

Amend. to House Bill 2/25/88 (p. 1048)

MAR 4 1988

HOUSE FILE 2386

Place On Calendar

BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(Formerly House Study Bill 736)

Passed House, Date 3/4/88 (p. 674)

Passed Senate, Date 4/7/88 (p. 1357)

Vote: Ayes 77 Nays 0

Vote: Ayes 46 Nays 3

Approved May 15, 1988

Repassed House 4/11/88 (p. 1800)
93-1

Repassed Senate 4/11/88 (p. 1371)

A BILL FOR

1 An Act relating to additional factors, requirements, and
2 guidelines for providing assistance under the community
3 economic betterment account of the Iowa plan fund and RISE
4 program.

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

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HF 2386

1 Section 1. Section 15.108, subsection 6, paragraph a, Code
2 Supplement 1987, is amended by adding the following new
3 subparagraph:

4 NEW SUBPARAGRAPH. (4) Develop guidelines to ensure the
5 efficient and productive use of training funds which shall
6 include, but are not limited to, placing a low priority for
7 providing assistance to a business having, in comparison to
8 businesses of a similar type or nature, a high turnover rate
9 for its jobs.

10 Sec. 2. Section 99E.32, subsection 2, unnumbered paragraph
11 2, Code Supplement 1987, is amended by striking the unnumbered
12 paragraph and inserting in lieu thereof the following:

13 The conditions, criteria, and limitations specified in
14 section 99E.31, subsection 2, apply to the providing of moneys
15 under this subsection. In addition to such conditions,
16 criteria, and limitations, for applications submitted after
17 July 1, 1988, the following factors and requirements shall be
18 considered or applied:

19 (1) The impact of the proposed project on other businesses
20 in competition with the business being considered for
21 assistance. The department shall identify existing Iowa
22 businesses within an industry in competition with the business
23 being considered for assistance. The department shall
24 determine the probability that the proposed financial
25 assistance will displace employees of the existing businesses.
26 In determining the impact on businesses in competition with
27 the business being considered for assistance, jobs created as
28 a result of other jobs being displaced elsewhere in the state
29 shall not be considered direct jobs created.

30 (2) The economic impact to the state of the proposed
31 project. In measuring the economic impact the department
32 shall award more points for the following:

33 (a) A project which has a greater consistency with the
34 state strategic plan.

35 (b) A business with a greater percentage of sales out-of-

1 state or of import substitution.

2 (c) A business with a higher proportion of in-state
3 suppliers.

4 (d) A project which would provide greater diversification
5 of the state economy.

6 (e) A business with fewer in-state competitors.

7 (f) A potential for future job growth.

8 (g) A project which is not a retail operation.

9 (3) The quality of jobs to be provided. Jobs that have a
10 higher wage scale, have a lower turnover rate, are full-time,
11 or are career-type positions are considered higher in quality.
12 Businesses that have wage scales substantially below that of
13 existing Iowa businesses in that area should be rated as
14 providing the lowest quality of jobs and should therefore be
15 given the lowest ranking for providing such assistance.

16 (4) If the business has a record of violations of the law
17 over a period of time that tends to show a consistent pattern,
18 the business shall be given the lowest ranking for providing
19 assistance.

20 (5) If a business has, within three years of application
21 for assistance, acquired or merged with an Iowa corporation or
22 company, the business shall make a good-faith effort to hire
23 the workers of the merged or acquired company.

24 (6) To be eligible for assistance a business shall provide
25 for a preference for hiring residents of the state, except for
26 out-of-state employees offered a transfer to Iowa.

27 (7) All known required environmental permits must be
28 granted and regulations met before moneys are released.

29 Sec. 3. Section 315.5, Code 1987, is amended to read as
30 follows:

31 315.5 ADMINISTRATION OF FUND.

32 Qualifying road and street projects shall be selected by
33 the state transportation commission for full or partial
34 financing from the fund after consultation with organizations
35 representing interests of counties and cities. Counties and

1 cities may make application for qualifying road and street
2 projects with the department. In ranking applications for
3 funds, the department shall, in addition to effects listed in
4 section 315.3, subsection 1, consider the proportion of
5 political subdivision matching funds to be provided, if any,
6 the proportion of private contributions to be provided, if
7 any, the total number of jobs to be created, the level of
8 need, and the impact of the proposed project on the economy of
9 the area affected, and the factors and requirements in section
10 315.11. The proportion of funding shall be determined by the
11 department or, in the case of cooperative projects, by
12 agreement between the department and the city councils of
13 participating cities, or boards of supervisors of
14 participating counties, or other participating public agencies
15 or private parties.

