

See Small Business 3/30/87
Be. Pass 4/10/87 (p. 1220)

MAR 25 1987

Place On Calendar

HOUSE FILE 636
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(Formerly House Study Bill 265)

Passed House, Date 3-30-87 (p. 931) Passed Senate, Date 4/22/87 (p. 1445)

Vote: Ayes 26 Nays 7 Vote: Ayes 46 Nays 0

Approved May 21 1987

Repealed House as amended by Senate
4-25-87 (p. 1730)
89-2

A BILL FOR

1 An Act relating to international trade by establishing the Iowa
2 export business finance program, directing the department of
3 economic development, to the extent funds are available, to
4 provide for certain economic development activities and
5 services, and suggesting the legislative council study the
6 feasibility of establishing a world trade institute and its
7 programs and activities.

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

HOUSE FILE 636

S-3544

- 1 Amend House File 636, as passed by the House, as
- 2 follows:
- 3 1. Page 6, by striking lines 5 through 8.
- 4 2. Page 6, by striking lines 12 and 13.
- 5 3. Page 6, line 34, by striking the word "shall"
- 6 and inserting the following: "may".
- 7 4. By renumbering as necessary.

S-3544

Filed April 14, 1987
Adopted 4/20/87 (p. 1445)

BY JAMES R. RIORDAN

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1 Section 1. Section 220.1, Code 1987, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 36. "Export business" means a profit or
4 nonprofit business, including but not limited to, an
5 individual, partnership, corporation, joint venture, asso-
6 ciation, or cooperative that does international exporting from
7 the state where at least twenty-five percent of the value of
8 the international exports is derived from goods or services
9 whose final production process occurs in the state.

10 NEW SUBSECTION. 37. "International exports" means goods
11 or services transported or sent from the United States to a
12 foreign country.

13 NEW SUBSECTION. 38. "Export business finance program"
14 means the program established under sections 220.121 to
15 220.125.

16 Sec. 2. Section 220.2, subsection 1, unnumbered paragraph
17 1, Code 1987, is amended to read as follows:

18 The Iowa finance authority is established, and constituted
19 a public instrumentality and agency of the state exercising
20 public and essential governmental functions, to undertake
21 programs which assist in attainment of adequate housing for
22 low or moderate income families, elderly families, and
23 families which include one or more persons who are handicapped
24 or disabled, and to undertake the Iowa homesteading program,
25 and the small business loan program, the export business
26 finance program, and other finance programs. The powers of
27 the authority are vested in and shall be exercised by a board
28 of nine members appointed by the governor subject to
29 confirmation by the senate. No more than five members shall
30 belong to the same political party. As far as possible the
31 governor shall include within the membership persons who
32 represent community and housing development industries,
33 housing finance industries, the real estate sales industry,
34 elderly families, minorities, lower income families, very low
35 income families, handicapped and disabled families, average

1 taxpayers, local government, business and international trade
2 interests, and any other person specially interested in
3 community housing, finance, small business, or export business
4 development.

5 Sec. 3. NEW SECTION. 220.121 LEGISLATIVE FINDINGS --
6 PURPOSES -- PUBLIC POLICY.

7 1. The general assembly finds and declares as follows:

8 a. The economy of the state of Iowa and opportunities for
9 employment within the state are increasingly dependent upon
10 the international exports of Iowa manufactured goods and
11 services and the growth of international export markets for
12 those manufactured goods and services.

13 b. Other states have utilized or are preparing to utilize
14 the resources of their state governments to stimulate,
15 facilitate, and promote international exports.

16 c. Competition among businesses and countries will endure
17 and intensify as more countries seek to expand their
18 international export capacities.

19 d. Expanding international export markets is essential in
20 order to maintain a vigorous and growing economy and to
21 provide adequate job opportunities for Iowa citizens.

22 e. Iowa has a responsibility to create employment
23 opportunities by encouraging and stimulating the development
24 of international export sales and markets by export
25 businesses.

26 f. Iowa export businesses find it increasingly difficult
27 to compete with foreign exporters which benefit from their
28 governmentally supported financing programs.

