of that protection or insurance does not exceed the amount imposed for a security bond. This section does not prohibit a transacting person or entity from reaching an agreement with a member of the exchange, as a matter of contract, for the posting of additional security or protection.

e. The exchange shall establish requirements for eligibility for membership and the voting power, duties, and rights to participate in the conduct and management of the affairs of the exchange by the members, the rights and duties to include the manner and form of conducting business, financial stability requirements, dues, membership fees, resolution of dispute mechanisms, and all other matters necessary or appropriate to conduct any business permitted in this section.

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

8. Amendments to the constitution and bylaws are subject to the approval of the state comptroller.

9. The exchange or any member shall reimburse the state comptroller for the actual costs incurred by the state comptroller in connection with the regulation and supervision of the exchange. The state comptroller shall adopt rules specifying the procedures for reimbursement. As used in this section, "actual costs" means all direct and indirect costs and expenses incurred by the state comptroller in connection with the regulation and supervision of the exchange, including general administrative costs, travel expenses, and salaries involved in the regulation and supervision of the exchange. The state comptroller may require the exchange or its members to pay interim assessments related to estimated final assessments.

10. The Iowa securities laws and rules apply to the exchange and to its members.

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

12. An exchange or any entity formed for the purposes specified in subsection 4 shall not be established except under the provisions of this section. Any exchange established under this section is not a state agency, department, or commission.

13. The state comptroller may adopt reasonable rules necessary to implement this section.

MARGINS C

DIVISION IX

MARGINS L

Sec. 901. Chapter 220, Code 1985, is amended by adding the following new sections as a separate division:

NEW SECTION. 220.91 SMALL BUSINESS LOAN REDUCTION AND GUARANTEE PROGRAM.

MARGINS L

1. The authority shall initiate a small business loan reduction and guarantee program to reduce the principal of a loan or the interest costs of the loan or to insure or guarantee a loan. The authority shall use the money specially appropriated to operate this program. This program may be used in conjunction with loans made through the authority's small business loan program.

2. Notwithstanding the definition of small business in section 220.1, subsection 28, for purposes of this program, "small business" means a business entity organized for profit, including but not

limited to an individual, partnership, corporation, joint venture, association or cooperative, to which the following apply:

MARGINS L

a. It is not an affiliate or subsidiary of a business dominant in its field of operation.

MARGINS L

b. It has either one hundred or fewer full=time equivalent positions or not more than the equivalent of fifty million dollars in annual gross revenues as computed, for the preceding fiscal year or as the average of the three preceding fiscal years.

MARGINS L

c. It does not involve the operation of a farm and does not involve the practice of a profession.

MARGINS L

For purposes of this definition "dominant in its field of operation" means having more than one hundred full=time equivalent positions and more than fifty million dollars in annual gross revenues, and "affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least twenty percent owned by a business dominant

in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

3. A loan included in this program shall be made to a small business for the purpose of acquiring for its business land, buildings, or inventory, of retooling business machinery or equipment, or of renovations, reconstructions, or additions to existing business facilities.

MARGINS L

4. a. The interest reduction established by the authority for a loan shall meet the requirements of this paragraph. The interest rate of a loan shall be reduced for a period not to exceed five years. The interest rate of a loan during the first year shall be reduced by not less than three percent and not more than five percent. The amount of the reduction in the interest rate of the loan in each subsequent year of the reduction period, if there are any subsequent years, shall be equal to the percent reduction in the first year multiplied times a fraction which has as its denominator the total number of years of the reduction period and has as its numerator the number of years remaining in the reduction

period at the beginning of the subsequent year. For purposes of this paragraph the first year of the interest reduction period starts on the date the loan is closed and ends eleven months after the date of the first monthly payment.

b. The principal reduction established by the authority shall be under terms and conditions established by the authority. However, the amount of the reduction in the principal of the loan shall not be less than three percent and not more than five percent of the amount of the loan.

5. a. The guarantee or insurance of a loan under the program shall be under terms and conditions established by the authority. The authority may charge fees and premiums for its guarantees or insurances which are no greater than necessary to make its guarantees or insurance actuarially sound. There shall be established a reserve fund into which is deposited the fees and premiums collected and the amount of any appropriation made to the program which is designated by the authority for guaranteeing or insuring loans under the program. Moneys in this fund shall be withdrawn only to meet its guarantee and insurance obligations.