16 Sec. 4. NEW SECTION. 315.11 ADDITIONAL FACTORS AND
17 REQUIREMENTS.

18 In addition to other effects and factors to be considered
19 under section 315.5, for applications submitted after July 1,
20 1988, the following factors and requirements shall be
21 considered or applied:

22 1. The impact of the proposed project on other businesses
23 in competition with the business being considered for
24 assistance. The department shall identify existing Iowa
25 businesses within an industry in competition with the business
26 being considered for assistance. The department shall
27 determine the probability that the proposed financial
28 assistance will displace employees of the existing businesses.
29 In determining the impact on businesses in competition with
30 the business being considered for assistance, jobs created as
31 a result of other jobs being displaced elsewhere in the state
32 shall not be considered direct jobs created.

33 2. The economic impact to the state of the proposed
34 project. In measuring the economic impact the department
35 shall award more points for the following:

1 a. A project which has a greater consistency with the
2 state strategic plan.

3 b. A business with a greater percentage of sales out-of-
4 state or of import substitution.

5 c. A business with a higher proportion of in-state
6 suppliers.

7 d. A project which would provide greater diversification
8 of the state economy.

9 e. A business with fewer in-state competitors.

10 f. A potential for future job growth.

11 g. A project which is not a retail operation.

12 3. The quality of jobs to be provided. Jobs that have a
13 higher wage scale, have a lower turnover rate, are full-time,
14 or are career-type positions are considered higher in quality.
15 Businesses that have wage scales substantially below that of
16 existing Iowa businesses in that area should be rated as
17 providing the lowest quality of jobs and should therefore be
18 given the lowest ranking for providing such assistance.

19 4. If the business has a record of violations of the law
20 over a period of time that tends to show a consistent pattern,
21 the business shall be given the lowest ranking for providing
22 assistance.

23 5. If a business has, within three years of application
24 for assistance, acquired or merged with an Iowa corporation or
25 company, the business shall make a good-faith effort to hire
26 the workers of the merged or acquired company.

27 6. To be eligible for assistance a business shall provide
28 for a preference for hiring residents of the state, except for
29 out-of-state employees offered a transfer to Iowa.

30 7. All known required environmental permits must be
31 granted and regulations met before moneys are released.

32 EXPLANATION

33 The bill sets additional factors to be used in considering
34 which businesses will be awarded grants, loans, or assistance
35 under CEBA and RISE. The factors to be used in considering

1 who will receive assistance include the impact of the proposed
2 project on other Iowa businesses in competition with the
3 business to receive the assistance; the economic impact to the
4 state as a whole; the quality of jobs to be offered by the
5 business; past violations of state or federal laws; and
6 preferences to be given for hiring residents of the state.

7 SIMILAR TO HSB 736 (LSB 8073HI)

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S-5575

1 Amend House File 2386 as passed by the House as
2 follows:

3 1. Page 1, by striking lines 1 through 9 and
4 inserting the following:

5 "Section 1. Section 7C.4A, subsection 2, Code
6 Supplement 1987, is amended to read as follows:

7 2. Twelve percent of the state ceiling shall be
8 allocated to bonds issued to carry out programs
9 established under chapters 280A, 280B, and 280C.

10 However, at any time during the calendar year the
11 director of the Iowa department of economic
12 development may determine that a lesser amount need be
13 allocated and on that date this lesser amount shall be
14 the amount allocated for those programs and the excess
15 shall be allocated under subsection 6. For the fiscal
16 years beginning July 1, 1988, and July 1, 1989, no
17 amount of the state ceiling shall be allocated under
18 this subsection to a program under chapter 280B
19 providing training funds to a project for a business
20 which the board of directors of the area school
21 determines to have a high turnover rate for its jobs
22 in comparison to businesses of a similar type or
23 nature based upon published standards adopted by the
24 Iowa department of economic development. The
25 standards shall be adopted and published by July 1,
26 1988, and shall be revised, if necessary, on July 1,
27 1989."

28 2. Page 1, line 21, by inserting after the word
29 "shall" the following: "make a good faith effort to".

30 3. Page 1, line 23, by inserting after the word
31 "shall" the following: "make a good faith effort to".

32 4. Page 2, line 19, by inserting after the word
33 "assistance." the following: "The department shall
34 make a good faith effort to compile this information."

35 5. Page 2, line 25, by inserting after the word
36 "state" the following: "or the economic development
37 area".

38 6. Page 2, line 26, by inserting after the word
39 "Iowa" the following: "or the economic development
40 area".

41 7. Page 3, line 24, by inserting after the word
42 "shall" the following: "make a good faith effort to".