29 g. Increased export sales may best be stimulated by making
30 financial assistance available to export businesses to develop
31 and expand international export markets and to ensure the
32 competitiveness of Iowa products and services in foreign
33 markets, thereby increasing employment opportunities available
34 to the citizens of Iowa.

35 h. Export businesses seeking to enter foreign markets face

1 severe problems financing and ensuring their transactions.

2 i. Export business expansion and development is dependent
3 upon the availability of financing for expansion at interest
4 rates, terms, and conditions which are reasonable to export
5 businesses.

6 j. Private and public financing for export businesses with
7 reasonable rates, terms, and conditions is unavailable to
8 assist export business expansion and development.

9 k. The Iowa export business finance program is necessary
10 to encourage the investment of private capital in export
11 business expansion and development.

12 2. The purposes of the export business finance program are
13 to:

14 a. Promote the business prosperity and economic welfare of
15 Iowa and Iowans.

16 b. Provide financial assistance for the location of new or
17 the expansion of existing export businesses in Iowa through
18 the sale of bonds and notes, subsidies, loans, guarantees,
19 insurance, grants, investments, contracts, or other
20 transactions.

21 c. Provide employment opportunities and thereby improve
22 the standard of living of Iowans.

23 d. Promote industrial, commercial, and recreational
24 development in Iowa.

25 3. All of the purposes stated in this section are public
26 purposes and uses for which public moneys provided by the sale
27 of bonds and notes, or otherwise available through
28 appropriations, grants, contributions, or declared surplus
29 moneys may be used.

30 4. It is the public policy of the state through the
31 establishment of the export business finance program to
32 promote the economic welfare of Iowans and to improve employ-
33 ment opportunities for Iowans. To advance the public policy
34 the authority may provide financial assistance for export
35 businesses through the sale of bonds and notes, loans,

1 guarantees, insurance, grants, subsidies, investments,
2 contracts, or other transactions.

3 Sec. 4. NEW SECTION. 220.122 IOWA EXPORT BUSINESS
4 FINANCE PROGRAM.

5 The authority shall initiate a program to assist the
6 development and expansion of export business in the state.
7 The authority may issue bonds and notes the proceeds of which
8 shall be used to provide financial assistance for export
9 businesses. The authority may also provide financial
10 assistance to export businesses through the use of loans,
11 guarantees, insurance, grants, subsidies, investments,
12 contracts, or other transactions.

13 Sec. 5. NEW SECTION. 220.123 EXPORT BUSINESS DEVELOPMENT
14 PROGRAM -- POWERS.

15 In assisting Iowa export businesses, the authority has all
16 the powers specified in section 220.5 and in this part
17 including, but not limited to, the following:

18 1. The authority may provide financial assistance,
19 including guarantees described in subsection 2, to mortgage
20 lenders or export businesses to finance international exports
21 from the state which, in the judgment of the authority, will
22 create or maintain employment in Iowa. Financial assistance
23 shall only be provided where at least twenty-five percent of
24 the value of the international exports is derived from goods
25 or services whose final production process occurs in the
26 state. The authority may charge reasonable fees for providing
27 financial assistance.

28 2. The authority may provide guarantees for international
29 exports against political or commercial loss, in whole or in
30 part, of principal and interest. The guarantees may include,
31 without limitation, insurance against a loss up to a stated
32 amount which shall be set by the authority. Guarantees may
33 include a pool of individual export transactions. A guarantee
34 entered into by the authority shall not constitute a general
35 obligation of the state of Iowa. Guarantees made by the

1 authority shall not be terminated, canceled, or otherwise
2 revoked except in accordance with the terms of the guarantees.

3 3. The authority shall provide financial assistance only
4 to the extent that the financial assistance is reasonably
5 necessary to stimulate or facilitate the making of an inter-
6 national export transaction including, without limitation, the
7 making of the international export transaction upon terms
8 which will enable the transaction to be reasonably competitive
9 with transactions in other states or in foreign countries.

10 The authority may condition the provision of financial
11 assistance upon such other terms and conditions as it may deem
12 desirable to carry out the purposes of the program. Prior to
13 providing financial assistance, the participating mortgage
14 lender shall make an investigation of a line of credit to the
15 export business in order to determine its viability, the
16 economic benefits to be derived from the line of credit, the
17 prospects for repayment, and other facts as it deems necessary
18 in order to determine that financial assistance is consistent
19 with the purposes of the program.

