

Ver. Small Business 3/13 Amend (5481) & Do Pass 3/27 (p. 920)

MAR 4 1986

Place On Calendar

HOUSE FILE 2400

BY COMMITTEE ON ECONOMIC DEVELOPMENT

(Formerly House Study Bill 711)

Passed House, Date 3-16-86 (p. 621) Passed Senate, Date 4-3-86 (p. 1032)

Vote: Ayes 93 Nays 2 Vote: Ayes 47 Nays 0

Approved May 6, 1986

Repassed House 4-18-86 (p. 1567)  
89-0

**A BILL FOR**

- 1 An Act relating to the Iowa community development loan program.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2400

S-5481

1 Amend House File 2400 as passed by the House as  
 2 follows:  
 3 1. Page 1, line 29, by inserting after the word  
 4 "corporations" the following: "or as provided in  
 5 subsection six".  
 6 2. Page 2, by inserting after line 2 the  
 7 following:  
 8 "6. If the Iowa development commission or  
 9 successor department determines that sufficient funds  
 10 exist in the special account provided in subsection 5  
 11 for the purposes provided in subsection 5, up to  
 12 twenty-five percent of the loan repayments for the  
 13 fiscal year received by the Iowa development  
 14 commission or successor department may be deposited in  
 15 the revolving loan fund to operate the self-employment  
 16 loan program as both were established in section  
 17 15.241 as enacted by Senate File 2175 of the Seventy-  
 18 first General Assembly under the department of  
 19 economic development. Funds in this revolving loan  
 20 fund shall not revert to the state general fund at the  
 21 end of any fiscal year. Loan repayments from the  
 22 self-employment loan program shall be deposited in the  
 23 revolving loan fund. Deposits of funds under this  
 24 subsection may occur for the fiscal years beginning  
 25 July 1, 1986, July 1, 1987, July 1, 1988, and July 1,  
 26 1989."

HF 2400

S-5481 Filed March 27, 1986 BY COMM. ON SMALL BUSINESS AND ECON.  
 Adopted 4/3 (p. 1032) DEV., SMALL, CHAIR

1 Section 1. NEW SECTION. 28.120 LOAN REPAYMENTS.

2 1. Cities which have received loans under the former Iowa  
3 community development loan program, sections 7A.41 through  
4 7A.49, Code 1985, are still obligated to repay borrowed funds  
5 to the state and to comply with terms and conditions of  
6 existing promissory notes.

7 2. After the effective date of this Act, loan repayments  
8 made by recipient cities are payable to the Iowa development  
9 commission or successor department in an amount and at the  
10 time required by existing promissory notes.

11 3. Loan agreements with cities receiving loans under the  
12 former Iowa community development loan program for projects  
13 which have not been completed as of the effective date of this  
14 Act shall be amended by substituting "Iowa development  
15 commission or successor department" for "office for planning  
16 and programming". The Iowa development commission or  
17 successor department shall assume the state's administrative  
18 responsibilities for these uncompleted projects.

19 4. All loan agreements and promissory notes with cities  
20 with completed projects shall, upon the effective date of this  
21 Act, be amended by substituting "Iowa development commission  
22 or successor department" for "office for planning and  
23 programming".

24 5. Loan repayments received by the Iowa development  
25 commission or successor department shall be deposited into a  
26 special account to be used at its discretion as matching funds  
27 to attract financial assistance from and to participate in  
28 programs with national rural development and finance  
548/ 29 corporations. Funds in this special account shall not revert  
30 to the state general fund at the end of any fiscal year. If  
31 the programs for which the funds in the special account are to  
32 be used are terminated or expire, the funds in the special  
33 account and funds that would be repaid, if any, to the special  
34 account shall be transferred or repaid to the community  
35 economic betterment account of the Iowa plan fund for economic

1 development as established in 1985 Iowa Acts, chapter 33,  
2 section 301.

54815

3 Sec. 2. Sections 7A.41 through 7A.49, Code 1985, are  
4 repealed.

5 Sec. 3. Upon the effective date of this Act, all funds  
6 remaining in the Iowa community development loan fund shall be  
7 transferred to the special account referred to in section  
8 28.120, subsection 5.

9 EXPLANATION

10 This bill repeals the Iowa community development loan  
11 program and provides for the remaining funds of that program  
12 and the repayment of existing loans under that program to go  
13 into a special account to be used as matching funds to attract  
14 financial assistance from and to participate in programs with  
15 national rural development and finance corporations.