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

NEW SECTION. 220.92 SMALL BUSINESS LOAN CRITERIA.

In determining whether a loan to a small business is eligible for principal or interest reduction or guarantee or insurance under the program, the authority shall consider the following criteria:

MARGINS L

1. The applicant shall be of good character as determined by rule which shall be adopted by the authority.

MARGINS L

2. The applicant shall show evidence that the applicant is able to operate the business successfully.

MARGINS L

3. The applicant shall have enough capital in the business so that with assistance from the program, the applicant will be able to operate the business on a financially sound basis.

4. The business' past earnings record and future prospects shall indicate an ability to repay the loan out of income from the business.

5. The use of the loan will result in the retention or creation of jobs or have other favorable effects upon the economic life of the community where the business is located.

6. The use to which the loan proceeds are to be made is approved by the community and economic development authority created in division III of this Act.

NEW SECTION. 220.93 RULES.

The authority shall adopt rules pursuant to chapter 17A for the administration

of the small business loan reduction and guarantee program. The rules shall include, but are not limited to, the following:

1. Procedures for application to participate in the program.

MARGINS L

2. Procedures for payment of the principal or interest reduction payment to the lender.

3. Standards for determining the amount of principal or interest reduction that will be approved.

MARGINS L

4. Schedules of fees and premiums to be imposed by the authority.

Sec. 902. Notwithstanding subsection 7 of section 220.92, for the fiscal year beginning July 1, 1985, the Iowa development commission shall be responsible for providing the approval for the use to which the loan proceeds are to be made.

MARGINS C

DIVISION X

MARGINS L

Sec. 1001. NEW SECTION. COMMISSION CREATED.

There is created the Iowa child safety commission, hereafter referred to in this chapter as the "commission". The commission consists of five members appointed by the governor, subject to confirmation of the senate. The governor shall designate a member as chairperson of the commission. The chairperson and members of the commission shall serve at the pleasure of the governor.

The objective of the commission is to provide financial, technical, and research assistance to other entities to aid in the planning for and establishment of child day care centers

or other child care facilities for the purpose of providing parents with a supervised and safe place for their children so that parents can have full=time employment without worry about the safety of their children.

Sec. 1002. NEW SECTION. COMPENSATION AND EXPENSES.

The members of the commission shall be paid a forty=dollar per diem and shall be reimbursed for their actual and necessary expense incurred in performing their duties as members of the commission. All per diem and expense moneys paid to the members shall be paid from funds appropriated to the commission.

Sec. 1003. NEW SECTION. COMMISSION EMPLOYEES.

The commission shall be empowered to employ assistants, clerks, and stenographers as its business may require. All employees shall be paid from the funds hereinafter appropriated to the commission.

Sec. 1004. NEW SECTION. CHILD CARE RELATED PROGRAMS==FUNDING.

From moneys appropriated to the commission, not otherwise needed for salaries and expenses, shall be used by the commission for any of the following reasons or programs:

1. A revolving loan fund to provide no=interest loans to school districts to help cover the start=up costs for the providing by a school district of child care for children of school age.

2. Technical assistance, including but not limited to, information and referral for beginning child care programs by local communities, school districts, and businesses.

3. Financial assistance for child care centers and day care homes for capital acquisition and improvements.

4. Conducting a child protection study which may include the hiring of a consultant to develop a five=year child safety plan. This study should address among other issues the issues of child abuse and day care.

5. A revolving loan fund to provide no=interest loans establishing child care centers in housing and business developments.

6. Provide grants to assist parents in defraying the cost

of sending their children to day care centers.

The commission shall require matching funds be provided before it will provide financial assistance under subsections 1, 3, 5, and 6.

MARGINS C

EXPLANATION

MARGINS L

Division I creates a new chapter 99E which provides for the establishment of a state lottery and an Iowa lottery agency. A lottery board oversees the lottery. Board members are appointed by the governor subject to confirmation by the senate. A commissioner is in charge of the operation of the lottery with the assistance of directors of the three lottery divisions, as follows:

1. Security and licensing.
2. Personnel, data processing, and accounting.
3. Marketing, education, and information.

A lottery fund is established for the payment of prizes and expenses. Forty=five percent of the revenue received from sale of tickets is appropriated for the payment of prizes. Lottery expenses for educational and informational material are limited to four percent of the lottery revenue. Revenue generated from the operation of the lottery, after payment of prizes and expenses, is to be deposited in a special fund known as Iowa plan fund for economic development.