20 Sec. 6. NEW SECTION. 220.124 ADVISORY BOARD.

21 The executive director may appoint a three-member advisory
22 board to advise the authority on matters relating to
23 international exporting and the export business finance pro-
24 gram. Advisory board members shall be selected primarily for
25 knowledge in the areas of international trade, finance, or
26 business management.

27 Sec. 7. NEW SECTION. 220.125 COORDINATION OF PROGRAMS.

28 The authority shall coordinate with the department of
29 economic development the marketing and educational aspects of
30 the export business finance program. The authority and the
31 department shall also coordinate economic development efforts
32 and existing programs with the export business finance
33 program.

34 Sec. 8. It is the intent of the general assembly that the
35 legislative council study the feasibility of establishing a

1 world trade institute and the programs to be offered by and
2 the activities of the institute. The programs and activities
3 to be considered include, but are not limited to, the
4 following:

5 1. Serving as a clearinghouse by assembling, processing,
6 and disseminating current research information, trade leads,
7 and other relevant data for Iowa firms involved in interna-
8 tional commerce.

9 2. Conducting ongoing research for potential markets,
10 matching those markets with Iowa firms, and forming strategies
11 to penetrate those markets.

12 3. Organizing training for the new exporters and the ex-
13 perienced exporters.

14 4. Monitoring changing world economic and political condi-
15 tions.

16 Sec. 9. To the extent funds are available, the department
17 of economic development, for the fiscal period beginning July
18 1, 1987, and ending June 30, 1989, may provide for a foreign
19 visitor reception and information center in the state and may
20 lease permanent exhibit space for the fiscal period in world
21 trade centers or trade expos located in the United States.

22 The department shall use these spaces as a showcase for
23 products of Iowa businesses or shall sublease the spaces to
24 appropriate businesses that wish to showcase their products.

25 Sec. 10. To the extent funds are available, the department
26 of economic development, for the fiscal year beginning July 1,
27 1987, and ending June 30, 1988, may enter into a one-year
28 agreement with a foreign investment company or an investment
29 or merchant bank with international contacts to represent Iowa
30 to its clients as a potential location for foreign direct
31 investment.

32 Sec. 11. To the extent funds area available, the
33 department of economic development, for the fiscal year
34 beginning July 1, 1987, and ending June 30, 1988, shall
35 encourage and increase participation in trade shows and

1 missions by providing low or no-interest loans to businesses
2 for their costs of participating in trade shows and missions
3 and by sending staff to additional trade shows and missions.

4 EXPLANATION

5 The bill establishes an Iowa export business finance
6 program under the Iowa finance authority to provide export
7 finance to businesses where their export products have had 25
8 percent of their value added in Iowa. Bonds may be issued
9 under the program to provide the means for funding it. The
10 bill allows the department of economic development, to the
11 extent funds are available, to provide for a foreign visitor
12 reception and information center, lease space for exhibiting
13 Iowa-produced products in trade centers and expos throughout
14 the country, to encourage business participation in trade
15 missions and shows by providing no-interest or low-interest
16 loans to businesses to fund their costs, and to enter into a
17 contract with a foreign investment company or bank with
18 international contacts to represent the state to its clients
19 as a potential location for foreign direct investment. Intent
20 language is included in the bill expressing the general
21 assembly's desire to have the legislative council study the
22 feasibility of establishing a world trade institute and the
23 various programs and activities that would be offered or
24 performed by the institute.

25 _____
26 SENATE AMENDMENT TO HOUSE FILE 636

27 H-3899

- 28 1 Amend House File 636, as passed by the House, as
29 2 follows:
30 3 1. Page 6, by striking lines 5 through 8.
31 4 2. Page 6, by striking lines 12 and 13.
32 5 3. Page 6, line 34, by striking the word "shall"
33 6 and inserting the following: "may".
34 7 4. By renumbering as necessary.