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SENATE AMENDMENT TO HOUSE FILE 2400

H-5722

1 Amend House File 2400 as passed by the House as  
2 follows:

3 1. Page 1, line 29, by inserting after the word  
4 "corporations" the following: "or as provided in  
5 subsection six".

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

8 "6. If the Iowa development commission or  
9 successor department determines that sufficient funds  
10 exist in the special account provided in subsection 5  
11 for the purposes provided in subsection 5, up to  
12 twenty-five percent of the loan repayments for the  
13 fiscal year received by the Iowa development  
14 commission or successor department may be deposited in  
15 the revolving loan fund to operate the self-employment  
16 loan program as both were established in section  
17 15.241 as enacted by Senate File 2175 of the Seventy-  
18 first General Assembly under the department of  
19 economic development. Funds in this revolving loan  
20 fund shall not revert to the state general fund at the  
21 end of any fiscal year. Loan repayments from the  
22 self-employment loan program shall be deposited in the  
23 revolving loan fund. Deposits of funds under this  
24 subsection may occur for the fiscal years beginning  
25 July 1, 1986, July 1, 1987, July 1, 1988, and July 1,  
26 1989."

H-5722 FILED APRIL 7, 1986

RECEIVED FROM THE SENATE

*House concurred 4/8 (p. 1567)*

## HOUSE FILE 2400

## FISCAL NOTE

REQUESTED BY REPRESENTATIVE CONNOLLY

In compliance with a written request received March 3, 1986, a fiscal note for HOUSE FILE 2400 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 2400 repeals the Iowa Community Development Loan Program. Unobligated funds and the repayments of program loans shall be deposited in a special account. The account shall be administered by the Iowa Development Commission or successor department. Funds in the special account shall be used as matching funds to attract financial assistance from and to participate in programs with national rural development and finance corporations.

ASSUMPTIONS:

- 1) All project loans shall be repaid from FY 1986 through FY 2006 and shall be deposited in the special account.
- 2) The estimates of scheduled loan repayments are accurate.

FISCAL EFFECT:

Loan repayments and any unobligated program funds shall be deposited in the special account during the next fiscal years as follows:

|              | <u>Estimated<br/>loan repayments</u> |         | <u>Estimated<br/>loan repayments</u> |
|--------------|--------------------------------------|---------|--------------------------------------|
| FY 1986      | \$ 640,605                           | FY 1996 | \$ 210,938                           |
| FY 1987      | 690,447                              | FY 1997 | 127,096                              |
| FY 1988      | 826,890                              | FY 1998 | 122,234                              |
| FY 1989      | 937,361                              | FY 1999 | 76,334                               |
| FY 1990      | 601,412                              | FY 2000 | 51,000                               |
| FY 1991      | 642,809                              | FY 2001 | 51,000                               |
| FY 1992      | 576,589                              | FY 2002 | 51,000                               |
| FY 1993      | 584,799                              | FY 2003 | 51,000                               |
| FY 1994      | 505,909                              | FY 2004 | 25,000                               |
| FY 1995      | 363,815                              | FY 2005 | 25,000                               |
|              |                                      | FY 2006 | <u>12,500</u>                        |
| <b>TOTAL</b> |                                      |         | <b>\$7,173,488</b>                   |

Source: Office for Planning and Programming

(LSB 8229H, CEN)

FILED MARCH 10, 1986

BY DENNIS PROUTY, FISCAL DIRECTOR

HSB 711

Study Bill 711

ECONOMIC DEVELOPMENT

Economic Development: Ollie, Chair; Hanson, Koenigs, Metcalf and Varn.

*Now*  
HF 2400

HOUSE FILE 2400  
BY (PROPOSED COMMITTEE ON  
ECONOMIC DEVELOPMENT BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the Iowa community development loan program.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 28.120 LOAN REPAYMENTS.

2 1. Cities which have received loans under the former Iowa  
3 community development loan program, sections 7A.41 through  
4 7A.49, Code 1985, are still obligated to repay borrowed funds  
5 to the state and to comply with terms and conditions of  
6 existing promissory notes.

7 2. After the effective date of this Act, loan repayments  
8 made by recipient cities are payable to the Iowa development  
9 commission or successor department in an amount and at the  
10 time required by existing promissory notes.