The provisions of this division will be repealed on July 1, 1990.

This division is effective upon publication.

MARGINS L

Division II of this bill appropriates funds from the Iowa plan fund for economic development created in Division I. Appropriations are made to the state soil conservation committee to provide state cost=sharing funds and loans for implementing soil and water conservation practices, to the state conservation commission for the public outdoor recreation and resources and county conservation board

funds, to the Iowa housing finance authority for its small business loan reduction and guarantee program established in Division IX, to the Iowa development commission to provide grants to local area organizations for satellite centers as provided in Division V and to provide grants to the board of regents institutions for economic development projects, to the Iowa high technology council to provide grants to board of regents institutions and community colleges for certain agricultural programs and research, to the energy policy council to provide grants for research in and programs for the use of alternative energy sources such as Iowa coal, solar, wind, and hydroelectric power, to the department of public instruction to provide grants for certain educational research and development programs and to provide loans for encouraging and training in certain foreign languages, to the Iowa child safety commission established in Division X to provide matching funds for day care centers, and to the Iowa world trade center board established in Division IV to fund the acquisition and operational costs of the state's portion of an Iowa world trade center.

Division III creates the Iowa community and economic development authority. The duties of this authority consist of the responsibilities, activities and programs of the state government relating to trade promotion and development, community and economic development, and financial assistance to trade promotion and development and community and economic development. The authority is to have at least three divisions. These are the export services division, the community and economic development division, and the finance division.

Sections 308 through 313 create the export services division for the purposes of enhancing exports from Iowa, consolidating trade development and marketing resources, establishing single points of contact for those seeking export assistance in both marketing and financing, and creating opportunities for developing resources, trade facilitation and finance, and for unified programs. The export services organization also has the responsibility

of developing and implementing an overall state trade promotion and development plan. Programs of the trade plan would be developed in the major areas of education and training, marketing and promotion, trade financing, and sales.

Sections 314 to 316 establish a trade consortium of universities and colleges for the purpose of establishing trade=related guidelines and policies for the board of regents, the department of public instruction, and representatives of Iowa's private colleges and universities. The trade consortium is composed of members appointed by the legislative council. Three members represent the state's major institutions of higher education, three represent the state's private colleges and universities, and one member each represents the community colleges, the board of regents and the department of public instruction. The main objectives of the trade consortium are to coordinate trade=related resources already available in the state's higher education institutions, develop trade=related curricula and new programs to assist small and medium=sized businesses in trade and serve as a point of contact for coordinating trade activities among itself, the export services division and the private sector. The objectives will be accomplished by working through the small business development centers to facilitate outreach to potential exporters, preparing and presenting export=related seminars and workshops, and coordinating market research concerning the promotion of trade.

Section 317 creates a private sector advisory board to advise the export services division regarding various aspects of exporting. Eighteen members are on the advisory board and shall represent various components of the export community. Section 318 enumerates the specific duties of the advisory board. These duties include the development of export education and training programs and curricula, providing assistance from experienced exporters to businesses that are new or inexperienced, advising the

export services division on its plans for market research, overseas representation, trade missions, and other promotional activities, and assessing the feasibility of establishing a countertrade or barter exchange center and of developing a research and development center.

The export services division, the trade consortium of universities and colleges, and the private sector advisory board were part of the recommendations made by the consultant Price=Waterhouse in its study done for the U.S. Department of Commerce on trade promotion and development for Iowa. The legislative findings and the programs described in the bill were from that same report.

New chapters 28H, 28I and 28J are created in division III.

Division III is effective July 1, 1986. The governor must submit to the general assembly by January 15, 1986, proposed legislation relating to the transfer of trade and marking programs, economic development programs and financing programs for such programs.