43 8. Page 3, line 26, by inserting after the word
44 "shall" the following: "make a good faith effort to".

45 9. Page 4, line 22, by inserting after the word
46 "assistance." the following: "The department shall
47 make a good faith effort to compile this information."

48 10. Page 4, line 28, by inserting after the word
49 "state" the following: "or the economic development
50 area".

Page 2

1 11. Page 4, line 29, by inserting after the word
2 "Iowa" the following: "or the economic development
3 area".

S-5575

Filed March 25, 1988

Adopted 3/30 (2178)
Michigan Business and Economic Development

BY COMMITTEE ON SMALL BUSINESS
AND ECONOMIC DEVELOPMENT
LEONARD L. BOSWELL, Chairperson

HOUSE FILE 2386

5-5689

1 Amend House File 2386, as passed by the House, as
2 follows:

3 1. Page 2, by inserting after line 28 the follow-
4 ing:

5 "(8) A business that has an average hourly wage
6 for a majority of its employees of less than five
7 dollars fifty cents is disqualified from receiving
8 assistance.

9 (9) A business that does not provide health
10 insurance coverage to its employees shall lose three
11 points in making the computations for determining
12 assistance.

13 (10) Not more than two hundred fifty thousand
14 dollars may be provided as a grant unless the Iowa
15 economic development board unanimously approves a
16 grant in excess of that amount, but in no case may a
17 grant exceed one million dollars.

18 (11) A business awarded a grant that does not
19 create at least fifty percent of the expected jobs
20 within two years of the awarding of the grant shall
21 repay the full amount of the grant within six months
22 of the end of the two-year period.

23 (12) The point rankings of the proposed projects
24 shall be public information. If assistance is awarded
25 to a project which has a ranking below that of
26 proposed projects denied assistance, an explanation of
27 the reason why one was approved over the other shall
28 be written up and shall accompany the point rankings
29 as public information."

30 2. Page 4, by inserting after line 31 the
31 following:

32 "8. A business that has an average hourly wage for
33 a majority of its employees of less than five dollars
34 fifty cents is disqualified from receiving assistance.

35 9. A business that does not provide health
36 insurance coverage to its employees shall lose three
37 points in making the computations for determining
38 assistance.

39 10. Not more than two hundred fifty thousand
40 dollars may be provided as a grant unless the Iowa
41 economic development board unanimously approves a
42 grant in excess of that amount, but in no case may a
43 grant exceed one million dollars.

44 11. A business awarded a grant that does not
45 create at least fifty percent of the expected jobs
46 within two years of the awarding of the grant shall
47 repay the full amount of the grant within six months
48 of the end of the two-year period.

49 12. The point rankings of the proposed projects
50 shall be public information. If assistance is awarded

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MARCH 31, 1988

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1 to a project which has a ranking below that of
2 proposed projects denied assistance, an explanation of
3 the reason why one was approved over the other shall
4 be written up and shall accompany the point rankings
5 as public information."

S-5689

Filed March 30, 1988

Adopted as amended by 5945 4/6/88 1240?

BY AL STURGEON

HOUSE FILE 2386

S-5721

1 Amend House File 2386 as passed by the House as
2 follows:

3 1. Page 4, by inserting after line 31 the
4 following:

5 "Sec. ____ . Section 364.18, Code 1987, is amended
6 by striking the section and inserting in lieu thereof
7 the following:

8 364.18 FEDERAL AID -- FACTORS AND REQUIREMENTS.

9 1. Subject to applicable state or federal
10 regulations in effect at the time of the city action,
11 a city may accept contributions, grants, or other
12 financial assistance from the state or federal
13 government. Upon a finding of public purpose and
14 after satisfying the requirements of subsections 2
15 through 4, the city may apply for assistance to any
16 person to be used for economic development projects,
17 including but not limited to the purchase or
18 improvement of land and buildings for residential,
19 commercial, or industrial use.

20 2. Prior to application for such assistance under
21 subsection 1, the department of economic development
22 shall consider and apply the following factors and
23 requirements:

24 a. The impact of the proposed project on other
25 businesses in competition with the business being
26 considered for assistance. The department shall
27 identify existing Iowa businesses within an industry
28 in competition with the business being considered for
29 assistance. The department shall determine the
30 probability that the proposed financial assistance
31 will displace employees of the existing businesses.
32 In determining the impact on businesses in competition
33 with the business being considered for assistance,
34 jobs created as a result of other jobs being displaced
35 elsewhere in the state shall not be considered direct
36 jobs created.