35 H-3899 FILED APRIL 22, 1987 RECEIVED FROM THE SENATE
House message 4/28/87 (p 1729)

HOUSE FILE 636

AN ACT

RELATING TO INTERNATIONAL TRADE BY ESTABLISHING THE IOWA EXPORT BUSINESS FINANCE PROGRAM, DIRECTING THE DEPARTMENT OF ECONOMIC DEVELOPMENT, TO THE EXTENT FUNDS ARE AVAILABLE, TO PROVIDE FOR CERTAIN ECONOMIC DEVELOPMENT ACTIVITIES AND SERVICES, AND SUGGESTING THE LEGISLATIVE COUNCIL STUDY THE FEASIBILITY OF ESTABLISHING A WORLD TRADE INSTITUTE AND ITS PROGRAMS AND ACTIVITIES.

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

Section 1. Section 220.1, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 36. "Export business" means a profit or nonprofit business, including but not limited to, an individual, partnership, corporation, joint venture, association, or cooperative that does international exporting from the state where at least twenty-five percent of the value of the international exports is derived from goods or services whose final production process occurs in the state.

NEW SUBSECTION. 37. "International exports" means goods or services transported or sent from the United States to a foreign country.

NEW SUBSECTION. 38. "Export business finance program" means the program established under sections 220.121 to 220.125.

Sec. 2. Section 220.2, subsection 1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The Iowa finance authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions, to undertake programs which assist in attainment of adequate housing for low or moderate income families, elderly families, and

families which include one or more persons who are handicapped or disabled, and to undertake the Iowa homesteading program, and the small business loan program, the export business finance program, and other finance programs. 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. As far as possible the governor shall include within the membership persons who represent community and housing development industries, housing finance industries, the real estate sales industry, elderly families, minorities, lower income families, very low income families, handicapped and disabled families, average taxpayers, local government, business and international trade interests, and any other person specially interested in community housing, finance, small business, or export business development.

Sec. 3. NEW SECTION. 220.121 LEGISLATIVE FINDINGS -- PURPOSES -- PUBLIC POLICY.

1. The general assembly finds and declares as follows:
 - a. The economy of the state of Iowa and opportunities for employment within the state are increasingly dependent upon the international exports of Iowa manufactured goods and services and the growth of international export markets for those manufactured goods and services.
 - b. Other states have utilized or are preparing to utilize the resources of their state governments to stimulate, facilitate, and promote international exports.
 - c. Competition among businesses and countries will endure and intensify as more countries seek to expand their international export capacities.
 - d. Expanding international export markets is essential in order to maintain a vigorous and growing economy and to provide adequate job opportunities for Iowa citizens.
 - e. Iowa has a responsibility to create employment opportunities by encouraging and stimulating the development

of international export sales and markets by export businesses.

f. Iowa export businesses find it increasingly difficult to compete with foreign exporters which benefit from their governmentally supported financing programs.

g. Increased export sales may best be stimulated by making financial assistance available to export businesses to develop and expand international export markets and to ensure the competitiveness of Iowa products and services in foreign markets, thereby increasing employment opportunities available to the citizens of Iowa.

h. Export businesses seeking to enter foreign markets face severe problems financing and ensuring their transactions.

i. Export business expansion and development is dependent upon the availability of financing for expansion at interest rates, terms, and conditions which are reasonable to export businesses.

j. Private and public financing for export businesses with reasonable rates, terms, and conditions is unavailable to assist export business expansion and development.

k. The Iowa export business finance program is necessary to encourage the investment of private capital in export business expansion and development.

2. The purposes of the export business finance program are to:

a. Promote the business prosperity and economic welfare of Iowa and Iowans.

b. Provide financial assistance for the location of new or the expansion of existing export businesses in Iowa through the sale of bonds and notes, subsidies, loans, guarantees, insurance, grants, investments, contracts, or other transactions.

c. Provide employment opportunities and thereby improve the standard of living of Iowans.

d. Promote industrial, commercial, and recreational development in Iowa.

1. All of the purposes stated in this section are public purposes and uses for which public moneys provided by the sale of bonds and notes, or otherwise available through appropriations, grants, contributions, or declared surplus moneys may be used.

