

Reprinted

JAN 26 1989

Place On Calendar

HOUSE FILE 140
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(Formerly House Study Bill 125)

Passed House, Date 2/1/89 (of 200) Passed Senate, Date _____

Vote: Ayes 95 Nays 2 Vote: Ayes _____ Nays _____

Approved May 26, 1989

A BILL FOR

1 An Act relating to the linked deposit program and providing an
2 effective date.

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

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HOUSE FILE 140

H-3079

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1 Amend House File 140 as follows:
2 1. Page 5, by striking lines 13 through 15 and
3 inserting the following: "one two hundred fifty
4 thousand dollars per borrower ~~for-intangible-property~~
5 ~~and-two-hundred-fifty-thousand-dollars-per-borrower~~
6 ~~for-tangible-personal-or-real-property.~~"

By SVOBODA of Tama
BRAND of Benton
BRANSTAD of Winnebago

H-3079 FILED JANUARY 31, 1989

Adopted 2/1/89 (of 200)

HF 140

1 Section 1. Section 12.31, Code 1989, is amended to read as
2 follows:

3 12.31 SHORT TITLE.

4 This division shall be known as the "~~Iowa-Linked-Deposit~~
5 Linked Investments for Tomorrow Act".

6 Sec. 2. Section 12.32, subsections 1 and 3, Code 1989, are
7 amended to read as follows:

8 1. "Eligible lending institution" means a financial in-
9 stitution that is empowered to make commercial loans, is
10 eligible pursuant to chapter 453 to be a depository of state
11 funds, and agrees to participate in the linked deposit
12 investments for tomorrow program.

13 3. "Linked deposit investment" means a certificate of
14 deposit placed pursuant to this division by the treasurer of
15 state with an eligible lending institution, at an interest
16 rate two not more than three percent below current market
17 rates on the condition that the institution agrees to lend the
18 value of the deposit, according to the deposit investment
19 agreement provided in section 12.37, to an eligible borrower
20 at a rate not to exceed four percent above the rate paid on
21 the certificate of deposit.

22 Sec. 3. Section 12.33, subsections 2 and 3, Code 1989, are
23 amended to read as follows:

24 2. The linked deposit investments for tomorrow program
25 provided for in this division is intended to provide statewide
26 availability of lower cost funds for lending purposes that
27 will stimulate existing or encourage new businesses in the
28 area of producing, processing, or marketing horticultural or
29 nontraditional crops.

30 3. It is the public policy of the state through the linked
31 deposit investments for tomorrow program to create an
32 availability of lower cost funds to inject needed capital into
33 the business of producing, processing, or marketing
34 horticultural crops or nontraditional crops.

35 Sec. 4. Section 12.34, Code 1989, is amended to read as

1 follows:

2 12.34 LINKED DEPOSITS INVESTMENTS -- LIMITATIONS.

3 1. The treasurer of state may invest up to ten percent of
4 the balance of the state pooled money fund in certificates of
5 deposit in eligible lending institutions pursuant to this
6 division.

7 2. The treasurer shall adopt rules pursuant to chapter 17A
8 to implement this division including, but not limited to,
9 rules identifying horticultural crops and nontraditional crops
10 for which the linked deposits investments may be loaned.

11 Sec. 5. Section 12.35, Code 1989, is amended to read as
12 follows:

13 12.35 APPLICATION.

14 1. An eligible lending institution that desires to receive
15 a linked deposit investment shall accept and review
16 applications for loans from eligible borrowers. The lending
17 institution shall apply all usual lending standards to
18 determine the credit worthiness of each eligible borrower.
19 Loan applications shall be for the purchase or lease of land,
20 machinery, equipment, seed, fertilizer, direct marketing
21 facilities, or new or expanding processing facilities for
22 horticultural crops or nontraditional crops. The maximum size
23 of a loan is one two hundred thousand dollars per borrower for
24 a production loan and two five hundred fifty thousand dollars
25 for processing or marketing facilities.

26 2. The eligible financial institution shall forward to the
27 state treasurer a linked deposit investment loan package in
28 the form and manner as prescribed by the treasurer of state.
29 The package shall include information required by the
30 treasurer of state, including but not limited to the amount of
31 the loan requested and the purpose of the loan. The
32 institution shall certify that the applicant is an eligible
33 borrower and shall certify the present borrowing rate
34 applicable to the specific eligible borrower.

35 Sec. 6. Section 12.36, Code 1989, is amended to read as

1 follows:

2 12.36 ACTIONS BY TREASURER -- AGREEMENT.

3 1. The treasurer of state shall accept or reject a linked
4 deposit investment loan package or any portion of the package
5 based on the type or terms of the loan involved.

6 2. Upon acceptance of the linked deposit investment loan
7 package or any portion of the package, the state treasurer
8 shall place certificates of deposit with the eligible lending
9 institution at a rate two not more than three percent below
10 the current market rate. When necessary, the treasurer may
11 place certificates of deposit prior to acceptance of a linked
12 deposit investment loan package.

13 3. The eligible lending institution shall enter into a
14 deposit an investment agreement with the treasurer of state,
15 which shall include requirements necessary to carry out this
16 division. The requirements shall reflect the market
17 conditions prevailing in the eligible lending institution's
18 lending area. The agreement may include a specification of
19 the period of time in which the lending institution is to lend
20 funds upon the placement of a linked deposit investment, and
21 shall include provisions for the certificates of deposit to be
22 placed for one-year maturities that may be renewed for
23 ~~additional years~~ five additional one-year periods. Interest
24 shall be paid at the times determined by the treasurer of
25 state.

26 Sec. 7. Section 12.37, Code 1989, is amended to read as
27 follows:

28 12.37 LOANS.