37 b. The economic impact to the state of the
38 proposed project. In measuring the economic impact
39 the department shall award more points for the
40 following:

41 (1) A project which has a greater consistency with
42 the state strategic plan.

43 (2) A business with a greater percentage of sales
44 out-of-state or of import substitution.

45 (3) A business with a higher proportion of in-
46 state suppliers.

47 (4) A project which would provide greater
48 diversification of the state economy.

49 (5) A business with fewer in-state competitors.

50 (6) A potential for future job growth.

S-5721 Page 2

1 (7) A project which is not a retail operation.

2 c. The quality of jobs to be provided. Jobs that
3 have a higher wage scale, have a lower turnover rate,
4 are full-time, or are career-type positions are
5 considered higher in quality. Businesses that have
6 wage scales substantially below that of existing Iowa
7 businesses in that area should be rated as providing
8 the lowest quality of jobs and should therefore be
9 given the lowest ranking for providing such
10 assistance.

11 d. If the business has a record of violations of
12 the law over a period of time that tends to show a
13 consistent pattern, the business shall be given the
14 lowest ranking for providing assistance.

15 e. If a business has, within three years of
16 application for assistance, acquired or merged with an
17 Iowa corporation or company, the business shall make a
18 good-faith effort to hire the workers of the merged or
19 acquired company.

20 f. To be eligible for assistance a business shall
21 provide for a preference for hiring residents of the
22 state, except for out-of-state employees offered a
23 transfer to Iowa.

24 g. All known required environmental permits must
25 be granted and regulations met before moneys are
26 released.

27 3. A city may apply for a city or state grant,
28 loan, or other financial assistance, the proceeds of
29 which are to be granted, loaned, or otherwise provided
30 to a nongovernmental person for an economic
31 development project, only after a public hearing at
32 which affected persons are entitled to be heard. The
33 notice of the time and place of the hearing shall be
34 published once in one or more newspapers in general
35 circulation in the county in which the applicant is
36 located and within the two tiers of counties
37 surrounding that county and by giving notice in person
38 or by mail to the director of the department of
39 economic development and to any interested person who
40 has requested the notice in writing, at least ten days
41 and no more than thirty days before the date of the
42 public hearing. The notice shall state the nature,
43 amount, and terms of the state or federal grant, loan,
44 or other financial assistance to be requested, the
45 nature and location of the proposed economic
46 development project, the number of permanent jobs at
47 the project and the net number of permanent jobs which
48 are new jobs in this state, the expected sales per
49 year for the first five years of operation of the
50 project, and the nature, amount, and terms of the

1 grant, loan, or financial assistance to be provided to
2 a nongovernmental person with respect to the project.

3 4. Before a city enters into an agreement with the
4 state or federal government for a grant, loan, or
5 other financial assistance, the proceeds of which are
6 to be granted, loaned, or otherwise provided to a
7 nongovernmental person for an economic development
8 project, the city shall give a second notice at least
9 thirty days and not more than sixty days before the
10 city takes final action to approve the agreement. The
11 notice shall be given in the same manner as for the
12 first public hearing, shall include the date the city
13 intends to act and the same matters which the notice
14 for the first public hearing is required to contain,
15 and shall state the city's intent to enter into the
16 agreement.

17 5. The department of economic development, the
18 attorney general, a resident or property owner of the
19 city or another community, a business, and an employee
20 of a business, which may be adversely affected by the
21 proposed economic development project, may appeal the
22 decision of the city to enter into the agreement to
23 the district court of the county in which any part of
24 the city is located no later than thirty days after
25 the city takes final action to enter into the
26 agreement. However, if the city fails to publish any
27 of the required notices, the appeal shall be brought
28 no later than six months after the city takes final
29 action to enter into the agreement.

30 6. If there is an appeal, the funds shall not be
31 granted, loaned, or otherwise spent by the city unless
32 the district court finds that the requirements for the
33 notices and a public hearing have been met as provided
34 in subsections 3 and 4, and that the requirements set
35 forth in subsection 2 have been properly considered
36 and applied by the department of economic development.

37 7. The requirement for notices and a public
38 hearing before a city may enter into an agreement for
39 a grant, loan, or other financial assistance with the
40 federal or state government as provided in subsections
41 3 and 4 does not apply to a program for emergency or
42 disaster relief if the governor, the president of the
43 United States, or a state or federal agency with
44 jurisdiction in the matter has declared an emergency
45 with respect to the matter for which the federal or
46 state funds are made available to the city.