4. It is the public policy of the state through the establishment of the export business finance program to promote the economic welfare of Iowans and to improve employment opportunities for Iowans. To advance the public policy the authority may provide financial assistance for export businesses through the sale of bonds and notes, loans, guarantees, insurance, grants, subsidies, investments, contracts, or other transactions.

Sec. 4. NEW SECTION. 220.122 IOWA EXPORT BUSINESS FINANCE PROGRAM.

The authority shall initiate a program to assist the development and expansion of export business in the state. The authority may issue bonds and notes the proceeds of which shall be used to provide financial assistance for export businesses. The authority may also provide financial assistance to export businesses through the use of loans, guarantees, insurance, grants, subsidies, investments, contracts, or other transactions.

Sec. 5. NEW SECTION. 220.123 EXPORT BUSINESS DEVELOPMENT PROGRAM -- POWERS.

In assisting Iowa export businesses, the authority has all the powers specified in section 220.5 and in this part including, but not limited to, the following:

1. The authority may provide financial assistance, including guarantees described in subsection 2, to mortgage lenders or export businesses to finance international exports from the state which, in the judgment of the authority, will create or maintain employment in Iowa. Financial assistance shall only be provided where at least twenty-five percent of the value of the international exports is derived from goods or services whose final production process occurs in the

state. The authority may charge reasonable fees for providing financial assistance.

2. The authority may provide guarantees for international exports against political or commercial loss, in whole or in part, of principal and interest. The guarantees may include, without limitation, insurance against a loss up to a stated amount which shall be set by the authority. Guarantees may include a pool of individual export transactions. A guarantee entered into by the authority shall not constitute a general obligation of the state of Iowa. Guarantees made by the authority shall not be terminated, canceled, or otherwise revoked except in accordance with the terms of the guarantees.

3. The authority shall provide financial assistance only to the extent that the financial assistance is reasonably necessary to stimulate or facilitate the making of an international export transaction including, without limitation, the making of the international export transaction upon terms which will enable the transaction to be reasonably competitive with transactions in other states or in foreign countries. The authority may condition the provision of financial assistance upon such other terms and conditions as it may deem desirable to carry out the purposes of the program. Prior to providing financial assistance, the participating mortgage lender shall make an investigation of a line of credit to the export business in order to determine its viability, the economic benefits to be derived from the line of credit, the prospects for repayment, and other facts as it deems necessary in order to determine that financial assistance is consistent with the purposes of the program.

Sec. 6. NEW SECTION. 220.124 ADVISORY BOARD.

The executive director may appoint a three-member advisory board to advise the authority on matters relating to international exporting and the export business finance program. Advisory board members shall be selected primarily for knowledge in the areas of international trade, finance, or business management.

Sec. 7. NEW SECTION. 220.125 COORDINATION OF PROGRAMS.

The authority shall coordinate with the department of economic development the marketing and educational aspects of the export business finance program. The authority and the department shall also coordinate economic development efforts and existing programs with the export business finance program.

Sec. 8. It is the intent of the general assembly that the legislative council study the feasibility of establishing a world trade institute and the programs to be offered by and the activities of the institute. The programs and activities to be considered include, but are not limited to, the following:

1. Conducting ongoing research for potential markets, matching those markets with Iowa firms, and forming strategies to penetrate those markets.
2. Monitoring changing world economic and political conditions.

Sec. 9. To the extent funds are available, the department of economic development, for the fiscal period beginning July 1, 1987, and ending June 30, 1989, may provide for a foreign visitor reception and information center in the state and may lease permanent exhibit space for the fiscal period in world trade centers or trade expos located in the United States. The department shall use these spaces as a showcase for products of Iowa businesses or shall sublease the spaces to appropriate businesses that wish to showcase their products.

Sec. 10. To the extent funds are available, the department of economic development, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, may enter into a one-year agreement with a foreign investment company or an investment or merchant bank with international contacts to represent Iowa to its clients as a potential location for foreign direct investment.

Sec. 11. To the extent funds are available, the department of economic development, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, may encourage and increase

participation in trade shows and missions by providing low or no-interest loans to businesses for their costs of participating in trade shows and missions and by sending staff to additional trade shows and missions.

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 636, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 21, 1987

TERRY E. BRANSTAD
Governor