29 1. Upon the placement of a linked deposit investment with
30 an eligible lending institution, the institution is required
31 to lend the funds to the eligible borrower listed in the
32 linked deposit investment loan package and in accordance with
33 the deposit investment agreement. The loan shall be at a rate
34 not more than four percent above the rate paid the treasurer
35 by the financial institution. The eligible lending

1 institution shall be required to submit a certification of
2 compliance with this section in the form and manner as
3 prescribed by the treasurer of state.

4 2. The treasurer of state shall take all steps necessary
5 to implement the linked deposit investments for tomorrow
6 program and monitor compliance of eligible lending
7 institutions and eligible borrowers.

8 Sec. 8. Section 12.38, Code 1989, is amended to read as
9 follows:

10 12.38 REPORTS.

11 By February 1 of each year, the treasurer of state shall
12 report on the linked deposit investments for tomorrow program
13 for the preceding calendar year to the governor, the speaker
14 of the house of representatives, and the president of the
15 senate. The speaker of the house shall transmit copies of
16 this report to the chairs of the standing committees in the
17 house which customarily consider legislation regarding
18 agriculture and commerce, and the president of the senate
19 shall transmit copies of this report to the chairs of the
20 standing committees in the senate which customarily consider
21 legislation regarding agriculture and commerce. The report
22 shall set forth the linked deposits investments made by the
23 treasurer of state under the program during the year and shall
24 include information regarding the nature, terms, and amounts
25 of the loans upon which the linked deposits investments were
26 based and the eligible borrowers to which the loans were made.

27 Sec. 9. Section 12.43, Code 1989, is amended to read as
28 follows:

29 12.43 TARGETED SMALL BUSINESS LINKED DEPOSIT INVESTMENTS
30 PROGRAM CREATED -- DEFINITIONS.

31 The treasurer of state shall adopt rules to implement a
32 targeted small business linked deposit investments program to
33 increase the availability of lower cost funds to inject needed
34 capital into small businesses owned and operated by women or
35 minorities, which is the public policy of the state. The

1 rules shall be in accordance with the following:

2 1. "Targeted small business" means a business as defined
3 in section 15.102, subsection 5.

4 2. A linked ~~deposit~~ investment shall only be approved in
5 connection with a loan application for a targeted small
6 business which has been certified pursuant to section 10A.104,
7 subsection 8.

8 3. Loan applications for a targeted small business shall
9 be for the purchase of land, machinery, equipment, or
10 licenses, or patent, trademark, or copyright fees and
11 expenses, ~~but not inventory~~.

12 4. The maximum size of a targeted small business loan is
13 one hundred thousand dollars per borrower for intangible
14 property and two hundred fifty thousand dollars per borrower
15 for tangible personal or real property.

16 Sec. 10. 1986 Iowa Acts, chapter 1096, section 12, is
17 repealed.

18 Sec. 11. This Act, being deemed of immediate importance,
19 takes effect upon enactment.

20 EXPLANATION

21 This bill provides for a linked investments for tomorrow
22 program. This section was formerly the linked deposit
23 program. The bill provides for the state treasurer to pace
24 lending institutions with certificates of deposit at not more
25 than three percent below the current market rates. The
26 maximum size of production loan per borrower is two hundred
27 thousand dollars. The maximum size of a loan for processing
28 and marketing facilities is five hundred thousand dollars per
29 borrower. The certificates are renewable for an additional
30 five one-year periods. Loans under the targeted small
31 business program may include purchases of inventory.

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**HOUSE FILE 140
FISCAL NOTE**

A fiscal note for **HOUSE FILE 140** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

The Iowa Linked Deposit Act was established to provide lower cost financing for new and existing businesses in the area of horticultural or nontraditional crop production, processing, or marketing. Under this act the Treasurer places a certificate of deposit in an eligible lending institution at 2% below market rates. The lending institution then loans the funds to eligible borrowers at a rate not more than 4% above the rate paid to the Treasurer by the lending institution.

The Targeted Small Business Linked Deposit Program parallels the above program except that (a) the eligible businesses are small businesses operated by women or minorities, and (b) it does not contain a sunset provision.

House File 140 changes the Iowa Linked Deposit Act and the Targeted Small Business Linked Deposit Program in the following ways:

1. The sunset for the horticultural and nontraditional crops businesses portion is repealed.
2. The amount below market rates at which the Treasurer places a certificate of deposit in an eligible institution is changed from a fixed amount of 2% to a variable amount up to 3%.
3. The maximum loan size for horticultural and nontraditional crops businesses is increased from \$100,000 to \$200,000 for a production loan and from \$250,000 to \$500,000 for a loan for processing or marketing facilities.
4. The certificates of deposit relating to horticultural and nontraditional crops businesses may be renewed for additional one-year maturities; this bill places a limit of five additional one-year periods.
5. The restriction preventing targeted small businesses from using the loan to purchase inventory is removed.
6. The names are changed to "Linked Investments for Tomorrow Act" (for the horticultural and nontraditional crops program) and to "Targeted Small Business Linked Investments Program."

Assumptions:

1. Under current law the Linked Deposit Program for Horticulture and Alternative Crops will "sunset" on June 30, 1989. In calculating the effect of current law there will be no lost earnings or administrative costs for that program in FY 1990 or FY 1991.
2. The Targeted Small Business Linked Deposit Program does not sunset and will be the only program creating administrative costs and lost earnings in FY 1990 and FY 1991 under current law. (This program is by far the smaller of the two.)
3. The total value of loans under both programs will be \$5,558,328 in FY 1990 and \$6,114,161 in FY 1991. This is based on the assumption that the volume of loans will grow 10% in each year and that half of the firms at

PAGE 2 , FISCAL NOTE, HOUSE FILE 140

-2-

the present maximum will move up to the new maximums.

Fiscal Effect:

The proposal, with the reduced interest rate, will encourage more borrowers to seek loans. This will result in an increase in lost revenues to the General Fund and other funds as the Treasurer invests more funds at less than the going market rates.