Division IV of the bill deals with the state's involvement with the Iowa world trade center. A five member Iowa world trade center board is created. This board is responsible for the management and operation of the state's portion of the Iowa world trade center. The board is also empowered to enter into a contract with the builder of the trade center. However, the contract needs to be approved by the executive council. A temporary negotiating board consisting of three members is created for the purpose of negotiating on behalf of the state the contract with the builder. The issues that would be part of the negotiating process includes the site location and preparation, the construction and design of the building and the rights the state will acquire. The bill creates a new chapter 18C.

Division V of the bill provides for the Iowa development commission to

26650 establish, oversee, and operate a centrally located primary
26660 research and
26670 marketing center with satellite centers located throughout the
26680 state. The purpose of this primary center is to provide an inventory
26690 of the products and services of Iowa businesses. This information
26700 is to provide Iowa businesses with a source for locating and
26710 contacting potential buyers of their products and services; to
26720 aid in opening new markets for Iowa businesses; and to provide
26730 a marketing center for new businesses to utilize within the state.
26740 The director of the development commission will be the head of this
26750 center and will be responsible for cataloging the products
26760 and services offered by Iowa businesses; developing a
26770 marketing plan for this state, the U.S., and foreign countries;
26780 marketing management; assisting businesses to enter the foreign
26790 markets; and stimulating research in and development of new pro-
26800 ducts. The satellite centers will be connected to the primary
26810 center by computer so that each center will have the catalog
26820 for the whole state available to it and will be able to aid
26830 the primary center in updating it in regard to products and
26840 services within the locality of the satellite center. The
26850 satellite centers are to be set up in communities with a
26860 college or university nearby so as to enable a closer working
26870 relationship between
26880 business and higher education. Each satellite and the
26890 primary center will have a voluntary board composed of at
26900 least six members representing the business and higher education
26910 communities. This board's primary responsibility is to identify
26920 and update references to target markets throughout the state,
26930 U.S., and foreign countries available for products and
26940 services in its locality.
26950 Division VI of the bill establishes an export loan
26960 program as part of the small business loan program under the
26970 housing financing authority. The program allows the authority
26980 to purchase export loans made to small businesses or to lend to
26990 export trade companies and financial institutions who would
27000 make export loans to small businesses. The amount of an export
27010 loan funded by the authority cannot exceed the lesser of $5 million

or eighty=five percent of the export sale amount. The term of the loan is not less than one hundred eighty days and not more than five years. The financial institution or export trade company assumes full responsibility for repayment and obtains insurance against default from the U. S. export=import bank.

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

Division VII of the bill allows the assets of insurance companies, state banks, and state savings and loans associations to be invested in the shares or limited liability equity interests in venture capital firms whose principal business is the making of investments in small businesses. Investments can be made in these venture capital firms if they agree to use their best efforts to make investments in small businesses having their principal offices within the state and having either more than one=half of their employees employed in the state or more than one=half of their assets within the state. There is a limit of not more than five percent of the funds or assets which can be invested in venture capital firms. A small business is one which meets the appropriate definition of small business of the U.S. small business administration.

Division VIII of the bill allows for the creation of one or more international currency and barter exchanges upon approval of the director of the Iowa development commission. An exchange would be created for the purpose of providing a marketplace for the negotiation, arrangement, exchange, sale, purchase, brokerage, syndication, and underwriting of foreign currency and of services, goods, commodities, and raw materials. After approval by the director of the Iowa development commission, which must be based upon a feasibility study, a 15=member committee would be appointed to establish a constitution and bylaws of the exchange. Eleven members would be appointed by the governor and two

each by the speaker of the house of representatives and president of the senate. The constitution and bylaws must include provisions that the board of governors of the exchange have between nine and 15 members with at least one third being nonmembers of the exchange, that the principal offices of the exchange and the principal offices of its members must be located in the state, and that election to the board of governors of the exchange be held every two years. The state comptroller is responsible for the approval of the constitution and bylaws and the regulation and supervision of the exchange.

The bill provides that each exchange created may locate its central office in any area of the state and may have additional offices throughout the state. However, the initial central office of the first exchange must be located in Polk county. If that exchange is not created by July 1, 1988, the initial exchange may be created elsewhere in the state.