47 Sec. _____. Sections 1 through 4 of this Act take
48 effect July 1, 1988.

49 Sec. _____. This Act, being deemed of immediate
50 importance, takes effect upon enactment."

SENATE 27
APRIL 4, 1988

S-5721 Page 4

1 2. Title page, line 4, by inserting after the
2 word "program" the following: "and for a city to
3 apply for federal or state assistance, and providing
4 effective dates".

S-5721
Filed March 31, 1988

BY RAY TAYLOR

Done 4/1/88

HOUSE FILE 2386

S-5720

1 Amend House File 2386, as passed by the House, as
2 follows:

3 1. Page 1, line 29, by inserting after the word
4 "created." the following: "This paragraph does not
5 apply to a business which will purchase or lease a
6 vacant facility used by a similar business and which
7 is located in a community where there is no similar
8 business."

9 2. Page 3, line 32, by inserting after the word
10 "created." the following: "This paragraph does not
11 apply to a business which will purchase or lease a
12 vacant facility used by a similar business and which
13 is located in a community where there is no similar
14 business."

S-5720
Filed March 31, 1988

BY RAY TAYLOR

Done 4/1/88

HOUSE FILE 2386

S-5745

1 Amend amendment, S-5689, to House File 2386, as
2 passed by the House, as follows:

3 1. Page 1, by inserting after line 22 the
4 following:

5 "() A business that is a FORTUNE 500 company
6 shall be given a low priority for providing
7 assistance."

8 2. Page 1, by striking lines 39 through 43.

9 3. Page 1, by striking line 44 and inserting the
10 following:

11 "11. A city or county that applies for a grant for
12 a project shall specify the expected jobs to be
13 created within the first year following completion of
14 the project. If the project does not".

15 4. Page 1, line 46, by inserting after the word
16 "grant" the following: ", the city or county".

17 5. Page 1, by inserting after line 48 the
18 following:

19 " . A business that is a FORTUNE 500 company
20 shall be given a low priority for providing
21 assistance."

S-5745

Filed April 4, 1988

BY AL STURGEON

Adopted 4/6 (p. 1244)

HOUSE AMENDMENT TO
SENATE AMENDMENT TO
HOUSE FILE 2386

S-5988

- 1 Amend the Senate amendment, H-6348, to House File
- 2 2386, as passed by the House, as follows:
- 3 1. Page 1, line 3, by striking the figure and
- 4 word "9 and" and inserting the following: "9."
- 5 2. Page 1, by striking lines 4 through 27.
- 6 3. By striking page 1, line 41 through page 2,
- 7 line 20.
- 8 4. By striking page 2, line 34 through page 3,
- 9 line 9.

S-5988

Filed April 14, 1988

ADOPTED

4/14 (R 1579)

RECEIVED FROM THE HOUSE

SENATE AMENDMENT TO HOUSE FILE 2386

H-6348

1 Amend House File 2386, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 1 through 9 and
4 inserting the following:

5 "Section 1. Section 7C.4A, subsection 2, Code
6 Supplement 1987, is amended to read as follows:

7 2. Twelve percent of the state ceiling shall be
8 allocated to bonds issued to carry out programs
9 established under chapters 280A, 280B, and 280C.

10 However, at any time during the calendar year the
11 director of the Iowa department of economic
12 development may determine that a lesser amount need be
13 allocated and on that date this lesser amount shall be
14 the amount allocated for those programs and the excess
15 shall be allocated under subsection 6. For the fiscal
16 years beginning July 1, 1988, and July 1, 1989, no
17 amount of the state ceiling shall be allocated under
18 this subsection to a program under chapter 280B
19 providing training funds to a project for a business
20 which the board of directors of the area school
21 determines to have a high turnover rate for its jobs
22 in comparison to businesses of a similar type or
23 nature based upon published standards adopted by the
24 Iowa department of economic development. The
25 standards shall be adopted and published by July 1,
26 1988, and shall be revised, if necessary, on July 1,
27 1989."

28 2. Page 1, line 21, by inserting after the word
29 "shall" the following: "make a good faith effort to".

30 3. Page 1, line 23, by inserting after the word
31 "shall" the following: "make a good faith effort to".

32 4. Page 2, line 19, by inserting after the word
33 "assistance." the following: "The department shall
34 make a good faith effort to compile this information."

35 5. Page 2, line 25, by inserting after the word
36 "state" the following: "or the economic development
37 area".

38 6. Page 2, line 26, by inserting after the word
39 "Iowa" the following: "or the economic development
40 area".

41 7. Page 2, by inserting after line 28 the follow-
42 ing:

43 "(8) A business that has an average hourly wage
44 for a majority of its employees of less than five
45 dollars fifty cents is disqualified from receiving
46 assistance.