	Fiscal Year 1990			Fiscal Year 1991		
	Current Law	Proposed Law	Increase	Current Law	Proposed Law	Increase
Rev. Lost by:						
General Fnd	\$14,100	\$ 91,712	\$ 77,612	\$15,510	\$100,883	\$ 85,373
Other Funds	11,536	75,712	64,176	12,690	82,541	69,851
Total Rev Lost	\$25,636	\$166,750	\$141,788	\$28,200	\$183,424	\$155,224
Total Expnd	\$2,800	\$9,600	\$6,800	\$2,800	\$5,100	\$2,300
Net Effect	\$28,436	\$176,350	\$148,588	\$31,000	\$189,024	\$158,024

Source: Office of the Treasurer

(LS8 1836h, MDF)

FILED FEBRUARY 1, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

SMALL BUSINESS - ECONOMIC
Amend & DO proper amends. 3495+3496 3-30-89 (p.1059)

HOUSE FILE 140
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(As Amended and Passed by the House February 1, 1989)

Passed House, Date 5-5-89 (p.2520) Passed Senate, Date 5-4-89 (p.1936)
Vote: Ayes 96 Nays 0 Vote: Ayes 47 Nays 3
Approved May 26, 1989

Repassed Senate 5-5-89
A BILL FOR Ayes 48 Nays 1

3496 1 An Act relating to the linked deposit program and providing an
2 effective date.

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

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House Amendments _____

1 Section 1. Section 12.31, Code 1989, is amended to read as
2 follows:

3 12.31 SHORT TITLE.

4 This division shall be known as the "~~Fowa-Linked-Deposit~~
5 Linked Investments for Tomorrow Act".

6 Sec. 2. Section 12.32, subsections 1 and 3, Code 1989, are
7 amended to read as follows:

8 1. "Eligible lending institution" means a financial in-
9 stitution that is empowered to make commercial loans, is
10 eligible pursuant to chapter 453 to be a depository of state
11 funds, and agrees to participate in the linked deposit
12 investments for tomorrow program.

13 3. "Linked deposit investment" means a certificate of
14 deposit placed pursuant to this division by the treasurer of
15 state with an eligible lending institution, at an interest
16 rate ~~two~~ not more than three percent below current market
17 rates on the condition that the institution agrees to lend the
18 value of the deposit, according to the deposit investment
19 agreement provided in section 12.37, to an eligible borrower
20 at a rate not to exceed four percent above the rate paid on
21 the certificate of deposit.

22 Sec. 3. Section 12.33, subsections 2 and 3, Code 1989, are
23 amended to read as follows:

24 2. The linked deposit investments for tomorrow program
25 provided for in this division is intended to provide statewide
26 availability of lower cost funds for lending purposes that
27 will stimulate existing or encourage new businesses in the
28 area of producing, processing, or marketing horticultural or
349529 nontraditional crops.

30 3. It is the public policy of the state through the linked
31 deposit investments for tomorrow program to create an
32 availability of lower cost funds to inject needed capital into
33 the business of producing, processing, or marketing
349534 horticultural crops or nontraditional crops.

35 Sec. 4. Section 12.34, Code 1989, is amended to read as

1 follows:

2 12.34 LINKED DEPOSITS INVESTMENTS -- LIMITATIONS.

34763 1. The treasurer of state may invest up to ten percent of
4 the balance of the state pooled money fund in certificates of
5 deposit in eligible lending institutions pursuant to this
6 division.

7 2. The treasurer shall adopt rules pursuant to chapter 17A
8 to implement this division including, but not limited to,
9 rules identifying horticultural crops and nontraditional crops
10 for which the linked ~~deposits~~ investments may be loaned.

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11 Sec. 5. Section 12.35, Code 1989, is amended to read as
12 follows:

13 12.35 APPLICATION.

14 1. An eligible lending institution that desires to receive
15 a linked deposit investment shall accept and review
16 applications for loans from eligible borrowers. The lending
17 institution shall apply all usual lending standards to
18 determine the credit worthiness of each eligible borrower.
19 Loan applications shall be for the purchase or lease of land,
20 machinery, equipment, seed, fertilizer, direct marketing
21 facilities, or new or expanding processing facilities for
347522 horticultural crops or nontraditional crops. The maximum size
23 of a loan is ~~one~~ two hundred thousand dollars per borrower for
24 a production loan and ~~two~~ five hundred ~~fifty~~ thousand dollars
25 for processing or marketing facilities.

26 2. The eligible financial institution shall forward to the
27 state treasurer a linked deposit investment loan package in
28 the form and manner as prescribed by the treasurer of state.
29 The package shall include information required by the
30 treasurer of state, including but not limited to the amount of
31 the loan requested and the purpose of the loan. The
32 institution shall certify that the applicant is an eligible
33 borrower and shall certify the present borrowing rate
34 applicable to the specific eligible borrower.

35 Sec. 6. Section 12.36, Code 1989, is amended to read as

1 follows:

2 12.36 ACTIONS BY TREASURER -- AGREEMENT.

3 1. The treasurer of state shall accept or reject a linked
4 deposit investment loan package or any portion of the package
5 based on the type or terms of the loan involved.

6 2. Upon acceptance of the linked deposit investment loan
7 package or any portion of the package, the state treasurer
8 shall place certificates of deposit with the eligible lending
9 institution at a rate ~~two~~ not more than three percent below
10 the current market rate. When necessary, the treasurer may
11 place certificates of deposit prior to acceptance of a linked
12 deposit investment loan package.

13 3. The eligible lending institution shall enter into a
14 deposit an investment agreement with the treasurer of state,
15 which shall include requirements necessary to carry out this
16 division. The requirements shall reflect the market
17 conditions prevailing in the eligible lending institution's
18 lending area. The agreement may include a specification of
19 the period of time in which the lending institution is to lend
20 funds upon the placement of a linked deposit investment, and
21 shall include provisions for the certificates of deposit to be
22 placed for one-year maturities that may be renewed for
23 ~~additional years~~ five additional one-year periods. Interest
24 shall be paid at the times determined by the treasurer of
25 state.