Division IX of the bill creates within the Iowa housing finance authority a small business loan reduction and guarantee program. This program provides assistance to small businesses who receive a loan for the purpose of acquiring land, buildings, or inventory, or for the purpose of retooling business machinery or equipment or for renovations, reconstructions or additions to existing business. The assistance may be a reduction of between three to five percent in the principal of the loan or three to five percent for a period of up to five years in the interest rate or the insurance or guarantee of the loan. A small business is defined as a business with either 100 or less full=time equivalent employees or less than $50,000,000 in gross revenues in the last fiscal year or as an average for the last three fiscal years.

Division X of this bill creates a five=member Iowa child safety commission to provide assistance in the planning for and establishing of child day care centers for the purpose of providing parents with children a supervised and safe place for sending their children so they can have full=time employ-

ment without worrying about the safety of their children. Funds appropriated to the commission would be used to provide no=interest loans to school districts for start=up costs of a child care program or to entities to set up child care centers in housing or business developments, to provide financial assistance to day care centers and day care homes, to conduct a child protection study to develop a five=year child safety plan, to provide technical assistance for beginning child care programs, and to provide grants to parents to pay the costs of sending their children to day care centers.

MARGINS f f

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Prepared by Ron Rowland
Legislative Service Bureau
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SECTION BY SECTION DESCRIPTION OF IOWA FUND LOTTERY

Section 101 — Short Title of the Bill - "Iowa Lottery Act".

Section 102 — Definitions - Provides definitions for the terms "commissioner", "director", "lottery", "board", "licensee", "ticket" and "share".

Section 103

1. Establishes the Iowa lottery agency.
   Agency subject to chapter 17A.
   Head of agency is the commissioner.
2. Commissioner is to be experienced in operation of lottery.
   Commissioner is to be appointed by governor within 30 days after effective date.
   Appointment is subject to confirmation of the Senate.
   Position is a full-time position.
   Salary within salary range five.
3. Commissioner shall employ necessary personnel.

Section 104

1. Commissioner shall take an oath of office.
   Commissioner shall post bond in amount set by governor but at least $25,000.
   The cost of bond is a cost of the lottery.
2. Lottery employees shall post bond - the cost is a cost of the lottery.

Section 105 — Five member lottery board.

- No more than 3 from the same political party.
- Appointed by governor - subject to confirmation of senate.
- Appointed within sixty days of the effective date.

Section 106 — Board members shall be residents.

- At least one member -
  - law enforcement officer for not less than 5 yrs.
  - attorney admitted to practice for not less than 5 yrs.
  - CPA who has practiced for not less than 5 yrs.

Section 107 — Board shall hold at least one meeting each month.
Shall select chairperson at first regular meeting -

then at first regular meeting of each year.
Written notice to be given of each meeting to each board member.

Section 108 — Board members compensated at rate of $40 per day while on official business - also reimbursed for actual and necessary expenses.
Salaries and expenses are part of the necessary expenses of the lottery agency.

Section 109

1. Board and commissioner shall supervise lottery to:
   produce the maximum amount of net revenue for the state.
   operate in manner which maintains the dignity of the state and the general welfare of the people.
2. With approval of the board, commissioner may enter into contracts for the operation and marketing of the lottery.
   - contract not assignable except with written approval of the board.
3. Commissioner/board shall make rules on the following subjects:
   a. - fees for a license to sell lottery tickets.
      --not less than $50.
   b. - types of games permitted.
      --may authorize any type of game that on effective date has been conducted by another state lottery or any game the board determines will achieve lottery objectives.
      --may not authorize a game using electronic computer terminal or devices that dispense coins or currency upon winning.
   c. - price of tickets including sale at discount for marketing purposes.
   d. - number and size of prizes.
   e. - method of selecting the winning ticket and manner of payment.
   f. - method of validation of authenticity.
   g. - frequency of selection of tickets.
      --drawings in public.
      --drawings not by lottery employee.
      --drawings witnessed by CPA.
      --equipment examined.
   h. - requirements for eligibility for participation in runoff drawings.
   i. - location where tickets may be sold.
   j. - method to be used in printing & selling tickets.
      --no elected official's name on ticket.
      --odds on tickets except for those of a pari-mutuel nature.
   k. - issuing of licenses to sell tickets.
      --licensee not under 18.
      --licensee can not have been convicted of fraud or a felony.