47 (9) A business that does not provide health
48 insurance coverage to its employees shall lose three
49 points in making the computations for determining
50 assistance.

H-6348

Page 2

1 (10) Not more than two hundred fifty thousand
2 dollars may be provided as a grant unless the Iowa
3 economic development board unanimously approves a
4 grant in excess of that amount, but in no case may a
5 grant exceed one million dollars.

6 (11) A business awarded a grant that does not
7 create at least fifty percent of the expected jobs
8 within two years of the awarding of the grant shall
9 repay the full amount of the grant within six months
10 of the end of the two-year period.

11 (12) A business that is a FORTUNE 500 company
12 shall be given a low priority for providing
13 assistance.

14 (13) The point rankings of the proposed projects
15 shall be public information. If assistance is awarded
16 to a project which has a ranking below that of
17 proposed projects denied assistance, an explanation of
18 the reason why one was approved over the other shall
19 be written up and shall accompany the point rankings
20 as public information."

21 8. Page 3, line 24, by inserting after the word
22 "shall" the following: "make a good faith effort to".

23 9. Page 3, line 26, by inserting after the word
24 "shall" the following: "make a good faith effort to".

25 10. Page 4, line 22, by inserting after the word
26 "assistance." the following: "The department shall
27 make a good faith effort to compile this information."

28 11. Page 4, line 28, by inserting after the word
29 "state" the following: "or the economic development
30 area".

31 12. Page 4, line 29, by inserting after the word
32 "Iowa" the following: "or the economic development
33 area".

636/34 13. Page 4, by inserting after line 31 the
35 following:

36 "8. A business that has an average hourly wage for
37 a majority of its employees of less than five dollars
38 fifty cents is disqualified from receiving assistance.

39 9. A business that does not provide health
40 insurance coverage to its employees shall lose three
41 points in making the computations for determining
42 assistance.

43 10. A city or county that applies for a grant for
44 a project shall specify the expected jobs to be
45 created within the first year following completion of
46 the project. If the project does not create at least
47 fifty percent of the expected jobs within two years of
48 the awarding of the grant, the city or county shall
49 repay the full amount of the grant within six months
50 of the end of the two-year period.

H-6348

Page 3

1 11. A business that is a FORTUNE 500 company shall
 2 be given a low priority for providing assistance.
 3 12. The point rankings of the proposed projects
 4 shall be public information. If assistance is awarded
 5 to a project which has a ranking below that of
 6 proposed projects denied assistance, an explanation of
 7 the reason why one was approved over the other shall
 8 be written up and shall accompany the point rankings
 9 as public information."
 10 14. By renumbering, relettering, or redesignating
 11 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-6348 FILED APRIL 8, 1988

House amended (6/12) & Concurred 4/12 (p. 1806)

HOUSE FILE 2386

H-6361

1 Amend the Senate amendment, H-6348, to House File
 2 2386, as passed by the House, as follows:
 3 1. Page 1, by striking lines 3 through 27.
 4 2. By striking page 1, line 41 through page 2,
 5 line 20.
 6 3. By striking page 2, line 34 through page 3,
 7 line 9.

By CONNOLLY of Dubuque

H-6361 FILED APRIL 11, 1988

w/d 4/12 (p. 1806)

HOUSE FILE 2386

H-6412

1 Amend the Senate amendment, H-6348, to House File
 2 2386, as passed by the House, as follows:
 3 1. Page 1, line 3, by striking the figure and
 4 word "9 and" and inserting the following: "9."
 5 2. Page 1, by striking lines 4 through 27.
 6 3. By striking page 1, line 41 through page 2,
 7 line 20.
 8 4. By striking page 2, line 34 through page 3,
 9 line 9.

By CONNOLLY of Dubuque

H-6412 FILED APRIL 12, 1988

ADOPTED *(p. 1806)*

NSB 736

MWB

House Study Bill 736

ECONOMIC DEVELOPMENT

Economic Development: Connolly, Chair; Bennett, Groninga, Hummel and Parker.

HOUSE FILE

2386

BY (PROPOSED PUBLIC FUNDS
FOR ECONOMIC DEVELOPMENT
STUDY COMMITTEE BILL)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to additional criteria, standards, guidelines,
2 and requirements under state grant, loan, or other assistance
3 programs.

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

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1 Section 1. NEW SECTION. 15A.5 STATE ASSISTANCE CRITERIA.