26 Sec. 7. Section 12.37, Code 1989, is amended to read as
27 follows:

28 12.37 LOANS.

29 1. Upon the placement of a linked deposit investment with
30 an eligible lending institution, the institution is required
31 to lend the funds to the eligible borrower listed in the
32 linked deposit investment loan package and in accordance with
33 the deposit investment agreement. The loan shall be at a rate
34 not more than four percent above the rate paid the treasurer
35 by the financial institution. The eligible lending

1 institution shall be required to submit a certification of
2 compliance with this section in the form and manner as
3 prescribed by the treasurer of state.

4 2. The treasurer of state shall take all steps necessary
5 to implement the linked deposit investments for tomorrow
6 program and monitor compliance of eligible lending
7 institutions and eligible borrowers.

8 Sec. 8. Section 12.38, Code 1989, is amended to read as
9 follows:

10 12.38 REPORTS.

11 By February 1 of each year, the treasurer of state shall
12 report on the linked deposit investments for tomorrow program
13 for the preceding calendar year to the governor, the speaker
14 of the house of representatives, and the president of the
15 senate. The speaker of the house shall transmit copies of
16 this report to the chairs of the standing committees in the
17 house which customarily consider legislation regarding
18 agriculture and commerce, and the president of the senate
19 shall transmit copies of this report to the chairs of the
20 standing committees in the senate which customarily consider
21 legislation regarding agriculture and commerce. The report
22 shall set forth the linked deposits investments made by the
23 treasurer of state under the program during the year and shall
24 include information regarding the nature, terms, and amounts
25 of the loans upon which the linked deposits investments were
26 based and the eligible borrowers to which the loans were made.

27 Sec. 9. Section 12.43, Code 1989, is amended to read as
28 follows:

29 12.43 TARGETED SMALL BUSINESS LINKED DEPOSIT INVESTMENTS
30 PROGRAM CREATED -- DEFINITIONS.

31 The treasurer of state shall adopt rules to implement a
32 targeted small business linked deposit investments program to
33 increase the availability of lower cost funds to inject needed
34 capital into small businesses owned and operated by women or
35 minorities, which is the public policy of the state. The

1 rules shall be in accordance with the following:

2 1. "Targeted small business" means a business as defined
3 in section 15.102, subsection 5.

4 2. A linked deposit investment shall only be approved in
5 connection with a loan application for a targeted small
6 business which has been certified pursuant to section 10A.104,
7 subsection 8.

8 3. Loan applications for a targeted small business shall
9 be for the purchase of land, machinery, equipment, or
10 licenses, or patent, trademark, or copyright fees and
11 expenses, ~~but not inventory~~.

12 4. The maximum size of a targeted small business loan is
13 one two hundred fifty thousand dollars per borrower for
14 intangible property and two hundred fifty thousand dollars per
15 borrower for tangible personal or real property.

3496 >

16 Sec. 10. 1986 Iowa Acts, chapter 1096, section 12, is
17 repealed.

18 Sec. 11. This Act, being deemed of immediate importance,
19 takes effect upon enactment.

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HOUSE FILE 140

3496

1 Amend House File 140, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, line 3, by inserting after the word
4 "percent" the following: "but no more than ten
5 million dollars".

6 2. Page 5, by inserting before line 16 the
7 following:

8 "Sec. ____ . NEW SECTION. 12.45 MAIN STREET LINKED
9 INVESTMENTS LOAN PROGRAM.

10 The treasurer of state shall adopt rules to
11 implement a main street linked investments loan
12 program to increase the availability of lower cost
13 funds to stimulate building restorations or
14 rehabilitations of historic buildings within the
15 central business district of a city which is a
16 certified local government, or in the Iowa main street
17 program or, if enacted by the Seventy-third General
18 Assembly, in the rural main street program. The rules
19 shall include the following conditions:

20 1. Linked investment loans shall be limited to
21 projects for a building restoration or rehabilitation
22 located in the central business district whose
23 boundaries are the same as the main street or rural
24 main street or central business district of a city
25 which is a certified local government project area.

26 2. Eligible borrowers are limited to the property
27 owner, contract purchaser of record, or long-term
28 lessee.

29 3. Loan applications under this program shall be
30 for the restoration or rehabilitation of facades of
31 buildings which are eligible or nominated or listed on
32 the national register of historic places. Public
33 buildings are excluded.

34 4. A facade restoration or rehabilitation must
35 follow United States secretary of interior's standards
36 for rehabilitation and guidelines for rehabilitating
37 historic buildings.

38 5. The maximum loan amount under the main street
39 linked investments loan program is fifty thousand
40 dollars per project.

41 Sec. ____ . NEW SECTION. 12.46 APPLICATION
42 PROCESS.

43 Applicants shall be certified as eligible for
44 assistance prior to submitting applications to the
45 treasurer of state for loans under the main street
46 linked investment loan program. Administrative rules
47 pursuant to chapter 17A shall be adopted jointly by
48 the department of economic development and by the
49 department of cultural affairs to require applicants
50 to do the following:

S-3496

Page 2

- 1 1. Show evidence of preliminary design assistance
- 2 from the Iowa main street program of the department of
- 3 economic development or the state historic
- 4 preservation office of the department of cultural
- 5 affairs.
- 6 2. Show evidence of preliminary design review
- 7 approval from the local design review committee.
- 8 3. Submit project plans and specifications
- 9 prepared by an architect with historic preservation
- 10 experience. The plans shall be submitted to a final
- 11 design review board comprised of representatives of
- 12 the state historic preservation office, the Iowa main
- 13 street program, and one private sector architect
- 14 selected jointly by the directors of the departments
- 15 of economic development and cultural affairs. The
- 16 treasurer of state or the treasurer of state's
- 17 designee shall serve as an ad hoc member of the design
- 18 review board. The design review board shall provide
- 19 certification of eligible projects to the treasurer of
- 20 state following the review."
- 21 3. Title page, line 1, by inserting after the
- 22 word "program" the following: "and creating a main
- 23 street linked investments loan program".
- 24 4. Renumber as necessary.