--licensee can not have been found or convicted to violate this Act.
--licensee cannot have previous license revoked.

l. - compensation to be paid to licensee including incentive considerations.

m. - the form and type of marketing, informational,and educational material.
--shall be designed to be consistent with goals of lottery.
--promote public awareness of investing in economic development.

n. - apportionment of revenue.

Section 110

1. Revenue put in lottery fund initially.
45% to be used for prizes.
reasonable expenses include attorney general's enforcement to come from revenue.
marketing expenses - limited to 4%.
Iowa plan fund for economic development is created.
revenue transferred quarterly from lottery fund.
prior to transfer revenue is to be in interest bearing account.
2. Iowa plan fund.
shall be used for economic development initiatives.
administered by the community economic development authority.
"economic development initiatives" defined.
3. Initial appropriation from general fund shall be repaid by July 1, 1986.

Section 111

1. Commissioner shall make quarterly reports to governor, treasurer, and general assembly.
2. Annual report within 90 days of close of fiscal year.
3. Shall report immediately any need for changes in lottery Act.

Section 112

Commissioner shall conduct studies to
1. ascertain defects in lottery Act.
2. laws and administration of lotteries in other states.
3. demographic study of lottery players.

Section 113

Conflicts of Interest.
1. Board member, commissioner, employee shall not have a pecuniary interest in a business dealing with lottery.
2. Member, commissioner, employee or member of immediate family cannot receive gifts from person seeking contract with lottery or applicant for license.
3. Person seeking contract or applicant for license shall not offer a gift to member, commissioner, employee, or member of immediate family.
4&5. Violation is serious misdemeanor and removal of board member, commissioner, or employee from lottery agency.
7. Board member may have interest in licensee.

8. Enforcement is by attorney general.

Section 114

1. Three divisions.
   Security & licensing.
   Personnel, data processing & accounting.
   Marketing, education and information.
2. Each division headed by a director appointed by Commissioner.
3. Other state department shall cooperate at their discretion.

Section 115

Commissioner has power to conduct hearing and administer oaths.
Hearings are not under chapter 17A.
Commissioner may subpoena witnesses and records.

Section 116

Licensing -- Bond.

1. Commission shall license persons to sell tickets.
   Licensee cannot engage solely in selling tickets - ticket profits can not be more than 10% of licensee's overall business profits.
2. Tickets shall be sold only on licensed premises.
3. License not assignable.
6. Licensee must post bond or demonstrate financial responsibility.
   License denied if find:
   -license to sell tickets has been revoked in another state.
   -insufficient financial responsibility.
   -applicant is not true owner.
   -applicant has some undisclosed owners.
   -applicant made a false statement of material fact.
   Violation requires revocation of license.

Section 117

1. Licensee or applicant is entitled to a hearing on revocation, suspension, or denial of license.
2. Three member hearing board.
   1 member - designee of board.
   1 member - treasurer or designee.
   1 member - commissioner of public safety or designee.
3. Minimum suspension is 120 days.
4. If license revoked - not eligible for another.

Section 118

Prohibited ticket sales.

1. can't be sold for more than price set by board.
   can't sell without license.
2. can't sell to minor - however, can make a gift.
3. board member, commissioner, employee or immediate family member cannot buy ticket.
4. class D felony to counterfeit or alter ticket.

Section 119

Distribution of Prizes.

1. all prizes are Iowa earned income.

if prize is more than $600 - commissioner shall withhold income taxes.
unclaimed winnings shall be added to future pools.

2. right to prize drawn is not assignable.
ticket may be given as a gift before determine if it is a winning ticket.

Section 120

1. Revenue is to be deposited temporarily in lottery fund.
2. Quarterly audits of all accounts.
3. Auditor shall have access and authority to examine all records of licensees.

Section 121

Lottery shall be conducted to be self-sustained and self-funded.
Claim shall only be against lottery.

Sections 122 & 124

Coordinating amendments.

Section 123

Legalizes possession of lottery tickets of lottery legally operated by another state or District of Columbia.

Section 125

Commissioner shall file an initial report by January 15, 1986 detailing establishment and status of lottery.

Section 126

Intent of general assembly to initiate lottery at earliest possible date.

Section 127

Five year sunset.

Section 128

Publication clause.