2 In addition to any other criteria, standards, guidelines,
3 or requirements that have been established under any state
4 grant, loan, or other assistance program for awarding,
5 granting, or providing state assistance to or for the benefit
6 of a business in furtherance of economic development or to a
7 political subdivision for awarding, granting, or providing
8 assistance to or for the benefit of a business in furtherance
9 of economic development, the following factors and
10 requirements shall be considered in awarding, granting, or
11 providing such assistance:

12 1. The impact of the proposed project on other businesses
13 in competition with the business being considered for
14 assistance. The overseer of the assistance program shall
15 identify existing businesses within an industry in competition
16 with the business being considered for assistance. The
17 overseer shall determine the probability that the proposed
18 financial assistance will displace employees of the existing
19 businesses and shall consider the level of excess production
20 capacity within an industry when making this determination.
21 In determining the impact on businesses in competition with
22 the business being considered for assistance, jobs created as
23 a result of other jobs being displaced elsewhere in the state
24 shall not be considered direct jobs created.

25 2. The economic impact to the state of the proposed
26 project. In measuring the economic impact the overseer of the
27 assistance program shall award more points for the following:

28 a. A business with a greater percentage of sales out-of-
29 state or of import substitution.

30 b. A business with a higher proportion of in-state
31 suppliers.

32 c. A project which would provide greater diversification
33 of the state economy.

34 d. A business with fewer in-state competitors.

35 e. A potential for future industrial growth.

1 f. A project which has a greater consistency with the
2 state strategic plan.

3 g. A project which does not involve retail operations,
4 except for those involving tourism.

5 3. The level of compliance of the business with the
6 federal Occupational Safety and Health Act and other business
7 safety regulations, the quality of the business' relations
8 with labor, the level of fairness in its dealings with its
9 employees, and the amount of business ethics shown by the
10 business.

11 4. The quality of jobs to be provided. Jobs that have a
12 higher wage scale, have a lower turnover rate, are full-time,
13 or are career-type positions are considered higher in quality.
14 When the assistance is in the form of grants, businesses that
15 have wage scales substantially below that of existing Iowa
16 businesses should be rated as providing the lowest quality of
17 jobs and should therefore be given the lowest ranking for
18 providing such assistance.

19 5. Past violations of state or federal environmental laws
20 and regulations, the federal Occupational Safety and Health
21 Act and other worker safety laws and regulations, traffic and
22 transportation laws and regulations, and consumer product
23 safety and consumer fraud laws and regulations.

24 6. A violation of any part of the United States or Iowa
25 civil or criminal codes shall disqualify the business or its
26 subsidiaries from state assistance for one year from the
27 termination of the violation. However, assistance shall not
28 be provided to a business which has a record of consistent
29 violations of the laws of this state, if the number of
30 violations over a period of time tend to show a pattern of
31 disregard for the law.

32 7. If a business has, within three years of application
33 for assistance, acquired or merged with an Iowa corporation or
34 company, the business is not eligible if the business has not
35 made a good-faith effort to hire the workers of the merged or

1 acquired company. A good faith effort is defined as offering
2 to rehire at least ninety percent of the old company's workers
3 at comparable jobs with similar compensation and benefits.

4 8. To be eligible for assistance a business shall provide
5 for a preference for hiring residents of the state.

6 9. All environmental permits must be granted and
7 regulations met before approval of assistance.

8 For purposes of this section, state grant, loan, or
9 assistance program includes, but is not limited to, the Iowa
10 plan fund for economic development, the RISE fund, the jobs
11 training programs under chapters 7B, 280B, and 280C, the small
12 business loan and targeted small business loan guarantee
13 programs under chapter 220, and federal community development
14 block grants. Moneys available from an agency of the federal
15 government, the distribution, use, or awarding of which is
16 controlled or overseen by an agency of the state government,
17 is considered a state grant, loan, or assistance program for
18 purposes of this section.

19 EXPLANATION

20 The bill sets additional factors to be used in considering
21 which businesses will be awarded grants, loans, or assistance
22 under CEBA, RISE, job training programs, small business loan
23 guarantee programs, federal community development block
24 grants, and other state grant, loan, or assistance programs.
25 The factors to be used in considering who will receive
26 assistance includes the impact of the proposed project on
27 other businesses in competition with the business to receive
28 the assistance; the economic impact to the state as a whole;
29 the level of compliance by the business with OSHA and other
30 safety standards; the quality of jobs to be offered by the
31 business; past civil or criminal violations of state or
32 federal laws; and preferences to be given for hiring residents
33 of the state.

34 COMPANION TO LSB 8072SI

35
LSB 8073HI 72

mg/sc/14

HOUSE FILE 2386

AN ACT

RELATING TO ADDITIONAL FACTORS, REQUIREMENTS, AND GUIDELINES
FOR PROVIDING ASSISTANCE UNDER THE COMMUNITY ECONOMIC
BETTERMENT ACCOUNT OF THE IOWA PLAN FUND AND RISE PROGRAM.