By COMMITTEE ON SMALL BUSINESS
AND ECONOMIC DEVELOPMENT
LEONARD BOSWELL, Chairperson

S-3496 FILED MARCH 30, 1989

out of order 5-2-89 (p.1823)

HOUSE FILE 140

S-3495

- 1 Amend House File 140 as amended, passed, and
- 2 reprinted by the House as follows:
- 3 1. Page 1, line 29, by inserting after the word
- 4 "crops" the following: "or producing poultry".
- 5 2. Page 1, line 34, by inserting after the words
- 6 "nontraditional crops" the following: "or producing
- 7 poultry".
- 8 3. Page 2, line 9, by striking the words "and
- 9 nontraditional crops" and inserting the following:
- 10 "and, nontraditional crops and poultry production".
- 11 4. Page 2, line 22, by inserting after the words
- 12 "nontraditional crops." the following: "Loan
- 13 applications for poultry producing shall be for the
- 14 purchase or lease of land, machinery, or equipment."

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

S-3495 FILED MARCH 30, 1989

adopted 5-4-89 (p.1936)

HOUSE FILE 140

S-3840

- 1 Amend the amendment, S-3495, to House File 140 as
 2 amended, passed and reprinted by the House as follows:
 3 1. Page 1, line 4, by inserting after the word
 4 "producing" the following: "rabbits or".
 5 2. Page 1, line 6, by inserting after the word
 6 "producing" the following: "rabbits or".
 7 3. Page 1, line 10, by inserting before the word
 8 "production" the following: "or rabbit".
 9 4. Page 1, line 13, by inserting before the word
 10 "producing" the following: "or rabbit".

By NORMAN GOODWIN

S-3840 FILED APRIL 20, 1989

withdrawn 4-27-89 (p.1716)

HOUSE FILE 140

S-3841

- 1 Amend the amendment, S-3495, to House File 140 as
 2 amended, passed and reprinted by the House as follows:
 3 1. Page 1, line 4, by striking the word "poultry"
 4 and inserting the following: "broilers".
 5 2. Page 1, line 7, by striking the word "poultry"
 6 and inserting the following: "broilers".
 7 3. Page 1, line 10, by striking the word
 8 "poultry" and inserting the following: "broiler".
 9 4. Page 1, line 13, by striking the word
 10 "poultry" and inserting the following: "broiler".
 11 5. Page 1, line 14, by inserting after the word
 12 "equipment." the following: "A total of no more than
 13 three million dollars shall be allowed in loans for
 14 broiler producing under this division."

By RICHARD VANDE HOEF

S-3841 FILED APRIL 20, 1989

withdrawn 4-27-89 (p.1717)

HOUSE FILE 140

S-3842

- 1 Amend the amendment, S-3495, to House File 140 as
 2 amended, passed and reprinted by the House as follows:
 3 1. Page 1, line 4, by striking the word "poultry"
 4 and inserting the following: "broilers".
 5 2. Page 1, line 7, by striking the word "poultry"
 6 and inserting the following: "broilers".
 7 3. Page 1, line 10, by striking the word
 8 "poultry" and inserting the following: "broiler".
 9 4. Page 1, line 13, by striking the word
 10 "poultry" and inserting the following: "broiler".
 11 5. Page 1, line 14, by inserting after the word
 12 "equipment." the following: "A total of no more than
 13 three million dollars shall be allowed in loans for
 14 broiler production under this division."

By RICHARD VANDE HOEF

S-3842 FILED APRIL 20, 1989

LDS 4-27-89 (p.1716)

HOUSE FILE 140

S-3659

1 Amend the amendment, S-3495, to House File 140, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, line 14, by inserting after the word
5 "equipment." the following: "However, as a condition
6 of a loan involving production of broiler chickens,
7 the applicant must not be subject to a contract
8 relating to the care and feeding of the chickens on
9 behalf of a person who alone or in conjunction with
10 others, directly or through contract, controls the
11 manufacturing, processing, preparation for sale, or
12 sale of poultry or poultry products having a total
13 annual wholesale value of three million dollars or
14 more."

By JIM RIORDAN
BEVERLY A. HANNON
ELAINE SZYMONIAK

ALVIN MILLER
BOB CARR

S-3659 FILED APRIL 12, 1989

Adopted 4-27-89 (p. 1717)

HOUSE FILE 140

S-3660

1 Amend the amendment, S-3495, to House File 140 as
2 amended, passed and reprinted by the House as follows:

3 1. Page 1, line 4, by striking the word "poultry"
4 and inserting the following: "broilers".
5 2. Page 1, line 7, by striking the word "poultry"
6 and inserting the following: "broilers".
7 3. Page 1, line 10, by striking the word
8 "poultry" and inserting the following: "broiler".
9 4. Page 1, line 13, by striking the word
10 "poultry" and inserting the following: "broiler".

By RICHARD VANDE HOEF

S-3660 FILED APRIL 12, 1989

Withdrawn 4-27-89 (p. 1717)

HOUSE FILE 140

S-4048

1 Amend House File 140, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, by inserting before line 11, the
4 following:

5 "3. Site preparation loans for the purpose of
6 preparing qualified agricultural land for
7 nontraditional crops or livestock operations shall
8 include loans to qualified family farmers who are
9 actively engaged in farming as defined under section
10 172C.1, subsection 15. The borrower must meet the
11 general requirements for operating loans under section
12 175.35 and specifically subsection 3, paragraphs "a",
13 "b", "c", "e", "f", subparagraph (2), and "g", in
14 order to qualify for a loan.