Lottery House
rr/cf/24

OFFICE OF THE GOVERNOR
STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211

TERRY E. BRANSTAD
GOVERNOR

April 18, 1985

The Honorable Donald D. Avenson
Speaker of the House
State Capitol Building
L O C A L

Dear Speaker Avenson:

I hereby transmit House File 225, an act relating to economic development by creating a five-year state lottery, providing penalties, and providing revenues from the state lottery to be used for certain economic development programs and activities; providing for set-asides in state procurement contracts for small minority businesses; providing for the reorganization of state economic development programs and activities with the Iowa Development Commission acting as the interim coordinating agency for economic development until the new Department of Economic Development is created; creating an Iowa partnership for economic progress advisory committee to advise the Iowa Development Commission and the General Assembly on economic development matters and the uses to be made of the revenues from the state lottery; creating an Iowa World Trade Center selection advisory committee to accept proposals from private groups on the construction of the Iowa World Trade Center, to select from those proposals one proposal under which the state will purchase space in the Iowa World Trade Center, and to become part of the nonprofit corporation formed to operate, manage and lease this state-owned space; establishing a primary research and marketing center for business and international trade and satellite centers; creating a forgivable loan program for loans to students who remain residents of Iowa and are employed as a teacher under certain circumstances; making appropriations for economic development programs and activities; and providing an effective date.

House File 225 is approved April 18, 1985, with the following exception which I hereby disapprove.

I am unable to approve Division IV, Section 401, Section 402, a portion of Section 403 beginning on line 5, which I have designated on the bill, Section 404, Section 405, Section 406, Section 407, Section 408, and Section 409.

Division IV of House File 225 requires the Governor to submit to the General Assembly a proposal for the reorganization and coordination of all state economic development programs. I recognize the need to provide a better focus and coordination of our economic development effort in the state and I am hereby approving that portion of this Division which requires the development of a reorganization plan.

However, I believe that the Executive Branch should be given maximum flexibility in the development of such a plan. The above designated portions of Division IV which are item vetoed detail the areas to be included in an economic development reorganization plan and prescribe the process to be used in the development of this plan.

I believe the legislature has an appropriate role to provide advice to the Governor on the reorganization of the Executive Branch and to approve any statutory changes that may be required. However, I believe that the chief executive should be given the flexibility to develop a plan that best suits the needs of the state. I plan to do just that and to submit that plan to the legislature on December 1 of this year, as required in House File 225.

In addition, this action will give this office the opportunity to review studies that are now being conducted on the organization of economic development efforts in the state. In fact, the Legislative Council has commissioned such a study by Garfield Swartz Associates, Inc. and I plan to review carefully the results of that study as I develop a plan.

The other disapproved portions of Division IV of House File 225 establish an advisory committee on economic development in Iowa. Several sections delineate the make-up of the advisory committee and the specific responsibilities of that committee.

After discussions with the legislative leaders, it is apparent that this advisory committee was designed to act as the Iowa Partnership for Economic Progress which I announced in my State of the State Message.

Over the past several months I have been developing this Partnership, consistent with the recommendations made by the Committee on Iowa's Future Growth. I plan to appoint such a Partnership in the near future and charge that group with developing a long-term strategy for Iowa's economic development. Since the organization of the Iowa Partnership is nearly complete, it is unnecessary for the legislature to statutorily create such a committee.

While I generally plan to follow the suggestions of the General Assembly in the composition of the Partnership Committee, I believe that the Executive Branch should have greater flexibility in the appointment and the direction of this committee. The Partnership Committee must forge a broad based consensus among those interested in economic development in Iowa and provide the framework in which we can analyze and implement needed economic development initiatives. The Partnership Committee I will soon appoint will do just that.

In short, I agree with the legislature's desire to provide better focus and reorganization to economic development efforts in the state. I plan to develop a reorganization plan which will accomplish those objectives and submit that plan to the General Assembly. I believe that the Executive Branch requires maximum flexibility to the development of that plan.

I also believe that this office requires flexiblity in appointing and directing the Iowa Partnership for Economic Progress in order to develop a consensus and a strategy for economic development issues in the state of Iowa.

For the above reasons, I respectfully disapprove of these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of House File 225 are hereby approved as of this date.

Very truly yours,

Terry E. Branstad

Terry E. Branstad
Governor

TEB/ps

cc: Secretary of the State
Secretary of the Senate
Chief Clerk of the House