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

Section 1. Section 99E.32, subsection 2, unnumbered paragraph 2, Code Supplement 1987, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

The conditions, criteria, and limitations specified in section 99E.31, subsection 2, apply to the providing of moneys under this subsection. In addition to such conditions, criteria, and limitations, for applications submitted after July 1, 1988, the following factors and requirements shall be considered or applied:

(1) The impact of the proposed project on other businesses in competition with the business being considered for assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for assistance. The department shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for assistance, jobs created as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created.

(2) The economic impact to the state of the proposed project. In measuring the economic impact the department shall award more points for the following:

- (a) A project which has a greater consistency with the state strategic plan.
- (b) A business with a greater percentage of sales out-of-state or of import substitution.
- (c) A business with a higher proportion of in-state suppliers.
- (d) A project which would provide greater diversification of the state economy.
- (e) A business with fewer in-state competitors.
- (f) A potential for future job growth.
- (g) A project which is not a retail operation.
- (3) The quality of jobs to be provided. Jobs that have a higher wage scale, have a lower turnover rate, are full-time, or are career-type positions are considered higher in quality. Businesses that have wage scales substantially below that of existing Iowa businesses in that area should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.
- (4) If the business has a record of violations of the law over a period of time that tends to show a consistent pattern, the business shall be given the lowest ranking for providing assistance. The department shall make a good faith effort to compile this information.
- (5) If a business has, within three years of application for assistance, acquired or merged with an Iowa corporation or company, the business shall make a good-faith effort to hire the workers of the merged or acquired company.
- (6) To be eligible for assistance a business shall provide for a preference for hiring residents of the state or the economic development area, except for out-of-state employees offered a transfer to Iowa or the economic development area.
- (7) All known required environmental permits must be granted and regulations met before moneys are released.

Sec. 2. Section 315.5, Code 1987, is amended to read as follows:

315.5 ADMINISTRATION OF FUND.

Qualifying road and street projects shall be selected by the state transportation commission for full or partial financing from the fund after consultation with organizations representing interests of counties and cities. Counties and cities may make application for qualifying road and street projects with the department. In ranking applications for funds, the department shall, in addition to effects listed in section 315.3, subsection 1, consider the proportion of political subdivision matching funds to be provided, if any, the proportion of private contributions to be provided, if any, the total number of jobs to be created, the level of need, and the impact of the proposed project on the economy of the area affected, and the factors and requirements in section 315.11. The proportion of funding shall be determined by the department or, in the case of cooperative projects, by agreement between the department and the city councils of participating cities, or boards of supervisors of participating counties, or other participating public agencies or private parties.

Sec. 3. NEW SECTION. 315.11 ADDITIONAL FACTORS AND REQUIREMENTS.

In addition to other effects and factors to be considered under section 315.5, for applications submitted after July 1, 1988, the following factors and requirements shall be considered or applied:

1. The impact of the proposed project on other businesses in competition with the business being considered for assistance. The department shall make a good faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for assistance. The department shall make a good faith effort to determine the probability that the proposed financial assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for assistance, jobs created as a result of

other jobs being displaced elsewhere in the state shall not be considered direct jobs created.

2. The economic impact to the state of the proposed project. In measuring the economic impact the department shall award more points for the following:

- a. A project which has a greater consistency with the state strategic plan.
- b. A business with a greater percentage of sales out-of-state or of import substitution.
- c. A business with a higher proportion of in-state suppliers.
- d. A project which would provide greater diversification of the state economy.
- e. A business with fewer in-state competitors.
- f. A potential for future job growth.
- g. A project which is not a retail operation.

3. The quality of jobs to be provided. Jobs that have a higher wage scale, have a lower turnover rate, are full-time, or are career-type positions are considered higher in quality. Businesses that have wage scales substantially below that of existing Iowa businesses in that area should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.

4. If the business has a record of violations of the law over a period of time that tends to show a consistent pattern, the business shall be given the lowest ranking for providing assistance. The department shall make a good faith effort to compile this information.

5. If a business has, within three years of application for assistance, acquired or merged with an Iowa corporation or company, the business shall make a good-faith effort to hire the workers of the merged or acquired company.

6. To be eligible for assistance a business shall provide for a preference for hiring residents of the state or the economic development area, except for out-of-state employees offered a transfer to Iowa or the economic development area.

7. All known required environmental permits must be granted and regulations met before moneys are released.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2386, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 15, 1988

TERRY E. BRANSTAD
Governor

HF 2386