15 4. Farmers entering into agreements with
16 processors of nontraditional crops and livestock, who
17 qualify for loans under this section, must enter into
18 an agreement with the processor which provides that if
19 the contract is terminated by the processor, the cost
20 difference between the lower interest rate and the
21 current cost of money at the time of termination will
22 be assumed by the processor."

By JIM RIORDAN
LEONARD L. BOSWELL
RICHARD VANDE HOEF

S-4048 FILED MAY 2, 1989
RULED OUT OF ORDER

52-89 (p.1323)

SENATE AMENDMENT TO HOUSE FILE 140

H-4444

1 Amend House File 140 as amended, passed, and
2 reprinted by the House as follows:

3 1. Page 1, line 29, by inserting after the word
4 "crops" the following: "or producing poultry".

5 2. Page 1, line 34, by inserting after the words
6 "nontraditional crops" the following: "or producing
7 poultry".

8 3. Page 2, line 9, by striking the words "and
9 nontraditional crops" and inserting the following:
10 "and, nontraditional crops and poultry production".

11 4. Page 2, line 22, by inserting after the words
12 "nontraditional crops." the following: "Loan
13 applications for poultry producing shall be for the
14 purchase or lease of land, machinery, or equipment.
15 However, as a condition of a loan involving production
16 of broiler chickens, the applicant must not be subject
17 to a contract relating to the care and feeding of the
18 chickens on behalf of a person who alone or in
19 conjunction with others, directly or through contract,
20 controls the manufacturing, processing, preparation
21 for sale, or sale of poultry or poultry products
22 having a total annual wholesale value of three million
23 dollars or more."

RECEIVED FROM THE SENATE

H-4444 FILED MAY 4, 1989

House amended & concurred 5/5 (p. 2519)

H-4453

1 Amend the Senate amendment, H-4444, to House File
2 140, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 1, by striking lines 3 through 23, and
5 inserting the following:

6 " ____ . Page 5, by inserting before line 16 the
7 following:

8 "Sec. ____ . NEW SECTION. 12.45 MAIN STREET LINKED
9 INVESTMENTS LOAN PROGRAM.

10 The treasurer of state shall adopt rules to
11 implement a main street linked investments loan
12 program to increase the availability of lower cost
13 funds to stimulate building restorations or
14 rehabilitations of historic buildings within the
15 central business district of a city which is a
16 certified local government, or in the Iowa main street
17 program or, if enacted by the Seventy-third General
18 Assembly, in the rural main street program. The rules
19 shall include the following conditions:

20 1. Linked investment loans shall be limited to
21 projects for a building restoration or rehabilitation
22 located in the central business district whose
23 boundaries are the same as the main street or rural
24 main street or central business district of a city
25 which is a certified local government project area.

26 2. Eligible borrowers are limited to the property
27 owner, contract purchaser of record, or long-term
28 lessee.

29 3. Loan applications under this program shall be
30 for the restoration or rehabilitation of facades of
31 buildings which are eligible or nominated or listed on
32 the national register of historic places. Public
33 buildings are excluded.

34 4. A facade restoration or rehabilitation must
35 follow United States secretary of interior's standards
36 for rehabilitation and guidelines for rehabilitating
37 historic buildings.

38 5. The maximum loan amount under the main street
39 linked investments loan program is fifty thousand
40 dollars per project.

41 6. No more than one-third of the amount authorized
42 in section 12.34 may be used for purposes of this
43 section.

44 Sec. ____ . NEW SECTION. 12.46 APPLICATION
45 PROCESS.

46 Applicants shall be certified as eligible for
47 assistance prior to submitting applications to the
48 treasurer of state for loans under the main street
49 linked investment loan program. Administrative rules
50 pursuant to chapter 17A shall be adopted jointly by

H-4453

Page 2

1 the department of economic development and by the
2 department of cultural affairs to require applicants
3 to do the following:
4 1. Show evidence of preliminary design assistance
5 from the Iowa main street program of the department of
6 economic development or the state historic
7 preservation office of the department of cultural
8 affairs.
9 2. Show evidence of preliminary design review
10 approval from the local design review committee.
11 3. Submit project plans and specifications
12 prepared by an architect with historic preservation
13 experience. The plans shall be submitted to a final
14 design review board comprised of representatives of
15 the state historic preservation office, the Iowa main
16 street program, and one private sector architect
17 selected jointly by the directors of the departments
18 of economic development and cultural affairs. The
19 treasurer of state or the treasurer of state's
20 designee shall serve as an ad hoc member of the design
21 review board. The design review board shall provide
22 certification of eligible projects to the treasurer of
23 state following the review."
24 _____. Title page, line 1, by inserting after the
25 word "program" the following: "and creating a main
26 street linked investments loan program".
27 _____. Renumber as necessary."

By BRAND of Benton
SWARTZ of Marshall

H-4453 FILED MAY 5, 1989
ADOPTED (p. 2519)

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 140

S-4142

1 Amend the Senate amendment, H-4444, to House File
2 140, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 1, by striking lines 3 through 23, and
5 inserting the following:

6 "_____. Page 5, by inserting before line 16 the
7 following:

8 "Sec. _____. NEW SECTION. 12.45 MAIN STREET LINKED
9 INVESTMENTS LOAN PROGRAM.

10 The treasurer of state shall adopt rules to
11 implement a main street linked investments loan
12 program to increase the availability of lower cost
13 funds to stimulate building restorations or
14 rehabilitations of historic buildings within the
15 central business district of a city which is a
16 certified local government, or in the Iowa main street
17 program or, if enacted by the Seventy-third General
18 Assembly, in the rural main street program. The rules
19 shall include the following conditions:

20 1. Linked investment loans shall be limited to
21 projects for a building restoration or rehabilitation
22 located in the central business district whose
23 boundaries are the same as the main street or rural
24 main street or central business district of a city
25 which is a certified local government project area.