11 3. Loan agreements with cities receiving loans under the  
12 former Iowa community development loan program for projects  
13 which have not been completed as of the effective date of this  
14 Act shall be amended by substituting "Iowa development  
15 commission or successor department" for "office for planning  
16 and programming". The Iowa development commission or  
17 successor department shall assume the state's administrative  
18 responsibilities for these uncompleted projects.

19 4. All loan agreements and promissory notes with cities  
20 with completed projects shall, upon the effective date of this  
21 Act, be amended by substituting "Iowa development commission  
22 or successor department" for "office for planning and  
23 programming".

24 5. Loan repayments received by the Iowa development  
25 commission or successor department shall be deposited into the  
26 community economic betterment account of the Iowa plan fund  
27 for economic development as established in 1985 Iowa Acts,  
28 chapter 33, section 301, and may be used for any purpose or  
29 project authorized in that section or, at the discretion of  
30 the governor, be used as matching funds to attract financial  
31 assistance from and to participate in programs with national  
32 rural development and finance corporations. The funds  
33 deposited into the economic betterment account under this  
34 subsection are in addition to any other funds allocated to  
35 that account.

1 Sec. 2. Section 7A.41 through 7A.49, Code Supplement 1985,  
2 are repealed.

3 Sec. 3. Upon the effective date of this Act, all funds  
4 remaining in the Iowa community development loan fund shall be  
5 transferred to the community economic betterment account of  
6 the Iowa plan fund for economic development as established in  
7 1985 Iowa Acts, chapter 33, section 301. The funds  
8 transferred to the community economic betterment account under  
9 this section shall be in addition to any other funds allocated  
10 to that account.

11 EXPLANATION

12 This bill repeals the Iowa community development loan  
13 program and provides for the repayment of existing loans under  
14 that program to the community economic betterment account or  
15 the Iowa plan fund for economic development. These repayment  
16 funds are in addition to any funds allocated to the community  
17 economic betterment account under the lottery bill.

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HOUSE FILE 2400

AN ACT

RELATING TO THE IOWA COMMUNITY DEVELOPMENT LOAN PROGRAM.

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

Section 1. NEW SECTION. 28.120 LOAN REPAYMENTS.

1. Cities which have received loans under the former Iowa community development loan program, sections 7A.41 through 7A.49, Code 1985, are still obligated to repay borrowed funds to the state and to comply with terms and conditions of existing promissory notes.

2. After the effective date of this Act, loan repayments made by recipient cities are payable to the Iowa development commission or successor department in an amount and at the time required by existing promissory notes.

3. Loan agreements with cities receiving loans under the former Iowa community development loan program for projects which have not been completed as of the effective date of this Act shall be amended by substituting "Iowa development commission or successor department" for "office for planning and programming". The Iowa development commission or successor department shall assume the state's administrative responsibilities for these uncompleted projects.

4. All loan agreements and promissory notes with cities with completed projects shall, upon the effective date of this

Act, be amended by substituting "Iowa development commission or successor department" for "office for planning and programming".

5. Loan repayments received by the Iowa development commission or successor department shall be deposited into a special account to be used at its discretion as matching funds to attract financial assistance from and to participate in programs with national rural development and finance corporations or as provided in subsection 6. Funds in this special account shall not revert to the state general fund at the end of any fiscal year. If the programs for which the funds in the special account are to be used are terminated or expire, the funds in the special account and funds that would be repaid, if any, to the special account shall be transferred or repaid to the community economic betterment account of the Iowa plan fund for economic development as established in 1985 Iowa Acts, chapter 33, section 301.

6. If the Iowa development commission or successor department determines that sufficient funds exist in the special account provided in subsection 5 for the purposes provided in subsection 5, up to twenty-five percent of the loan repayments for the fiscal year received by the Iowa development commission or successor department may be deposited in the revolving loan fund to operate the self-employment loan program as both were established in section 15.241 as enacted by Senate File 2175 of the Seventy-first General Assembly under the department of economic development. Funds in this revolving loan fund shall not revert to the state general fund at the end of any fiscal year. Loan repayments from the self-employment loan program shall be deposited in the revolving loan fund. Deposits of funds under this subsection may occur for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989.

Sec. 2. Sections 7A.41 through 7A.49, Code 1985, are repealed.

Sec. 3. Upon the effective date of this Act, all funds remaining in the Iowa community development loan fund shall be transferred to the special account referred to in section 28.120, subsection 5.

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DONALD D. AVENSON  
Speaker of the House

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ROBERT T. ANDERSON  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2400, Seventy-first General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved May 6, 1986

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TERRY E. BRANSTAD  
Governor