26 2. Eligible borrowers are limited to the property
27 owner, contract purchaser of record, or long-term
28 lessee.

29 3. Loan applications under this program shall be
30 for the restoration or rehabilitation of facades of
31 buildings which are eligible or nominated or listed on
32 the national register of historic places. Public
33 buildings are excluded.

34 4. A facade restoration or rehabilitation must
35 follow United States secretary of interior's standards
36 for rehabilitation and guidelines for rehabilitating
37 historic buildings.

38 5. The maximum loan amount under the main street
39 linked investments loan program is fifty thousand
40 dollars per project.

41 6. No more than one-third of the amount authorized
42 in section 12.34 may be used for purposes of this
43 section.

44 Sec. _____. NEW SECTION. 12.46 APPLICATION
45 PROCESS.

46 Applicants shall be certified as eligible for
47 assistance prior to submitting applications to the
48 treasurer of state for loans under the main street
49 linked investment loan program. Administrative rules
50 pursuant to chapter 17A shall be adopted jointly by

S-4142

Page 2

1 the department of economic development and by the
2 department of cultural affairs to require applicants
3 to do the following:

4 1. Show evidence of preliminary design assistance
5 from the Iowa main street program of the department of
6 economic development or the state historic
7 preservation office of the department of cultural
8 affairs.

9 2. Show evidence of preliminary design review
10 approval from the local design review committee.

11 3. Submit project plans and specifications
12 prepared by an architect with historic preservation
13 experience. The plans shall be submitted to a final
14 design review board comprised of representatives of
15 the state historic preservation office, the Iowa main
16 street program, and one private sector architect
17 selected jointly by the directors of the departments
18 of economic development and cultural affairs. The
19 treasurer of state or the treasurer of state's
20 designee shall serve as an ad hoc member of the design
21 review board. The design review board shall provide
22 certification of eligible projects to the treasurer of
23 state following the review."

24 2. Title page, line 1, by inserting after the
25 word "program" the following: "and creating a main
26 street linked investments loan program".

27 3. Renumber as necessary."

RECEIVED FROM THE HOUSE

S-4142 FILED MAY 5, 1989

CONCURRED

5-5-89 (p. 1988)

NSB 125

ECONOMIC DEVELOPMENT
12/21/11

HOUSE FILE 148
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 continuation of the linked deposit program
2 by striking the prospective repeal of the program and
3 providing an effective date.

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

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1 Section 1. 1986 Iowa Acts, chapter 1096, section 12, is
2 repealed.

3 Sec. 2. This Act, being deemed of immediate importance,
4 takes effect upon enactment.

5 EXPLANATION

6 This bill repeals the prospective repeal, or sunset provi-
7 sion, for the linked deposit program, established in Code
8 sections 12.31 through 12.39, by striking the repealer in the
9 1986 Acts. The repealer was enacted when the program was
10 created.

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HOUSE FILE 140

AN ACT

RELATING TO THE LINKED DEPOSIT PROGRAM AND CREATING A MAIN STREET LINKED INVESTMENTS LOAN PROGRAM AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 12.31, Code 1989, is amended to read as follows:

12.31 SHORT TITLE.

This division shall be known as the "Iowa-Linked-Deposit Linked Investments for Tomorrow Act".

Sec. 2. Section 12.32, subsections 1 and 3, Code 1989, are amended to read as follows:

1. "Eligible lending institution" means a financial institution that is empowered to make commercial loans, is eligible pursuant to chapter 453 to be a depository of state funds, and agrees to participate in the linked deposit investments for tomorrow program.

3. "Linked deposit investment" means a certificate of deposit placed pursuant to this division by the treasurer of state with an eligible lending institution, at an interest rate two not more than three percent below current market rates on the condition that the institution agrees to lend the value of the deposit, according to the deposit investment agreement provided in section 12.37, to an eligible borrower at a rate not to exceed four percent above the rate paid on the certificate of deposit.

Sec. 3. Section 12.33, subsections 2 and 3, Code 1989, are amended to read as follows:

2. The linked deposit investments for tomorrow program provided for in this division is intended to provide statewide availability of lower cost funds for lending purposes that

will stimulate existing or encourage new businesses in the area of producing, processing, or marketing horticultural or nontraditional crops.

3. It is the public policy of the state through the linked deposit investments for tomorrow program to create an availability of lower cost funds to inject needed capital into the business of producing, processing, or marketing horticultural crops or nontraditional crops.

Sec. 4. Section 12.34, Code 1989, is amended to read as follows:

12.34 LINKED DEPOSITS INVESTMENTS -- LIMITATIONS.

1. The treasurer of state may invest up to ten percent of the balance of the state pooled money fund in certificates of deposit in eligible lending institutions pursuant to this division.

2. The treasurer shall adopt rules pursuant to chapter 17A to implement this division including, but not limited to, rules identifying horticultural crops and nontraditional crops for which the linked deposits investments may be loaned.

Sec. 5. Section 12.35, Code 1989, is amended to read as follows:

12.35 APPLICATION.

1. An eligible lending institution that desires to receive a linked deposit investment shall accept and review applications for loans from eligible borrowers. The lending institution shall apply all usual lending standards to determine the credit worthiness of each eligible borrower. Loan applications shall be for the purchase or lease of land, machinery, equipment, seed, fertilizer, direct marketing facilities, or new or expanding processing facilities for horticultural crops or nontraditional crops. The maximum size of a loan is one two hundred thousand dollars per borrower for a production loan and two five hundred fifty thousand dollars for processing or marketing facilities.

2. The eligible financial institution shall forward to the state treasurer a linked deposit investment loan package in

the form and manner as prescribed by the treasurer of state. The package shall include information required by the treasurer of state, including but not limited to the amount of the loan requested and the purpose of the loan. The institution shall certify that the applicant is an eligible borrower and shall certify the present borrowing rate applicable to the specific eligible borrower.

Sec. 6. Section 12.36, Code 1989, is amended to read as follows:

12.36 ACTIONS BY TREASURER -- AGREEMENT.

1. The treasurer of state shall accept or reject a linked deposit investment loan package or any portion of the package based on the type or terms of the loan involved.

2. Upon acceptance of the linked deposit investment loan package or any portion of the package, the state treasurer shall place certificates of deposit with the eligible lending institution at a rate two not more than three percent below the current market rate. When necessary, the treasurer may place certificates of deposit prior to acceptance of a linked deposit investment loan package.

3. The eligible lending institution shall enter into a deposit an investment agreement with the treasurer of state, which shall include requirements necessary to carry out this division. The requirements shall reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit investment, and shall include provisions for the certificates of deposit to be placed for one-year maturities that may be renewed for additional years five additional one-year periods. Interest shall be paid at the times determined by the treasurer of state.

Sec. 7. Section 12.37, Code 1989, is amended to read as follows:

12.37 LOANS.

1. Upon the placement of a linked deposit investment with an eligible lending institution, the institution is required to lend the funds to the eligible borrower listed in the linked deposit investment loan package and in accordance with the deposit investment agreement. The loan shall be at a rate not more than four percent above the rate paid the treasurer by the financial institution. The eligible lending institution shall be required to submit a certification of compliance with this section in the form and manner as prescribed by the treasurer of state.

2. The treasurer of state shall take all steps necessary to implement the linked deposit investments for tomorrow program and monitor compliance of eligible lending institutions and eligible borrowers.

Sec. 8. Section 12.38, Code 1989, is amended to read as follows:

12.38 REPORTS.

By February 1 of each year, the treasurer of state shall report on the linked deposit investments for tomorrow program for the preceding calendar year to the governor, the speaker of the house of representatives, and the president of the senate. The speaker of the house shall transmit copies of this report to the chairs of the standing committees in the house which customarily consider legislation regarding agriculture and commerce, and the president of the senate shall transmit copies of this report to the chairs of the standing committees in the senate which customarily consider legislation regarding agriculture and commerce. The report shall set forth the linked deposits investments made by the treasurer of state under the program during the year and shall include information regarding the nature, terms, and amounts of the loans upon which the linked deposits investments were based and the eligible borrowers to which the loans were made.

Sec. 9. Section 12.43, Code 1989, is amended to read as follows:

12.43 TARGETED SMALL BUSINESS LINKED DEPOSIT INVESTMENTS PROGRAM CREATED -- DEFINITIONS.

The treasurer of state shall adopt rules to implement a targeted small business linked deposit investments program to increase the availability of lower cost funds to inject needed capital into small businesses owned and operated by women or minorities, which is the public policy of the state. The rules shall be in accordance with the following:

1. "Targeted small business" means a business as defined in section 15.102, subsection 5.

2. A linked deposit investment shall only be approved in connection with a loan application for a targeted small business which has been certified pursuant to section 10A.104, subsection 8.

3. Loan applications for a targeted small business shall be for the purchase of land, machinery, equipment, or licenses, or patent, trademark, or copyright fees and expenses, but not inventory.

4. The maximum size of a targeted small business loan is one two hundred fifty thousand dollars per borrower for intangible property and two hundred fifty thousand dollars per borrower for tangible personal or real property.

Sec. 10. NEW SECTION. 12.45 MAIN STREET LINKED INVESTMENTS LOAN PROGRAM.

The treasurer of state shall adopt rules to implement a main street linked investments loan program to increase the availability of lower cost funds to stimulate building restorations or rehabilitations of historic buildings within the central business district of a city which is a certified local government, or in the Iowa main street program or, if enacted by the Seventy-third General Assembly, in the rural main street program. The rules shall include the following conditions:

1. Linked investment loans shall be limited to projects for a building restoration or rehabilitation located in the central business district whose boundaries are the same as the

main street or rural main street or central business district of a city which is a certified local government project area.

2. Eligible borrowers are limited to the property owner, contract purchaser of record, or long-term lessee.

3. Loan applications under this program shall be for the restoration or rehabilitation of facades of buildings which are eligible or nominated or listed on the national register of historic places. Public buildings are excluded.

4. A facade restoration or rehabilitation must follow United States secretary of interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.

5. The maximum loan amount under the main street linked investments loan program is fifty thousand dollars per project.

6. No more than one-third of the amount authorized in section 12.34 may be used for purposes of this section.

Sec. 11. NEW SECTION. 12.46 APPLICATION PROCESS.

Applicants shall be certified as eligible for assistance prior to submitting applications to the treasurer of state for loans under the main street linked investment loan program. Administrative rules pursuant to chapter 17A shall be adopted jointly by the department of economic development and by the department of cultural affairs to require applicants to do the following:

1. Show evidence of preliminary design assistance from the Iowa main street program of the department of economic development or the state historic preservation office of the department of cultural affairs.

2. Show evidence of preliminary design review approval from the local design review committee.

3. Submit project plans and specifications prepared by an architect with historic preservation experience. The plans shall be submitted to a final design review board comprised of representatives of the state historic preservation office, the Iowa main street program, and one private sector architect

selected jointly by the directors of the departments of economic development and cultural affairs. The treasurer of state or the treasurer of state's designee shall serve as an ad hoc member of the design review board. The design review board shall provide certification of eligible projects to the treasurer of state following the review.

Sec. 12. 1986 Iowa Acts, chapter 1096, section 12, is repealed.

Sec. 13. This Act, being deemed of immediate importance, takes effect upon enactment.

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 140, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 26, 1989

TERRY E. BRANSTAD
Governor